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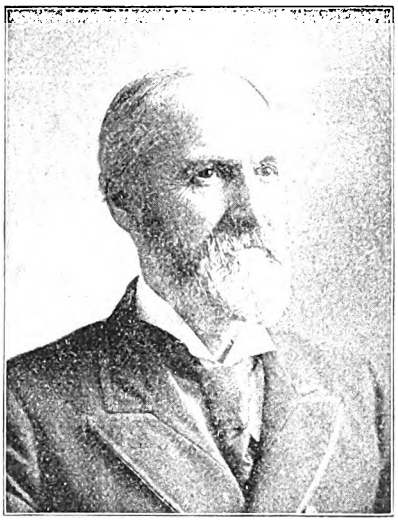

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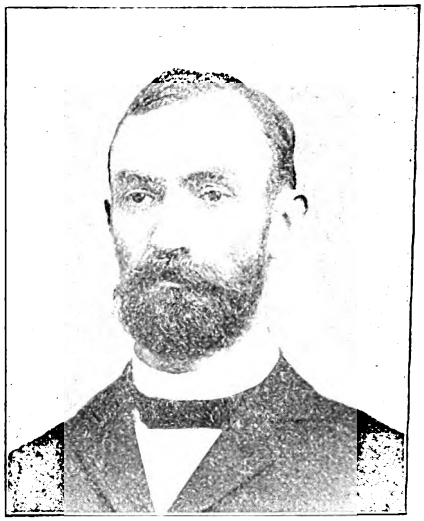

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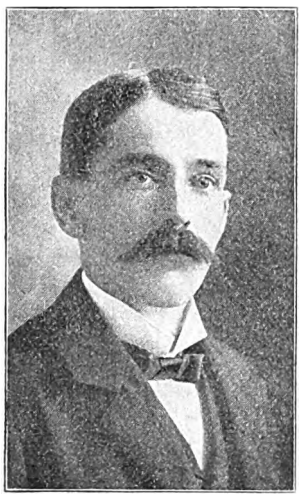

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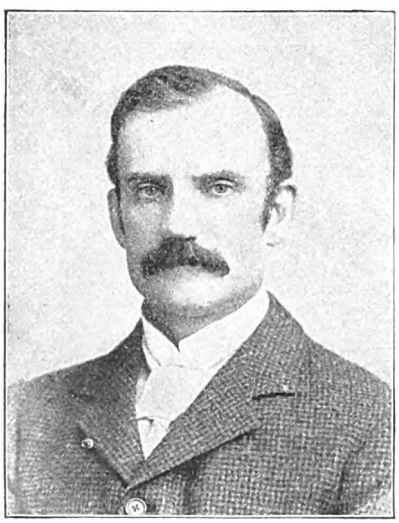

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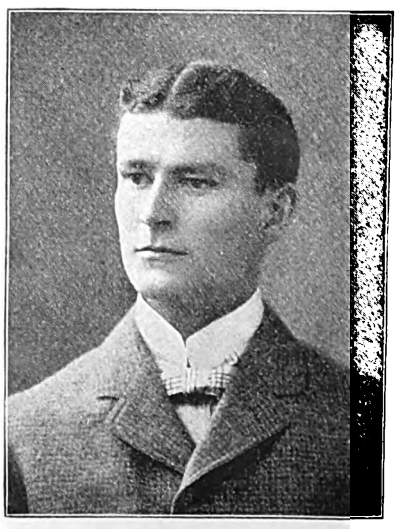

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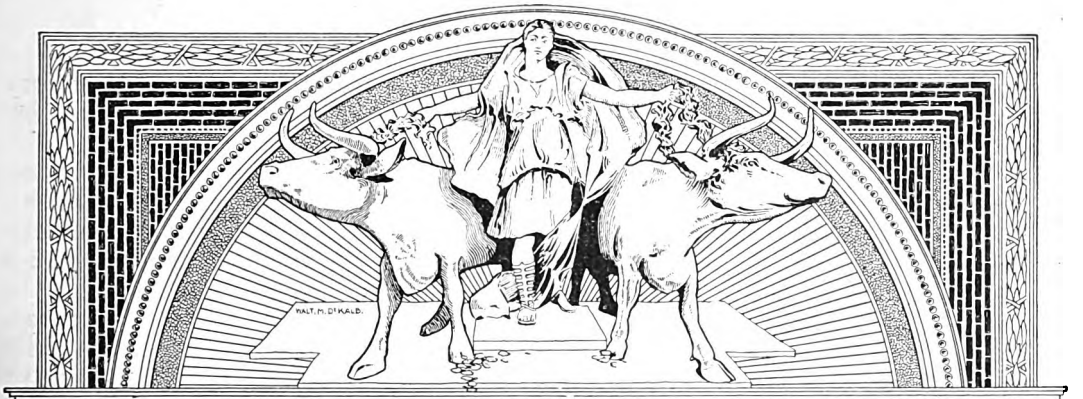

POLITICAL ECONOMY

THE ELEMENTS OF ECONOMICS.

BY

RICHARD T. ELY, Ph.D., LL.D., Professor of Political Economy, and Director of the School of Economics, Political Science and History, in the University of Wisconsin.

PART I. INDUSTRIAL SOCIETY.

1. INTRODUCTORY.

IT may be well at the outset to say something about the general character of the present course of study in the elements of economics.

So far as its form is concerned the author would say that he proposes to divide it into twelve main parts, and then to subdivide each main part into chapters, each chapter constituting a lesson for one day. As to the contents of the course the author has to say that it will be his endeavor to express himself in the plainest and simplest language possible. Anything which could be called the Metaphysics of Economics will be carefully avoided. In recent years economic discussions have in many instances taken an extremely abstract form, and a terminology has been evolved which is incomprehensible to those outside the narrow circle of experts. These discussions have a value as mental discipline, and apart from their value in this particular it must be acknowledged that they have led to a better comprehension of some practical problems. On the other hand, the impartial person cannot help feeling that with the discovery of new truth new forms of error have been evolved; and that the remorseless future will sweep aside as rubbish large and laboriously accumulated piles of hard words.

While, in the present course, the author will go to the one side of many controversies scientifically important, it will be his careful aim to make no statement that is not scientifically accurate. But while scientific accuracy is cultivated, it must be understood that it is the avowed aim of the author to make the present course in economics a practical course for practical people.

Accurate knowledge is of the first importance at the present time, when so many economic problems are before us imperiously demanding solution. These problems we cannot possibly neglect. Any line of action has its consequences, and if we do nothing, our inactivity also has its consequences. Surely it requires no discussion

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to convince any person of fair intelligence that knowledge should precede action. But we may notice one other circumstance which emphasizes still further the importance of a course of study covering the entire field of economics, and that is this: Any moment an economic question, apparently heretofore of little general interest, may become the burning question in local or even national politics. The money question readily occurs to one as an illustration. A few years ago it was extremely difficult to interest the general public in the subject of money. Articles on monetary problems were not sought for by the periodical press; and lectures on money in University Extension courses were generally listened to by small audiences. Suddenly it became the chief question in a presidential campaign. Probably it will be conceded by all that a time preceding the campaign was more favorable to calm and impartial study of the principles of money than the period of the campaign, or in fact, any subsequent period. Similarly the street-car question, or the gas question, or some similar problem, is liable to become an active issue in local and State politics in any part of the Union at almost any time. Complete preparation preceding action is not possible; but the more preparation, the better.

On the other hand, knowledge without action is dangerous. This danger is illustrated frequently in the lives of men of learning. There are those who become so accustomed to weighing problems scientifically and to looking upon all sides of questions of practical importance that they become abnormally timid about any action. Thus knowledge may beget irresolution, and irresolution end in inactivity. A man of knowledge who habitually fears to take an active part in the work of life is himself a wretched being, and a useless member of society. Mrs. Humphrey Ward has described such a character in her novel "Robert Elsmere." Those who have read this novel will recall Langham as a man whose irresolution caused unhappiness to himself and others and, in fact, made his life a wretched failure. This danger of knowledge without action is akin to that danger of sentiment without action which Prof. William James has so forcibly described in his work on Psychology. "A tendency to act," says Prof. James, "only becomes effectively ingrained in us in proportion to the uninterrupted frequency with which the actions actually occur, and the brain 'grows' to their use. When a resolve or a fine glow of feeling is allowed to evaporate without bearing practical fruit, it is worse than a chance lost; it works so as positively to hinder future resolutions and emotions from taking the normal path of discharge. There is no more contemptible type of human character than that of the nerveless sentimentalist and dreamer, who spends his life in a weltering sea of sensibility and emotion, but who never does a manly, concrete deed."

While, then, the importance of knowledge as a preliminary is emphasized, attention is also called to the importance of letting action follow knowledge. This is a world full of work to be done, and knowledge has its practical purpose. Better economic knowledge should bear its fruit in better citizenship.

It is only right that the author should at once state what he proposes to do with respect to practical, controverted questions which will naturally arise in the present course of our studies. We have the money question, to which allusion has already been made. We have also the tariff question, and many others upon which men of intelligence and integrity are divided. It will be the conscientious aim of the author to present all sides fairly; and in the quotations which will form an essential part of the course to let representative advocates of various views present their own case in their own words, so far as the strictly limited space at his command will permit. The author will not attempt to conceal his own opinions, but will allow others the opportunity to present theirs also.

Part I. of our course is entitled "Industrial Society." It is with this subject that we deal in economics. The question then suggests itself: What is industrial society? But before we answer this question, it is well to give some

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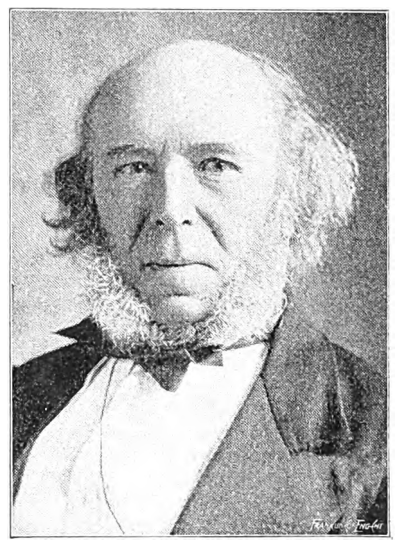
attention to another, namely: What is society? This is a question which, simple as it seems, has been made the subject of much controversy into which we need not enter at present. It belongs to general sociology more properly than to economics. It is not difficult to gain a preliminary notion of society sufficiently accurate for present purposes. We observe men living together, connected by a multitude of ties. Men thus living together and connected by various ties constitute what we call society. In so far as the whole human race is thus combined it constitutes a society; and as there are real and vital ties binding all men together, we have what may be called a world-society. (1) However, it is obvious upon the slightest reflection that the ties binding together those who live under the influence of what may be broadly denominated European civilization, are far more numerous and far closer than those binding together these human beings and those living outside of the pale of European civilization, which of course takes in America and Australasia. It is also obvious that the ties binding together those of a single nation are of a closer kind than those uniting different nations together. We have thus a society which embraces men living in full civilization which means more than the world-society; and we have likewise a national society which means more than that society which embraces all civilized men. We thus use the term society to mean larger and smaller groups, and groups connected by ties varying in number and intensity; but we always mean by society, men associated together, men bound together by ties of some sort and another. We do not mean by society an individual as such, but one individual in relation to others. A is not a society, nor is B nor C. But A, B, and C, together with others, may constitute a society. Society may be regarded as the highest form of life on our earth. We rise through various life-forms from lower to higher until we reach man, the "crown of creation." But above man as an individual we have men living together in society; so that society may be looked upon, in a way, as a higher expression of life than that of the individual.



Herbert Spencer.

There are two conceptions of society to which attention may be properly called in the present connection. One is the biological conception, and the other the psychological. The biological conception of society seeks an explanation in the forms of physical life. According to this conception the study of society is based upon biology. The psychological conception of society looks rather to the mind of man for the explanation of social ties. Herbert Spencer may be mentioned as a representative of the biological conception of society, and Prof. J. Mark Baldwin of Princeton University may be instanced as one who lays emphasis on the psychological conception. (2) A complete view of society will doubtless rest both upon biology and psychology.

At the very outset of our economic studies we must remember that we are dealing with society, and bear this in mind during all our discussions of these topics. The farther we proceed, and the deeper our knowledge becomes, the more the term will mean to us. Economics is a social science. It is one of the various sciences dealing with society.

We limit our field of study when we say that we deal with industrial society. This is a somewhat artificial expression. The life of men in society is a unit; but on account of the limitations of the human mind, for purposes of study it is neces-

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sary to divide it into parts or departments. Each one of these may be called a social life-sphere, and eight such life-spheres have been enumerated, namely: language; art; science and education; the family life; polite society or social life in the narrower sense, that is to say the intercourse of friends and associates as seen in entertainments, parties, etc.; the religious life; political life; and lastly, economic life. The economic life of society is called Industrial Society. We mean by this term social activities and relationships of a particular sort, namely those which arise in the social process of gaining a livelihood.

This introductory chapter of our course may seem especially difficult to beginners, and its full meaning may not readily be apparent even to readers who have already given considerable attention to economics. There is a German proverb to the effect that every beginning is difficult; and it is true that in the commencement of our course we at once encounter some of the most difficult ideas with which we shall have to deal. In the present lesson the effort has been made to emphasize the idea of society as something real and vital, as something different from an individual human being, or any number of human beings considered as individuals. It thus manifests its life in phenomena which are termed social phenomena. These phenomena are based upon relationships among human beings, who comprise society. These phenomena and relationships form the subject-matter of the social sciences. We deal in economics with industrial society, or in other words, with those social phenomena and relationships which result from men's associated efforts to gain a livelihood.

1. INTRODUCTORY.

(1) **Social Economic Life.**—Modern civilization has, however, produced rapid changes, and it may be said that the economic activity of civilized man is, to-day, chiefly social. The greater part of what is produced in our industrial centers is not for the consumption of the producer, but is destined to satisfy the wants of others; while the wants of the producer are satisfied by what others give in exchange for his products. If the reader goes to Gloversville, in New York state, he will find people engaged solely in the production of gloves who seldom, and perhaps never, use a glove of their own making; if he goes to Westfield, Massachusetts, he will find men manufacturing horsewhips who never have occasion to use a whip they have made. . . The same thing holds true, though to less extent, in agriculture, and cotton-planters in the South often obtain nearly everything which they use in exchange for cotton; wheat-growers in the Northwest frequently procure most of the economic goods consumed by their families by means of purchase. There is, in fact, as we shall see in the progress of our studies more clearly, a unity in the economic life of a civilized people, but not as yet a unity in the economic life of humanity. We may thus speak of the economic life of the American people, of the German people, of the French people. The economic life of a politically organized independent people is often called a *national economy;* as the national economy of the Italians. We cannot as yet speak of the economic life of the world as a unity, or as anything other than the sum of several unities, although economic inter-relations among various nations are rapidly extending. These inter-relations we may call *economic internationalism*, and it is possible that this will grow until we have a real world economy.—"*Political Economy*," *by Richard T. Ely, pp. 21, 22.*

(2) **Social Organization—Psychological.**—In social organization the fruitful variation is not the individual as such, but his thoughts. This lifts the problem into the sphere of social heredity. Physical heredity generalizes or regresses toward a mean of all the individuals; while in the sphere of social heredity, the generalization made by society is of each new thought, invention, or sentiment considered for itself; and a single such social variation may revolutionize society and give a new bent to the social movement.

On the whole, then, it follows from our study that the progress of society, is, in its method, in its direction, and in its impelling motives, *analogous to the growth of consciousness rather than to that of the biological organism.* The current phrase "social organism" is a defective one. If we mean "organization" when we use the term "organism,"—leaving to further consideration the sort of organization,—well and good. But to speak of the social "organism," as the biologist speaks of the organisms with which he deals, is misleading in the extreme. The organization which is effected in social life is, in all its forms, *a psychological organization.* Its materials are psychological materials: thoughts, with all their issue in desires, impulses, sanctions, consciences, sentiments. These things are incapable of any organization but that which finds its analogy in the actual growth of living minds. To speak with Mr. Spencer of social atoms and organs, of organic processes and centers, of nerves of primary and secondary order, etc., after analogy with the psychological organism, is nothing short of violence to the nature of the material of social science. What can be done with such critical phenomena in social theory as imitation, generalization, invention, tradition, social and pedagogical sanction, on such a crude analogy as that? To force them into biological molds is simply to deform them.—"*Social and Ethical Interpretations in Mental Development*," *by James Mark Baldwin, pp. 521, 522.*

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2. THE EVOLUTION OF INDUSTRIAL SOCIETY.

The idea of evolution is one which in a general way has become familiar to the educated public of our time. The word itself is on the lips of everybody, and we can scarcely take up a newspaper in which it may not be found. Evolution describes the processes of change by which any life-form has attained its existing characteristics. This is well enough understood as a general statement; but the idea of evolution has not so entered our habitual modes of thought that we apply it in detail to the various departments of social life. Probably the idea is less generally applied to industrial society than to the other social life-spheres. The educated man, although not a philologist, understands that language is a growth, and that the language which we speak to-day is not that which was spoken three hundred years ago. But even a well-educated man who has not given special attention to the subject habitually thinks of industrial society as something stationary.



Adam Smith, the author of "The Wealth of Nations."

The reader may test for himself the accuracy of this statement by the conversation of those about him, or by the perusal of the daily newspaper. We come to a point in which the so-called common sense of the practical business-man is apt to be misleading; for this common sense means nothing else than generalization from familiar experience. The evolution of society goes on rapidly, far more rapidly than in the physical world, but nevertheless it is slow when brought into comparison with the brevity of human life. The ordinary man is apt to assume that what he sees about him and what he experiences in his daily practical affairs always has existed and always will. (1) On the assumption that such is the case he is inclined to base his practical social philosophy. Now, if quite the reverse of this is true; if it is true that that which is now familiar was once unknown, and, furthermore, is even at present passing away, then a wise social philosophy must take this into account in its explanation of existing industrial society, and in its prescriptions for social action of all kinds.

It is well, then, early in our studies, to become familiar with the fact of change, and the fact is one about which there can be no controversy. The reader has simply to look about him and to call to mind the new and strange things which surround him, things entirely unknown to his ancestors fifty or a hundred years ago, to at once see that he lives in a new economic world. Railways, telegraphs, telephones, electric lights, street-car lines, the use of anthracite coal, petroleum and natural gas, and many other inventions and discoveries occur to one at once. If the reader will seriously think about it, he will see that the world which makes continuous use of all these new forces and contrivances, must be a different economic world from that to which they were unknown.

But that which occurs to every one does not by any means gives us all the

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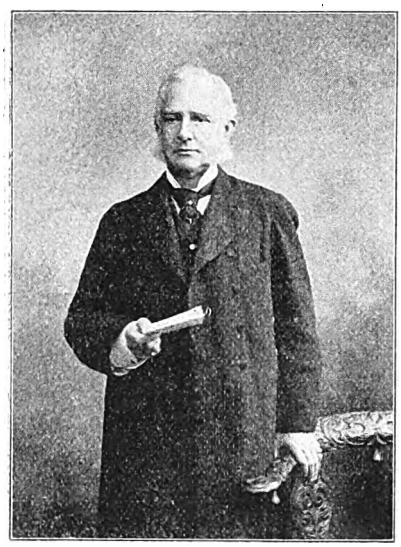
changes which have taken place in the past hundred years. Banks are old, to be sure, but modern banking has a significance which that business did not have previously to the nineteenth century. It is only a little over a century since there were but three banks in the United States; now they are counted by the thousand. Every banker who reflects upon this bare statement will readily be convinced that the industrial society which could get along almost entirely without banks must have been something different from that with which we are familiar to-day. It is difficult to imagine the untold distress, resulting surely in loss of life from want, which would result from the failure of half the banks in the United States. If in the year 1800 half the banks of the United States had failed, it may be doubted whether half the people would have experienced any great inconvenience from this misfortune; although it would have been, even in that time, one of magnitude.



F. Max Müller, Ph.D., K.M.

We take as a mere matter of course the great factory with its aggregation of capital on the one hand, and its aggregation of wage-earners on the other. It is the type of modern manufacturing production. It was, however, a rare exception a hundred years ago. The type of manufacturing production then was a little shop presided over by the master-mechanic, owning the tools with which he worked, and assisted by a few journeymen and apprentices, all living upon practically the same social plane. The apprentice frequently resided in the house of the master, and the journeyman aspired to the hand of his daughter. At the time of the Declaration of Independence the very word manufacturer signified a man who toiled with his own hands. In Adam Smith's "Wealth of Nations," published in that year (1776), it is stated that a man becomes rich by employing a multitude of manufacturers, while a multitude of menials will impoverish him. Illustrations of this sort might be continued at great length, were space sufficient to permit this. It might be suggested as a good exercise for a class or group of persons taking this course in economics to call to mind and discuss all the changes in industrial affairs, of which they may have knowledge.

But mere change in itself does not give us what we call evolution. By evolution we understand changes taking place in accordance with laws; and a study of the subject means a search after these laws, together with an examination of their import. It must be confessed that as yet we have not made great progress in the study of social evolution in general, and that scarcely greater progress has been made in the study of the evolution of industrial society; which term, by the way, is used interchangeably with the term economic society. We have gone far enough, however, to feel sure in regard to the fact not only of change in society in all its departments, but also of change in accordance with law. Surely we cannot now believe that changes take place at haphazard.

The question is sometimes discussed: Who introduced the idea of evolution into economics? Prof. Max Müller says that it is idle to attempt to establish a priority in favor of any individual philosopher as the first discoverer of evolution, adding very truly that an idea of this kind belongs to the spirit of an age. Nevertheless it is interesting to recall the names of those who have contributed to the idea of evolution in economics. We may instance Friedrich List, one of the greatest of the German protectionists, who in his "National System of Political Economy," published in 1841,

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attempted to show that there were marked periods in the development of nations, and that each period had its own proper tariff-policy. The great German economists who founded the historical school, namely, Roscher, Hildebrand and Knies, all emphasized the historical idea, which is the evolutional idea. Nations change, they said, and policies must be adapted to time and place; in other words, there could be no policy which would be adapted to all ages and all lands. One of the ablest of these three, and perhaps the keenest thinker of them all, the venerable Prof. Karl Knies of Heidelberg, has in his "Political Economy from the Historical Standpoint," published in 1853, protested strongly against absolutism in theory. Absolutism, he says, takes two forms, namely perpetualism, which implies that a policy holds good for all times; and cosmopolitanism, which holds that any one policy can be applied to all lands.



Bruno Hildebrand.

A few years earlier than this, Karl Marx introduced into socialism the idea of evolution, and thereby founded what his admirers call scientific socialism. There are those, indeed, among his followers who claim for their master the credit of having introduced the idea of evolution into the social sciences generally.

In England, Herbert Spencer is well known for his advocacy of the idea of evolution in sociology, and certainly it must be said for him that he has attempted to carry this idea into every department of social life.

2. THE EVOLUTION OF INDUSTRIAL SOCIETY.

(1) **A Sociological View of Social Evolution.**—The second answer to this objection is that it is the one that is always raised whenever anything is mentioned which is different from that which now exists, that it is based on the natural error that things are stationary because they seem to be so, and grows out of the difficulty of conceiving a state of things widely different from the actual state.

If we were to indulge in fable, a lump of inert matter would be laughed at by the other lumps if it should assert that it would one day become a graceful tree-fern, and shade the earth with its feathery foliage; a plant that should declare its intention to break away from its attachments to the soil and move about in space on four legs, feeding on other plants instead of air, would be called a vain boaster by the surrounding vegetation; a barnacle that should insist that it would one day have a backbone would be utterly discredited by other barnacles; a bat that should fly into a dark corner of a room and escape through an opening known to be there would be called a fool by the bee that was vainly buzzing against a pane of glass in the hope of accomplishing the same object.

It is the "impossible" that happens. We can look backward more easily than we can look forward. Science teaches us that something has happened. Evolution proves that immense changes have taken place, and now that we can see what they were and according to what principles they were brought about, there is nothing so startling in the facts.

It is only when we try to imagine ourselves at present before an event and striving to forecast it that we realize the folly of raising such objections as we are considering. Yet this is our real attitude with respect to future events.

It may be logical, admitting that progress is to go on and that great changes are to take place, to question whether any particular change that any one may describe is to be the one that will actually occur. There is no probability that any one can foretell what the real condition of society is to be in the future.

But it is illogical, in the light of the past, of history, and especially of natural history, and of what we actually know of evolution, cosmic, organic, and social, to say that any condition to which this knowledge points as a normal result of the continued action of the laws of evolution is impossible.

* * * * * *

The fundamental distinction between sociology and economics is based on the difference in their respective beneficiaries. Both have utility for their end, but the recipients of the utility that sociology aims to confer, belong to a different class from those of the utility which economics aims to confer. Broadly stated economics may be said to benefit the producer while sociology benefits the consumer.—"*Outlines of Sociology*," *by Lester F. Ward, pp. 282, 283.*

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3. THE STAGES IN THE EVOLUTION OF INDUSTRIAL SOCIETY.

We have already seen that industrial society is an historical product. It has in the course of time become what it is, and even at the present moment it is becoming something different from what it has been. It is extremely difficult to foretell the future, so complex are the evolutionary forces at work; but we can be sure that it will be different from the present. Moreover, when we remember that the most potent forces in future evolution are the knowledge and will of man, we can be sure that it will to some extent be that which we wish it to be.

But we may not enter at present into a discussion of the future; we must rather turn our attention to the past and the present.

Change is so continuous that we have no sudden break in the evolution of industrial society. We cannot say at any one time: This day marks the beginning of an entirely new epoch in our economic life. Nevertheless, when we survey long periods of time, we discern marked changes which enable us roughly to divide off economic history into stages. It is thus that we speak of stages in the evolution of industrial society. These will vary more or less in accordance with the ideas dominant in the mind of the one who seeks in the past for the great periods of evolution. In a general way it may be said that the modern nation has passed through the hunting and fishing stage; the pastoral stage; the agricultural stage; the stage of commerce and small manufactures, sometimes called the trades and commerce stage; and, finally, has passed over into the era of production on a large scale, with all that that implies. This last stage, that in which the most highly civilized nations now live, is sometimes spoken of as the industrial stage, which is not a very felicitous designation, it must be admitted. This division of economic history into stages has regard to the production of economic goods.

When the evolution of economic society is viewed from the standpoint of exchange, it may be divided into the stage of the truck-economy, in which money was entirely absent or very little used; then into the stage of money-economy, when, although barter still continued, money became a familiar means of exchange; and, finally, into the stage of credit-economy, in which instruments of credit have become the dominant media of exchange, money still continuing in use as well as barter to a less extent.

A government statistician in Australasia, in describing the economic development of that part of the world, states that a new colony passes through three great, successive, predominating stages which partly overlap each other. These he states to be the pastoral stage, the agricultural stage, and the manufacturing stage. The hunting and fishing stage is not mentioned, and in a colony settled by immigrants from a civilized country this stage may be omitted. Similarly, this writer does not distinguish between the stage of manufactures on a small scale, and the stage of great manufactures, and doubtless, in a new and rapidly developing country in the present century these two stages may be merged. In the United States we have been able to omit many of the features of that stage of economic society in which there has been a high development of manufactures on a small scale.

Karl Marx, from his standpoint of socialism, divides the history of society, beginning with the Middle Ages, into three great parts, namely: the age of feudalism; the age of the bourgeoisie, or of the manufacturing and trading classes; and the age of socialism, into which, he claims, we are about to enter. Karl Marx also discovers subdivisions in these stages of development. But we cannot enter at present into a discussion of his speculations.

Each stage in the evolution of industrial society has its characteristics. (1) In the hunting and fishing stage there is little accumulation of wealth and comparatively small differences among men with respect to material well-being. When we come to the pastoral stage wealth and poverty are both known, slavery appears and

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economic and social classes are formed. In the stationary agricultural stage new forms of property are developed, differences among men increase in significance; exchanges become more and more important, following and increasing division of labor; money is used to a greater extent than formerly and acquires a significance which leads to important developments of policy. A modern nation cannot be considered to exist until this stage has been well entered upon. With the development of commerce and trades further differences among men appear; classes become more numerous and more significant; division of labor is carried much farther; money becomes still more important. In the last stage we have again new phenomena, to some of which reference has been already made in our brief discussion of recent changes in our economic life. We have increasing division of labor; increasing exchanges, both with respect to number and significance; enormous extremes in wealth; new economic classes.



Karl Knies.

In tracing the evolution of industrial society through its various stages we observe that in a rough way our evolution corresponds to Herbert Spencer's celebrated definition. Evolution, he says, is a change from homegeneity, indefinite and incoherent, to definite and coherent heterogeneity. This simply means that we have a change from an unorganized mass to organized groups, differing from one another. This change, he tells us further, takes place through continuous differentiation and integration; in other words, there is a continuous separation of the mass into groups and classes, which are united together by various groups and ties, constituting a whole. With our growth we have increasing dependence of man upon man. Our economic life is not isolated, but social. For our daily sustenance we become dependent upon millions of other human beings, and without their coöperation we must suffer privation. What else can it mean that a man manufactures, say, the hundredth part of a locomotive? Such a man is, first of all, dependent upon all others who are engaged in the production of this one article, and then he is dependent upon those who are producing the things which he requires and with whom he must effect exchanges in order that his wants may be satisfied.

Prof. Karl Knies has enumerated four main lines of economic dependence. A man is dependent for his well-being upon his own activity in the production of valuable things; then he is dependent upon others who are producing the same things which he produces, giving us competition among sellers; in the third place he is dependent upon those who produce the things which he needs to satisfy his wants; and, lastly, he is dependent upon others who want the things which he likewise wants, giving us competition among buyers. One line of dependence is thus self-dependence, and three lines of dependence point to others.

This increasing dependence means increasing social solidarity. This very word solidarity itself illustrates the evolution of society under discussion. It is a word now of almost daily use, and yet it is only a few years since, that a distinguished divine asked the writer of these lines whether it was a word which it was safe to use in English. This divine knew that it had been used in French, but he was not sure at that time that it was a word which could be called an English word. The fact, however, to which this word points has now become so momentous and so well recognized that we would not know how to get along without the term. There

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never was a time when the term society signified so much as it does to-day. The great facts of dependence upon others and of increasing social solidarity carry with them, and wrapt up in them, many of the most vital economic problems of our day. Many things have already been brought before the reader which he must continually keep in mind in order to understand industrial society, but among the most important of them all are the principles of dependence of man upon man in society, and of consequent social solidarity.

3. THE STAGES IN THE EVOLUTION OF INDUSTRIAL SOCIETY.

(1) **John Stuart Mill on the Early Stages of Industrial Society.**—These things having been premised respecting wealth, we shall next turn our attention to the extraordinary differences in respect to it, which exist between nation and nation, and between different ages of the world; differences both in the quantity of wealth, and in the kind of it; as well as in the manner in which the wealth existing in the community is shared among its members.

There is, perhaps, no people or community, now existing, which subsists entirely on the spontaneous produce of vegetation. But many tribes still live exclusively, or almost exclusively, on wild animals, the produce of hunting or fishing. Their clothing is skins; their habitations, huts rudely formed of logs or boughs of trees, and abandoned at an hour's notice. The food they use being little susceptible of storing up, they have no accumulation of it, and are often exposed to great privations.

The wealth of such a community consists solely of the skins they wear; a few ornaments, the taste for which exists in most savage states; some rude utensils; the weapons with which they kill their game, or fight with hostile competitors for the means of subsistence; canoes for crossing rivers and lakes, or fishing in the sea; and perhaps some furs or other productions of the wilderness, collected to be exchanged with civilized people for blankets, brandy, and tobacco; of which foreign produce also there may be some unconsumed portion in store.

To this scanty inventory of material wealth, ought to be added their land; an instrument of production of which they make slender use, compared with more settled communities, but which is still the source of their subsistence, and which has a marketable value if there be any agricultural community in the neighborhood requiring more land than it possesses. This is the state of greatest poverty in which any entire community of human beings is known to exist: although there are much richer communities in which portions of the inhabitants are in a condition, as to subsistence and comfort, probably as little enviable as that of the savage.

The first great advance beyond this state consists in the domestication of the more useful animals; giving rise to the pastoral or nomad state, in which mankind do not live on the produce of hunting, but on milk and its products, and on the annual increase of flocks and herds. This condition is not only more desirable in itself, but more conducive to further progress; and a much more considerable amount of wealth is accumulated under it.

So long as the vast natural pastures of the earth are not yet so fully occupied as to be consumed more rapidly than they are spontaneously reproduced, a large and constantly increasing stock of subsistence may be collected and preserved, with little other labor than that of guarding the cattle from the attacks of wild beasts, and from the force or wiles of predatory men. Large flocks and herds, therefore, are in time possessed, by active and thrifty individuals through their own exertions, and by the heads of families and tribes through the exertions of those who are connected with them by allegiance.

There thus arises, in the shepherd state, inequality of possessions; a thing which scarcely exists in the savage state, where no one has much more than absolute necessaries, and in case of deficiency must share even those with his tribe. In the nomad state, some have an abundance of cattle, sufficient for the food of a multitude, while others have not contrived to appropriate and retain any superfluity, or perhaps any cattle at all. But subsistence has ceased to be precarious, since the more successful have no other use which they can make of their surplus than to feed the less fortunate, while every increase in the number of persons connected with them is an increase both of security and power: and thus they are enabled to divest themselves of all labor except that of government and superintendence, and acquire dependents to fight for them in war and to serve them in peace.

One of the features of this state of society is, that a part of the community, and in some degree even the whole of it, possess leisure. Only a portion of time is required for procuring food, and the remainder is not engrossed by anxious thought for the morrow, or necessary repose from muscular activity.

Such a life is highly favorable to the growth of new wants, and opens a possibility of their gratification. A desire arises for better clothing, utensils, and implements, than the savage state contents itself with; and the surplus food renders it practicable to devote to these purposes the exertions of a part of the tribe. In all or most nomad communities we find domestic manufactures of a coarse, and in some of a fine kind.

There is ample evidence that while those parts of the world which have been the cradle of modern civilization were still generally in the nomad state, considerable skill had been attained in spinning, weaving, and dyeing woollen garments, in the preparation of leather, and in what appears a still more difficult invention, that of working in metals.

Even speculative science took its first beginnings from the leisure characteristic of this stage of social progress. The earliest astronomical observations are attributed, by a tradition which has much appearance of truth, to the shepherds of Chaldæa.

From this state of society to the agricultural the transition is not easy. The growth of population of men and cattle began to press upon the earth's capabilities and this course doubtless produced the first tilling of the ground.—"*Principles of Political Economy*," *by John Stuart Mill, pp. 18, 19, 20.*

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4. THE INDUSTRIAL REVOLUTION.

When we survey the processes whereby men have gained their livelihood in the different stages of the world, and in various lands, we are struck by the irregularity with which changes follow each other. There seems to be a general line of development which is roughly followed by the nations of the world; but there is an amazing difference in the rapidity with which one stage follows another when the great continents of the world are contrasted with one another. Europe and America are the continents of rapid change, while Asia is the continent in which economic conditions have for centuries been almost stationary. The conservatism of the Orient is proverbial; yet now we see in Asia a breaking up of the old order. The transition from Oriental stagnation to European industrial civilization has been made in Japan in a single generation. This country which apparently had undergone little change for many centuries, has in recent years astonished the world by the rapidity of its economic movement. China is the type of conservatism; but even in China there are evidences of a new order.

While previous stages in industrial development have not been uniform in length in all parts of the world, it can safely be said that in the countries of industrial civilization the rapidity of changes in economic society during the past hundred years has been something without a parallel in recorded history. The industrial life in modern nations of to-day has changed so rapidly since 1776 that they are more unlike the economic world of that year than that economic world was unlike the Oriental monarchies of antiquity, so far as their economic life was concerned. The rapidity of change during the last century has been so great that the changes in economic affairs taken together have been styled the industrial revolution. Under evolution we think of slow and gradual changes to which adjustment is readily secured. But the changes of the past hundred years have been almost cataclysmic in nature; the results have appeared to be violent in so many particulars, that by general consent the term revolution has been applied to them.

It must not be supposed that the industrial revolution of the past hundred years is not a part of the evolution of industrial society. Earthquakes and upheavals are part of nature's order as well as peaceful growth. Industrial revolution must be looked upon as only one sort of industrial evolution.

It is on account of the magnitude of recent changes in industrial society that perpetualism is a worse form of absolutism in theory than cosmopolitanism. It is a more serious error to suppose that the same policy is applicable to all ages than it is to suppose that it is applicable to all lands—at any rate, to all modern lands. So far as our industrial life is concerned the United States of 1898 is more unlike the United States of 1789 than the United States of to-day is unlike Germany. We have to-day in our industrial affairs more to learn from Germany than we have from the United States of the age of Washington and Jefferson, because the resemblance is far closer. It must be remembered that we are now discussing, not political constitutions, but industrial affairs.

Causes of economic disturbances are found in the failure of modern society to adjust itself to economic changes. There has been a lack of uniformity of adjustment in the various parts of the social order. The nature of the changes that have taken place is imperfectly understood; public opinion, consequently, fails to do its full work; and law, notably, has lagged behind in the general development. We have in some of our state constitutions still provisions against the formation of monopolies which were aimed at legislative grants of exclusive privileges. Our forefathers who framed these constitutions had in mind the notorious monopolies of the Tudors in England which rested upon royal favoritism. Monopolies of this sort are no longer a serious menace to the general welfare; but while they are still for-

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bidden, the law has failed to take due cognizance of many modern monopolies entirely different in nature and far more serious in consequences. It is not the monopolies resting upon favoritism of royal personages which the modern nation has to dread, but those monopolies, called natural, which arise out of the conditions of the earth, or out of principles inherent in certain kinds of businesses. This serves merely as one illustration of the failure of law to adjust itself to new economic conditions.

Arnold Toynbee, in his well-known work entitled "The Industrial Revolution," says:* "The essence of the industrial revolution is the substitution of competition for the medieval regulations which had previously controlled the production and distribution of wealth." This is too narrow an explanation. It is true that early in the industrial revolution the old regulations which had governed the production of wealth were abolished, or greatly modified. But the prime cause of the industrial revolution must be sought in the great inventions which thus forced changes in the manner of doing the world's work. Arnold Toynbee describes the conditions of 1760 in England. Agriculture was in a backward condition, and a great deal of land was what was called, appropriately enough, waste land, it was so imperfectly utilized. Manufactures were carried on in a small way, and were controlled by guilds, which were associations of manufacturers, employers and employés together. These guilds, with the sanction of government, regulated industry. It was in the latter part of the last century that modern methods in manufacture took their rise, and that period may appropriately be called the "age of the great inventions," although possibly this age should be continued down to our own day. (1) These modern inventions were first applied to the manufacture of cotton. The old condition of things is still reflected in language. The word "spinster," for example, is now the frequent designation of an unmarried woman; but it points to a time when spinning was the habitual occupation of every girl.

The fly-shuttle of John Kay, invented about the middle of the last century, was perhaps the first of these great inventions. The spinning-jenny of John Hargreaves followed later; and that was followed by the water-frame of Richard Arkwright. Another inventor by the name of Lewis Paul invented a machine for carding cotton, which likewise was a great labor-saving contrivance. Samuel Crompton combined in one machine the advantages of Arkwright's water-frame and Hargreaves' spinning-jenny, and this new invention, called the "mule," made possible the production of a much finer quality of yarn. A little later Edmund Cartwright invented the power-loom. Quite as remarkable as any of these was the invention of the steam-engine, by James Watt, in 1769. Invention is the word commonly used, but what Watt first did was to improve a steam-engine which had already been invented by Newcomen. The steam-engine furnished the motive-power which made possible the full utilization of these inventions, and of many more which followed.

The first great inventions and discoveries are connected with the manufacture of iron. In 1760 England imported a large proportion of the iron which she consumed. A great difficulty in the way of the production of iron was the absence of any other fuel than wood; and wood began to disappear in England on account of the large demand for it made by smelters. The discovery that iron could be smelted by coal removed this difficulty, and was the beginning of the immense iron industry of England and of the United States. Other inventions facilitated the mining of iron. Among these a high place must be given to Sir Humphry Davy's safety-lamp. Walpole, in his History of England, speaks as follows of this safety-lamp: "The first safety-lamp was made in the year 1815. There is some satisfaction in the reflection that the very year which is remarkable for the conclusion of the longest and most destructive of modern wars was also remarkable for one of the

* Page 85.

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most beneficial discoveries which have ever been given to mankind. Even the Peace of Paris did not probably save more life or avert more suffering than Sir Humphry Davy's invention. The gratitude of the nation properly bestowed titles and pensions, lands and houses, stars and honors on the conqueror of Napoleon. Custom and precedent only allowed inferior rewards to the inventor of the safety-lamp. Yet Hargreaves and Arkwright, Crompton and Cartwright, Watt and Davy, did more for the cause of mankind than even Wellington. His victories procured his country peace for rather more than a generation; their inventions gave Great Britain a commercial supremacy which neither war nor foreign competition has yet destroyed." *

*This quotation is taken from Rand's Selections Illustrating Economic History since 1763. Rand's entire selection from Walpole includes a description of the "great inventions," and may be profitably read by those who would know more about them.

4. THE INDUSTRIAL REVOLUTION.

(1) **Revolution of Manufactures.**—Passing to manufactures, we find here the all-prominent fact to be the substitution of the factory for the domestic system, the consequence of the mechanical discoveries of the time. Four great inventions altered the character of the cotton manufacture; the spinning-jenny, patented by Hargreaves in 1770; the water-frame, invented by Arkwright the year before; Crompton's mule, introduced in 1779, and the self-acting mule, first invented by Kelly in 1792, but not brought into use till Roberts improved it in 1825. None of these by themselves would have revolutionized the industry. But in 1769—the year in which Napoleon and Wellington were born—James Watt took out his patent for the steam-engine. Sixteen years later it was applied to the cotton manufacture. In 1785 Boulton and Watt made an engine for a cotton-mill at Papplewick in Notts, and in the same year Arkwright's patent expired. These two facts taken together mark the introduction of the factory system.

But the most famous invention of all, and the most fatal to domestic industry, the power-loom, though also patented by Cartwright in 1785, did not come into use for several years, and till the power-loom was introduced the workman was hardly injured. At first, in fact, machinery raised the wages of spinners and weavers, owing to the the great prosperity it brought to the trade. In fifteen years the cotton-trade trebled itself; from 1788 to 1803 has been called "its golden age;" for, before the power-loom but after the introduction of the mule and other mechanical improvements by which for the first time yarn sufficiently fine for muslin and a variety of other fabrics was spun, the demand became such that "old barns, cart-houses, out-buildings of all descriptions were repaired, windows broken through the old blank walls, and all fitted up for loom-shops; new weavers' cottages with loom-shops arose in every direction, every family bringing home weekly from 40 to 120 shillings per week."

At a later date, the condition of the workman was very different. Meanwhile, the iron industry had been equally revolutionized by the invention of smelting by pit-coal brought into use between 1740 and 1750, and by the application in 1788 of the steam-engine to blast furnaces. In the eight years which followed this latter date, the amount of iron manufactured nearly doubled itself.

A further growth of the factory system took place independent of machinery, and owed its origin to the expansion of trade, an expansion which was itself due to the great advance made at this time in the means of communication. The canal system was being rapidly developed throughout the country. In 1777 the Grand Trunk Canal, 96 miles in length, connecting the Trent and Mersey, was finished; Hull and Liverpool were connected by one canal, while another connected them both with Bristol; and in 1792, the Grand Junction Canal, 90 miles in length, made a waterway from London through Oxford to the chief midland towns. Some years afterwards, the roads were greatly improved under Telford and Macadam; between 1818 and 1829 more than a thousand additional miles of turnpike road were constructed; and the next year, 1830, saw the opening of the first railroad.

These improved means of communication caused an extraordinary increase in commerce, and to secure a sufficient supply of goods it became the interest of the merchants to collect weavers around them in great numbers, to get looms together in a workshop, and to give out the warp themselves to the workpeople. To these latter this system meant a change from independence to dependence; at the beginning of the century the report of a committee asserts that the essential difference between the domestic and the factory system is, that in the latter the work is done "by persons who have no property in the goods they manufacture." Another direct consequence of this expansion of trade was the regular recurrence of periods of over-production and of depression, a phenomenon quite unknown under the old system, and due to this new form of production on a large scale for a distant market.

These altered conditions in the production of wealth necessarily involved an equal revolution in its distribution. In agriculture the prominent fact is an enormous rise in rents. Up to 1795, though they had risen in some places, in others they had been stationary since the Revolution. But between 1790 and 1833, according to Porter, they at least doubled. Much of this rise, doubtless, was due to money invested in improvements—the first Lord Leicester is said to have expended £400,000 on his property—but it was far more largely the effect of the enclosure system, of the consolidation of farms, and of the high price of corn during the French war. Whatever may have been its causes, however, it represented a great social revolution, a change in the balance of political power and in the relative position of classes—"*The Industrial Revolution*," *by Arnold Toynbee, pp. 90-92.*

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5. NATIONAL ECONOMY AND WORLD-ECONOMY.

The latter part of the eighteenth century was a cosmopolitan age. Universal truths, principles and policies were proclaimed; laws of nature, applicable to all ages and all times, were preached with prophetic zeal. There was little inclination on the part of the founders of economic science, who lived in this period, to examine into the economic significance of national boundaries. They show no comprehension, or perhaps it would be more accurate to say a very inadequate comprehension, of the idea of a nation as a mighty molding force. It was reserved for the Germans in the present century to emphasize the nation as an economic unit. They were led to do this by a more careful examination of actual conditions, past and present. They introduced the idea of growth in economics, and studied historical processes. It is possible that some of the Germans in their reaction have gone to an opposite extreme. However, the emphasis which they laid on the nation led them to substitute the term "national economy" for political economy, sometimes employing the expression "national economics." This substitution was not followed by all in Germany; but national economy or national economics is probably to-day quite as common as political economy in that country.

The actual development of economic life is from smaller to larger circles. We have first small, local economic units, living for the most part within themselves, and having only occasional economic relations with outside units. The single household at one time was by itself almost an isolated economic unit. The idea of the Greeks in the period of classical antiquity was the economic self-sufficiency of the household. The household consisted of the master, his wife, children and slaves. Commerce and trade, as they develop, increase the ties binding together local units, and enlarge these units. We have from early times up to the present a multiplication and an extension of economic ties, and larger and larger economic groups. Economic ties to an increasing extent spread beyond national boundaries at the present time; but the nation may still be regarded as an economic unit, and we may thus with propriety speak of a national economy. (1)

With the cosmopolitan tendencies of our age there is in many quarters an inclination to overlook the significance of the nation in industrial life. Foreign commerce means a great deal; but, after all, even where it means most, it is a small matter as compared with domestic exchanges. Our material wants are mostly supplied from within the nation. But this is not by any means all. Each nation has its own laws of property and inheritance, and these influence profoundly the production and distribution of wealth. Each nation determines its own trade-policy, and each nation regulates in almost numberless ways the economic activities within its boundaries. The conditions under which toil shall be performed by women and children, and sometimes men, are prescribed. It is also decided what industries shall be public in nature, and what shall be carried on by private individuals and private undertakings. Germany thus has its railway policy, and the United States has another one quite different. The common language, the common territory and the common sovereign authority all together operate to give peculiar characteristics to the industrial life of each nation.

While the improved means of communication and transportation in the present century have extended economic ties of an international nature, it is probable that their chief influence has been felt within the modern nation, drawing its various parts together, and making, nationally, an economic life of increasing significance. We may trace in many ways the growth of the national economy. Labor organizations show this. At first they are local, then they become national. The organizations of capital likewise reveal the same movement, from localism to nationalism. This is perhaps best illustrated in the growth of the railway systems of the United States, which now hold closely together all parts of our common country.

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But we must not overlook the increasing internationalism of our age. This is seen in every department of social life. It has been most marked in recent years in the religious field. International religious gatherings are now an almost every-day occurrence. We even have international Sunday-school lessons. In the economic sphere internationalism is seen on every hand. A most marked illustration is afforded by the world postal-union. The nations of Europe also have an international telegraph union, and did not the private ownership of United States telegraphs stand in the way, we would have a world telegraph-union. Capital moves in large masses from country to country. But it is in the various movements of the wage-earning masses that we see most clearly the world-trend of economic forces. Labor organizations have become international in many instances, and the democratic socialist movement of our day is world-wide in its activities and sympathies. Organizations of workingmen hold at frequent intervals world-congresses; and they adopt as their watchword one given them by Karl Marx little more than a generation since: "Workmen of all lands, unite."

In conclusion we may say that we have our national economics, and over and above this there appears to be growing up a world-economy. There is no reason, however, to believe that the nation will lose its significance, either in our economic life, or in any other department of social life. Yet some day a higher unity may be achieved.

5. NATIONAL ECONOMY AND WORLD-ECONOMY.

(1) An Early View of National and Cosmopolitan Economics.—Before Quesnay and the French economists, there had been only a practical political economy, as shown in national administration. Statesmen and writers who treated administrative questions, applied themselves exclusively to the agriculture, manufactures, commerce, and navigation of the country to which they belonged, without analyzing the causes of wealth, and without ascending to the study of the interests of humanity.

Quesnay, who first conceived the idea of universal free trade, extended his view to the whole of mankind, confining himself to no single nation. The title of his work is: "*Physiocratie ou du gouvernement le plus avantageuse au genre humain.*" His starting point is that *the merchants of all countries must be considered as constituting a single commercial republic.* It is obvious that Quesnay treats of the *cosmopolitical* economy, the science which teaches how men may attain to a state of well-being, whilst political economy merely teaches how a nation, in certain circumstances, may attain, by means of agriculture, manufacturing industry, and commerce, to prosperity or civilization and power.

Adam Smith gave the same extension to his doctrine by endeavoring to establish the cosmopolitical idea of absolute free trade, although he could not but see the gross offenses of the Physiocrats against the nature of things, and against logic. Adam Smith did not propose any more than Quesnay to treat of the objects of political economy, or of the policy which each country has to pursue in improving its economical condition. The title of his work is, "The Nature and Causes of the Wealth of Nations;" that is, of all the nations of the world. He devoted a portion of his work to the various systems of political economy, but only with the view of showing of what little value they were, and of proving that political or *national* economy ought to yield to *universal* economy. If he sometimes speaks of war, it is merely in passing. The idea of *perpetual peace* is the basis of all his arguments. According to the significant remark of Dugald Stewart, his biographer, he has taken as the point of departure for his researches the maxim, "that for the most part the measures of governments for the promotion of public prosperity are useless; and that to raise a State from the lowest degree of barbarism to the highest state of opulence, three things only are necessary, moderate taxation, a good administration of justice, and peace." Adam Smith could only have had in his mind the perpetual peace of the Abbé de St. Pierre.

J. B. Say admits that the idea of free trade depends upon the conception of an universal republic. This writer, who, after all, has merely constructed a scientific building out of the materials furnished by Adam Smith, says, in so many words, in his "Practical Political Economy," "We may blend in our consideration the family and the head which provides for its wants. The principles, the observations, which concern them, constitute private economy; public economy embraces the observations and the principles which refer to the interests of a particular nation, as susceptible of being opposed to the interests of another nation. Political economy has in view the interest of all nations, or of society in general." It should be noticed here, that Say acknowledges, under the name of public economy, the existence of a national economy, not considered in his works—that he gives the name of political economy to a doctrine evidently cosmopolitical in its nature, and in that doctrine treats only of that economy which embraces the collective interest of human kind.

This confusion of terms would have disappeared, if, after developing what he calls political economy, which is only cosmopolitical economy, or the economy of mankind, Say had also initiated us in the principles of the doctrine which he calls *public economy*, which is merely the economy of particular nations, or political economy.—"*National System of Political Economy*," *by Frederick List, pp. 189-193.*

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6. FEATURES OF MODERN INDUSTRIAL SOCIETY.

If we study relations which exist among men in modern industrial society, it would seem to be a mere matter of course to insist first upon an examination of the main features of this industrial society. An industrial society undergoes change in its growth, and, manifestly, the main characteristics of this society at any time and place must produce a marked influence upon the relations existing among men in their common efforts to gain a livelihood. Strangely enough, however, economics in the past, and many economists even to-day, are inclined to neglect entirely an examination of the fundamental institutions in industrial society. If these institutions were fixed and unalterable, this might perhaps be permissible; but as they are in constant movement it is difficult to see how this neglect can be designated as otherwise than unscientific. At any rate, it is the opinion of the author that the true scientific economist must first endeavor to comprehend the most fundamental institutions of industrial society, not only in their present condition, but in their process of development; and then pass on to forces which operate upon these institutions as a foundation.



Adolph Wagner.

When we examine any given industrial society, that is to say a concrete national economy, we find that it is the product of two great factors: external nature and man. To understand, then, the economic life of a nation it is appropriate to examine first of all the territory which this nation occupies. Physical environment must always modify economic life. This has indeed received recognition in the university with which the author is connected in the establishment of a course in economics entitled Economic Geography, which is offered by one of the contributors of the present course, namely, Dr. E. D. Jones. The purpose of this course in economic geography is to study geographic conditions with reference to their influence on the economic life of society. It includes a discussion of the character of commercial relations, localization of industry, and such other peculiarities of the economic life of the chief European nations and of the United States as can be traced to the influence of physical environment.

Under the head of the territory we must examine the character of the surface, which will influence the national economic life. Mountains and valleys have their own economic effects, as well as broad stretches of level land. The industrial society of Switzerland has been made what it is to an appreciable extent by the mountainous character of the country. The broad prairies which include a large proportion of the United States exercise a marked influence upon our own industrial society.

In addition to the character of the surface, the soil, and the treasures below the surface of the earth must receive attention. Water-privileges and atmospheric conditions cannot be overlooked, while mere size in itself produces effects. The great size of Russia and the United States is one of the forces molding industrial society in these two mighty nations. The position of a country with respect to neighbors is a further fact of importance. England, separated from foes by a very effective barrier, may in this respect be contrasted with Germany, which is a great plain in the heart of Europe, surrounded by powerful and sometimes hostile nations.

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The consideration of neighbors must influence the proportion of industrial energy absorbed by defense against possible foes.

But the greatest factor is the human factor, namely, man himself. External physical nature is an indispensable condition of any economic activity on the part of man. This is a mere matter of course, and goes without saying. It is also true that the conditions offered by external nature may be so hard as to be almost insuperable, and thus to prevent any high development of industrial society. But once given even fair external conditions, the character of industrial society will depend upon the kind of men who constitute this society. When we examine those forces which make man what he is industrially, we have to examine, likewise, all those forces which make man what he is in all other particulars. The religion of men exercises an influence, and a most marked influence, upon men's industrial characteristics. The fatalism of the Turks retards economic development, whereas the religion of the Jew and the Christian is found to be a powerful economic stimulus. Place Christian nations in a savage land, and as soon as their influence begins to be felt, an increase of wealth always follows. Intelligence, integrity, and the self-control of men generally, are all economic forces. We have to examine the economic activities of individuals, and also their collective economic activities. National wealth depends upon the industry and thrift of the individual citizens, but it also depends, to an equal extent, upon the facility with which these citizens work together. To a less and less extent, in fact, is wealth individually produced. To an ever greater extent with the progress of society is wealth produced through combined or collective action of one sort and another. This collective action is sometimes of a private nature. This is the case with the ordinary manufacturing corporations. Sometimes the collective action is of a quasi-public nature. This is the case with railway corporations in the United States, in as much as they are placed under public control in many of their activities in order to safeguard general interests. Collective action is also in many instances purely public. This is the case with the Post Office in the United States, and with the railways in Prussia. All these forms of collective activity, and the skill and integrity with which they can be conducted, must produce their effects upon any particular national economy.



John Stuart Mill, M.P.

We have to examine further the character of legislation and public administration of each country to understand fully its economic life. Legislation, and the sort of public administration of law which obtains, exercise an economic influence, too little understood because too little studied. We have recently heard a good deal about a national bankruptcy-law in the United States. Even a law of this character produces marked economic effects. A good bankruptcy-law lays a sound foundation for credit. It protects the interests of those who grant credit; and by prevention of fraud stimulates those who receive credit to the honest discharge of their obligations. At the same time such a law does not paralyze the economic activity of one who through misfortune has lost his all, and has honestly surrendered his all to his creditors, as this full surrender of all one's property clears the score and allows one to begin life again. Many have done this and by wise activity have subsequently acquired a competence and even a fortune. It is not the purpose of the writer at

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this time and place to examine the economic effect of bankruptcy-laws, but he simply adduces this law as an illustration of the economic influence of one single act of legislation. Factory-laws well administered, and a rapid and on the whole excellent development of popular education in England, have produced powerful changes in the industrial society of that country during the past generation.

But more important than any ordinary laws are the great fundamental economic institutions of modern industrial society. These institutions are the corner-stones of the socio-economic order, and an attack upon these is regarded as an attack upon the social order. These fundamental institutions are private property, the right of contract, together with vested interests and personal freedom. The first of them all is private property.

It is the merit of the Germans that they have not taken these fundamental institutions as something to be simply assumed, but have critically examined them in their economic bearings, showing the manner in which they influence the production, and the distribution, and even the consumption of wealth. It is not the intention of the author to say that the examination even of the Germans is complete and exhaustive. He believes that very much remains to be done in this department of economics. It is, however, undoubtedly true that the Germans have gone much farther than the English writers, or in fact any other economists. John Stuart Mill indeed made an excellent beginning in his "Principles of Political Economy." Mill discussed at some length the influence of property upon industrial society, and especially the influence of the laws of inheritance and bequest upon the distribution of wealth. Other English economists, however, have not followed up this lead. (1) The Germans generally have given attention to the fundamentals, but that German economist who in this respect deserves the most credit is the celebrated professor of political economy in Berlin, Prof. Adolph Wagner. Professor Wagner has begun the preparation of a monumental treatise upon economics, of which some seven or eight volumes have already appeared. The first volume bears appropriately the title: Foundations (Grundlagen).

6. FEATURES OF MODERN INDUSTRIAL SOCIETY.

(1) **Assumptions of the English Classical Economists.**—It probably never occurred to Adam Smith to speculate as to the possibility of society existing and enjoying necessaries, conveniences, and amusements without separate property. Separate property was to him a "natural" institution, which existed in much the same form among savage tribes of hunters and fishermen as in eighteenth century England. Malthus thought separate property a necessary institution which would soon be re-established if its abolition were ever accomplished by followers of Goodwin. Ricardo, as became a stockbroker, took it for granted without any consideration. Consequently, in almost the whole of the doctrines of these writers, the existence of private property and the practice of exchange is assumed. Obviously their theories of exchange and distribution could have no application to a communist society, and the keynote of their theory of production is to be found in a conception of "capital" which is entirely dependent on the existence of private property.

But by the time of Senior and J. S. Mill universality was claimed for at least a part of the teachings of political economy. Senior himself declares that those inferences of the political economist "which relate to the Nature and the Production of Wealth are universally true," and J. S. Mill asserts that "the laws and conditions of the production of wealth partake of the character of physical truths." If this is so, it is clear that there must be a certain amount of political economy which would remain true, and possibly useful, even if the institution of private property or the practice of change ceased to exist.

As to the meaning of the word "nation" in his phrase "the wealth of nations," Adam Smith evidently felt no difficulty. By a nation at any particular time he understood a number of individuals who at that time constitute the whole population of a given territory under one government. Now a nation does not die with the individuals who happen to be members of it at any particular time. Every one who belonged to the English nation in 1776 is dead, but the nation still exists. Consequently it has been urged that political economy should consider the wealth of a nation in some way or other apart from the wealth of the individuals of whom it is composed. The interests of the individuals who compose the nation at one particular moment may, it is said, sometimes conflict with the permanent interests of the nation.

If this had been put before Adam Smith he would doubtless have answered that the future interests of the nation are only the interests of the individuals who will at various future times constitute the nation, just as its present interests are the interests of the individuals who constitute it at present, so that there is nothing in the plan of considering a nation to be at any given time an aggregate of individuals which in any way precludes an econ-

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omist from taking account of the future as well as of the present. No change in this method of regarding the question was made by his followers.

Granting that a nation is only a collection of individuals, we are immediately confronted by the question whether the wealth of this collection of individuals, when considered as an amount susceptible of increase and decrease, is their aggregate or their average wealth. Are we to say that the German nation has much more wealth than the Dutch, because the wealth of all Germans taken together is much larger than that of all Dutchmen taken together? or are we to say that the Dutch nation is richer or has more wealth than the German, because the aggregate of Dutchmen's wealth divided by the number of Dutchmen is greater than the aggregate of Germans' wealth divided by the number of Germans? In "computations," like that of Petty, the national wealth was always understood to be the aggregate and not the average wealth, and to general opinion in the first half of the eighteenth century the plan of creating an imaginary average individual as the representative of the nation would have appeared strange and almost incomprehensible.—*"History of the Theories of Production and Distribution," by Edward Cannan, M.A., pp. 9, 10.*

FIRST WEEKLY REVIEW.

1. **INTRODUCTORY.**—General Character of the Present Course in Economics, Idea of Society, Industrial Society.
2. **THE EVOLUTION OF INDUSTRIAL SOCIETY.**—The Idea of Evolution, Its Application to Industrial Society.
3. **THE STAGES IN THE EVOLUTION OF INDUSTRIAL SOCIETY.**—Social Differentiation, The Growth of Social Dependence and Social Solidarity.
4. **THE INDUSTRIAL REVOLUTION.**—Varying Rapidity in the Evolution of the Continents of the World, Industrial Evolution and Industrial Revolution, The Failure of Society to Adjust itself to Economic Changes.
5. **NATIONAL ECONOMY AND WORLD-ECONOMY.**—The Nation as an Economic Unit, The Increasing Size of the Economic Unit.
6. **THE FEATURES OF MODERN INDUSTRIAL SOCIETY.**—Necessity of an Examination of Fundamental Institutions and of Physical Environment, The Predominating Importance of the Human Factor, Individual and Collective Action in Production.

QUESTIONS.

1. *Show that the results of doing nothing in relation to an economic question may be as serious as the results of active agitation: the money-question, the labor-question, and the problem on monopoly may serve as illustrations. Mention all the ties occurring to you, binding all men together; binding all men of the United States together; all men of your own city, town or school district. Mention the various social life-spheres. With what do we deal in economics?*

2. *Mention all the changes in industrial society which you have observed. Mention, so far as you can, all those which have occurred during the past century. Mention those features of industrial society which in this country have undergone the least change. Mention those who deserve special credit for the application of the idea of evolution to industrial society. What do you understand by absolutism in theory? What two forms does it take?*

3. *Mention the stages in the evolution of industrial society? Characterize each stage. Illustrate the pastoral stage from the Bible. Mention all the ways in which you are dependent upon your fellow men. Discuss social solidarity.*

4. *Distinguish between social evolution and social revolution. Are the two necessarily antagonistic? Which is preferable? Why? Why does perpetualism involve worse errors than cosmopolitanism? Discuss the causes of economic problems as found in unequal rates of rapidity of evolution in the various social life-spheres. Name the great inventions which produced the industrial revolution.*

5. *Illustrate the development of economic life from smaller to larger circles. Do you know of any movement in the opposite direction? Describe economic internationalism. Is capital truly cosmopolitan? Is labor so?*

6. *Of what two great factors is every national economy the product? What is understood by economic geography? Show that the characteristics of the men and women of a nation chiefly determine its national economy. Has Nature done more for Turkey or for Switzerland? Show that wealth-production has in large measure become a social process. Illustrate the influence of law on economic life. Mention a special merit of the German economists.*

SUBJECTS FOR SPECIAL STUDY.

1. *The pastoral stage of industry as portrayed in the Bible.*
2. *Economic society as described by Homer.*
3. *Social evolution.*
4. *The industrial revolution.*
5. *The influence of physical environment on the national economics of the world.*
6. *Social solidarity. The chapter on social solidarity in Ely's Social Law of Service may be read.*

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7. PRIVATE PROPERTY.

Philosophical writers are sometimes inclined to trace property back to the distinction between persons and things. It is said that things without will are under the absolute control of men with wills; inasmuch as things have no will, it is their destiny to subserve the purposes of beings with will. Things can manifestly have no purposes of their own. A quite similar line of thought is found in Blackstone's "Commentaries on the Laws of England." Blackstone says that the only solid foundation of man's dominion over external things is the original grant to man by the Creator, of dominion over the earth.

It must be confessed, however, that general statements of this kind do not carry us very far, either in law or in economics. There is no controversy concerning the dominion of man over external things, and as a matter of fact this dominion does not give us property, which is rather concerned with the persons who shall exercise control over things. When it is once granted that man is to have control for his purposes over the fields of the earth, over their fruits and over the animals that roam over them, the question has to be asked: whether this control shall be exercised by man collectively; or, if by man individually, by what man? This last is a question of private property. (1)

Where we have not property we have free goods which are not under any exclusive control but are open to all for use and enjoyment. Illustrations are furnished by air and sunshine and great bodies of water, wild fruits and game. Land was once very generally a free good. The tendency of advancing civilization is to restrict the mass of free goods, and to take out of this mass certain goods and place them under the control of a person. This exclusive control we call property. We may define property, then, simply as an *exclusive right of a person to control an economic good*, that is to say, some valuable thing. We may then distinguish between private property and public property. If the right is vested in a private person, then it is private property; if in a political unit, as city, state or nation, then it is public property. The essence of property is found in the words "exclusive right." In so far as the right of private property reaches, it carries with it the right of exclusion.

But something else must be said before we can understand fully what property means. The exclusive right must be recognized and guaranteed effectively by third parties. If I defend my exclusive right of control over some valuable thing against your claim, simply by the strength of my right arm, I have not thereby established the right of private property. My exclusive right of control must be recognized by others, and must be maintained by them. This marks a distinction between private property and mere possession; a distinction of great importance in many economic discussions. The anarchists, for example, wish to abolish the right of private property, and substitute therefor the right of possession. About this more will be said hereafter.

Particular attention should be directed to the word exclusive, which is distinguished from the word absolute. It is not stated, and indeed it is not true, that property carries with it absolute and unlimited rights. Property exists to subserve the welfare of society, and it finds its limitations in that welfare. This is something which is recognized without any qualifications with substantial unanimity by the great authorities in ethics, jurisprudence and economics. Did space permit, a hundred quotations could be given asserting the idea that the purpose of property is social well-being; and, furthermore, that in social well-being property finds its limitations. Says Professor Rudolph von Jhering, one of the greatest jurists of this century: "It is not true that property according to its idea carried with it an absolute right of control. Property in such a form cannot be tolerated by society, and never has been tolerated. The idea of property must not carry with it any-

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thing which is contrary to the idea of society." The same idea finds expression in a recent decision of the supreme court of Indiana, forbidding the waste of natural gas by private owners. In this decision the principle is laid down: that the owner must so use his own property as not to injure others; and the owner of natural gas will not be permitted to so waste it as to destroy large property-interests of others which depend upon the continued flow of natural gas for existence. The limitations of private property are found in the right of eminent domain preëminently, but also in various rights of regulation, especially by sanitary laws and other laws to protect or promote general social interests.

The definition of property is a large subject, and cannot be entered into at the present time and place. Emphasis is here laid: First, upon the idea of exclusive right; and second, upon the limitations of property found in general well-being. As we proceed these two ideas may become clearer in their import. It must be stated at once, however, that they are not contradictory ideas, but that they are both absolutely essential to the institution of property. Remove either one, and property would cease to exist.

What is the significance of property in industrial society? First it may be observed that it is through property that production is organized. The reader has only to look about him, and to reflect upon what he sees, to perceive at once that this is true. Furthermore it may be said that property is the chief seat of social authority. As property carries with it exclusive right to control things, others may have access to these things only on conditions named by their owners. This enables the owners of property to control actions of others with reference to those things over which their property-rights extend. If we look about us we find men organized and acting together under direction for purposes of production. On every hand we find some men obeying others. If we go into a factory we behold an organization of men like that of an army. We discover men moving here and there and performing arduous tasks in obedience to commands. If we examine the nature of the authority which some thus exercise over others, we shall find that it resides in property. The law of the land to some extent establishes the authority of man over man; but where one man obeys another because the law in so many words tells him to do so, we find a hundred men obeying others because these others have the authority which resides in exclusive control over valuable things. Indirectly this latter sort of authority rests back upon the laws in so far as these are responsible for the establishment of property. But the chief seat of authority in society is based only indirectly upon government; it rests immediately upon private property.

Every change in the institution of property modifies correspondingly industrial society. Of especial significance are the relations between private and public property. These relations fluctuate perpetually, and they differ greatly in various lands. Publicly owned and publicly managed property is carried on in accordance with different principles from privately owned and privately managed property. Consequently, as we have a movement, either from private to public property, or from public to private property, we have changes in industrial society. If a business is managed by a public body, the aim is so to manage it that it may yield the greatest amount of total social utility. If it is managed by private persons, the aim is to secure the largest profits. These two aims may coincide, but they may also, and sometimes actually do, differ. Even when in public business profit is a prominent consideration; other considerations are brought forward to such an extent as to modify somewhat the methods of business management. It is believed that it will be difficult to find any exception of moment to this general rule. The Prussian railways are managed with a keen eye to profit; but the principles of management have been appreciably changed since the railways were acquired by Prussia. It is quite possible that in some particulars the manage-

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ment may have changed for the worse; certainly it has changed in many particulars for the better; and whether the change has been for the better or the worse, it is undoubted. If our own postoffice were made over to a private corporation, the principles of business-management would undoubtedly undergo radical modifications. To mention only one thing, we notice that in the case of public property publicly managed, we hear a good deal more about a living wage and the hours of labor. Indeed in England it may be said to be an accepted principle that the public should be a model employer. A recent candidate for election to the London County Council issued a program of reform which he promised to advocate in case of his election, and this program had almost exclusive reference to the management of public property. It is not here stated that the change from private to public property, or from public to private property, is either good or bad in its effects upon production; is is simply insisted that every change of this sort must produce its effect upon industrial society.

Mention has been made of production. The distribution of wealth is affected to a still greater extent by the relations between private and public property. Every change in these relations produces its appropriate effect upon the distribution of wealth. This will receive consideration in a later chapter. Now the distribution of wealth affects the consumption of wealth. We have one sort of consumption where there is general well-being with comparatively small inequality in the incomes enjoyed by the various members of society; and another sort of consumption where the inequalities in the distribution of wealth, and consequently in incomes, are vast. But every change in consumption again produces a change in production. If articles of luxury are demanded by very wealthy persons, they must be produced by others. Thus changes in property produce changes in industrial society with respect to the production of wealth, with respect to its distribution, with respect to consumption. (2)

The full effect of changes in property upon industrial society will readily be perceived, if we ask ourselves what would be the consequence of going to the extreme of abolishing altogether public property, turning all public property over to private hands or of going to the other extreme and abolishing private property in all the instruments of wealth-production. The former would surely result in intolerable despotism of private wealth, and the latter means nothing else than socialism.

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7. PRIVATE PROPERTY.

(1) **The Right of Property.**—The confusions which permeate the theory of natural rights come out most conspicuously of all in the case of the right of property. With regard to property there are three questions which should be carefully distinguished from one another: (1) How does the right of property originate? This is a purely historical question, and does not directly and for its own sake concern us here, In discussing rights which are alleged to be natural, we are dealing with a different question, viz.—(2) What is the justification of the right of property? But we cannot discuss that question fairly, unless we consider also the question—(3) What does the right of property at any given time and place imply? . . . In the discussion of such questions, we should be compelled to consider the actual historical origin and development of property, public and private, in its different forms (*i.e.*, our first question is really only a part of our third). Now, I cannot attempt to write a history of property. That can only be satisfactorily done by the combined labors of many anthropologists, historians and lawyers. I only wish to point out that "the right of property," which has been said to be a natural right in many Declarations, is a very ambiguous phrase. People are too ready to dispute about the good or evil of property, or of "private property," as if every one was agreed on what it means.—"*Natural Rights*," *by David G. Ritchie, M.A., pp. 263, 264.*

(2) **Mine and Thine.**—Ideas mine and thine must have originated with the first thoughts of man. As soon as there existed more than one family, more than one couple of parents with their respective children, the idea of this close relation must necessarily have been clear in the mind of men. The child is much more emphatically the parent's, than the wife is her husband's. She may cease to be his, the child cannot change its relation to its parents. Besides, conjugal relations are but loosely defined and acknowledged with most tribes, I believe, perhaps with all, in the early stages of society; and, on the other hand, the human mind has not yet succeeded, as already alluded to, in drawing a distinct line between that relation to which the word *mine* is applicable on account of affection. duty, etc., and that to which the same term may be applied on account of absolute disposition over it.—"*Manual of Political Ethics*," *by Francis Lieber, LL.D., pp. 108, 109.*

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8 FREE CONTRACT AND VESTED INTERESTS.

We all understand that contracts are agreements of economic significance. In other words, they are agreements which have relation to valuable things. For example, if I agree to sell you a house, and the agreement is accompanied with the requisite formalities, whatever they may be at any particular time and place, this agreement is a contract. An agreement to take a walk for pleasure or to play a game of tennis is not a contract. Furthermore, we all understand that contracts are agreements which are legally binding, that is to say enforceable by the State. Here an analogy is suggested with property. Possession does not become full property until the enjoyment and use of things is guaranteed by third parties. Similarly agreements do not become contracts until they are enforceable by third parties. Putting together what has been said, we have this definition of contracts:—*Contracts are agreements of economic significance which are enforceable by public authority.* (1) This definition probably includes all the elements of a contract which are of moment for present purposes. A further analysis, however, may be helpful, and that found in Holland's Jurisprudence is given. The constituent elements of a contract according to Holland are:—



Sidney Webb.

First, there must be two or more parties to an agreement. A man cannot make a contract with himself. In this connection it may be noted that according to common law certain classes of persons are under disabilities with respect to contracts—infants, for example.

In the second place, there must be a two-sided act expressive of an agreement; in other words, an offer and an acceptance.

In the third place, a matter must be agreed upon which is both possible and legal. Holland regards it as objectionable to add that the matter agreed upon must not be contrary to public policy. As a matter of fact, however, the courts in the United States continually take into consideration public policy, and frequently declare agreements not binding contracts, because they are held to be contrary to public policy. Agreements in restraint of trade, for example, are generally held to be contrary to public policy. If free contract is desirable, any agreement whereby man deprives himself of liberty with respect to contract for the future must be held to be contrary to public policy. If a man could sell himself into slavery, it would be possible for free contract to destroy itself. The doctrine of public policy may be incorrectly and injuriously applied at times; but the present writer feels that it is important to hold to it, especially in the United States, as it assists in giving an element of flexibility to our constitutional system, and it may prove to be extremely helpful hereafter.

In the fourth place, an agreement must be of a nature to produce a legally binding result. An agreement to attend a dinner-party produces no legally binding result. Under ordinary circumstances the State takes no cognizance of agreements of this sort.

In the fifth place, the result of the agreement must affect the relations of the parties. An agreement among the members of a Board of Directors of a public institution to carry out a line of policy is not a contract, because it does not affect their relations to each other.

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Finally, there must be some solemn form accompanying the agreement, or some fact must be present which affords a motive for the agreement. As a rule there must be consideration, although there is no inquiry into the adequacy of the consideration. This is the reason why contracts so frequently begin: "For value received."

We cannot enter farther into the discussion of the nature of contracts at present, as that would take us away from economics into jurisprudence. It is desired here to bring forward those principles of a contract which are of peculiar economic significance.

It must be observed that the rights of contract are acquired rights. Apart from organized political society agreements may exist, but not full contracts. Contracts presuppose the existence of the State.

On the basis of private property contracts give us the structure of our industrial society. We have discussed the economic ties which hold men together in industrial society, and these economic ties on their legal side are very generally contracts. Our relations to others in the production of wealth are chiefly determined by contract. Contracts bind together the units which comprise a productive organization, as for example a private corporation. Our property is acquired very largely through contract, and through contract we part with it and acquire other forms and sorts of property. The continuity of our economic life rests upon contracts which bind together past, present and future. The division of labor finds expression in contract, and by contract the hours of labor, that is to say the length of the working-day, is determined.

Distribution especially is affected by contract. Our incomes come to us chiefly through contracts. Wealth is distributed, as it is produced, through a series of bargains, and these bargains, legally considered, are contracts. We see then how vast is the economic significance of contracts. The author, however, has been careful to use qualifications in speaking about the organization of industry and the distribution of wealth through contracts. All that we have and are, by no means comes to us through contract. "Contract" does not exhaust the significance of parentage, home and education; and outside of contracts we have gifts and inheritance of property. The church, which has an economic side, includes a great deal more than can possibly find expression in contract, and the State itself, the source of contract, must be above contract. That is a crude and a now generally abandoned view which seeks to explain the State through contract.

The significance of contract in industrial society is brought forward forcibly by changes which take place with reference to the scope and limitations of contract. It is quite generally stated that we have had a movement from status to contract. Status determines a man's condition once for all, making him, for example, a slave or a serf. Free contract allows him to determine his economic condition by bargaining. But in recent years there is another movement of vast significance. There is a determined effort on the part of organized working-men to pass over from individual contract to group contract in their relations with their employers. The term "collective bargaining" is one recently introduced by Mrs. Sidney Webb, but it is now of frequent occurrence, and many momentous struggles are turning upon the demand for group contracts on the one hand and the resistance to group contracts on the other.

The relation of contract to personal freedom is also a live economic question in regard to which differences are radical. We find, for example, wage-earners and their friends clamoring for a law, in order, as they claim, to secure their freedom; and we find the courts throwing out this law as unconstitutional on the ground that it violates freedom of contract and limits injuriously, personal freedom. The economic discussions concerning individualism bring in the nature and scope of contract. The individualistic ideal as described by Professor Sidgwick in his

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Elements of Politics embraces two chief elements, a negative and a positive. The negative consists in the protection of life and property and the positive in the enforcement of contract. There are those who believe that the largest freedom and highest welfare is secured when the greatest range is given to contract. Their opponents, however, claim that contract, unless carefully guarded and restrained, leads to oppression and frequently to brutal enslavement of a large section of the community, because inequalities among men back of contract find expression through contract. The strong man it is held, is able by contract to use his strength for oppression.

A few words must finally be said about vested interests. Vested interests may be defined as *pecuniary interests which are legally recognized to be such that they cannot be impaired by public action without indemnification.* Vested interests generally arise through property and contract. Outside of property and contract, however, there may be vested interests. Through feudalism in older lands a great many vested interests arose. Leeds was compelled by a feudal arrangement to grind its corn, grain and meal at the lord's mill till well on in the present century, and finally had to pay £13,000 to terminate this obligation. When Prussia bought up the railways, the railway-presidents were indemnified for the loss of their positions by large payments; in other words, their offices were looked upon as vested interests. England is the classic land of vested interests. An office in the army was until recently looked upon as a vested interest, and so was an appointment in the established church. It is generally held that saloon-keepers in England have a vested interest in their business, so that they must be indemnified if their licenses are taken from them, as Mr. and Mrs. Sidney Webb have shown in their work, entitled "Democracy." (2) Working-men have frequently claimed that they have a vested interest in the advantages which their acquired skill gives them, and consequently that if through industrial changes this skill ceases to be of as great value as formerly, they ought to be indemnified and in some way their former income continued. This claim of the working-men, however, unlike many other claims put forward in the name of vested interests, has not received recognition, either by parliament or the courts.



Mrs. Sidney Webb.

Vested interests, apart from property and contract, are of less significance in the United States than in most countries, but they may become of more significance in the future, street-car corporations sometimes raise the claim that they have, apart from clear and explicit franchise, vested interests in their business. The claim has also been put forward by dealers in intoxicating beverages that they have vested interests in the business which they have built up. There does not seem, however, to be any general inclination on the part of the public to recognize a vested interest in either of these cases.

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8 FREE CONTRACT AND VESTED INTERESTS.

(1) **Freedom of Contract.**—One of the most important rights of individuals is generally supposed to be the right to enter into contracts with other individuals, and the most important function of the State, according to the theories of those who most seek to minimize its functions, is supposed to be the enforcement by law courts of obligations arising out of contract.

The famous theory which explains political obli-

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gation as dependent on *the* social contract is, in one aspect of it, an illogical generalization of this notion about the functions of government—illogical, because contracts are the product of political society, which cannot therefore be based upon a contract. To try to escape this argument by substituting the term social pact, or compact, for the legal term contract, is a mere evasion; for the social pact is assumed to be as binding as if it were a contract that could be enforced, or rather it is assumed to be much more binding than any particular contract depending on it. An alleged natural right of freedom of contract is meaningless, if it be implied that a State ought to recognize a right in its members to enter into contracts of every possible kind, and should undertake to enforce these contracts

Such an absolute right to freedom of contract would require the State to enforce an obligation to commit crimes and to rebel against itself; but this is anarchical and absurd. It is generally recognized, even by the staunchest upholders of the sanctity of contracts, that the State may prohibit or refuse to recognize contracts of certain kinds. Such an admission implies of course that the State exists for other purposes than simply for the enforcement of contracts; it implies that the State has the right of restricting individual liberty in various ways, even where no contract has been broken, and of discouraging certain kinds of contract by the refusal of legal remedies. If the State may prohibit or discourage certain kinds of contracts, it is admitted (though it may be unconsciously) that the State has a moral function, and may rightly endeavor to bias its members in favor of certain kinds of conduct and against others, which is, after all, the only way in which the State ever can be said to try "to make people moral" —"*Natural Rights*," *by David G. Ritchie, M.A., pp. 227, 228*

(2) **The Workingman's View of Vested Interests.**—It is difficult for middle-class observers, accustomed to confine the doctrine of "vested interests" to "rights of property," to understand the fervor and conviction with which the skilled artisan holds this doctrine in its application to the "right to a trade." This intuitive conviction of natural right we ascribe, in great part, to the long and respectable history of the idea. Down to the middle of the eighteenth century it was undisputed. To the member of a Craft, Gild, or Incorporated Company, it seemed as outrageous, and as contrary to natural justice, for an unlicensed interloper to take his trade as for a thief to steal his wares. Nor was this conception confined to any particular section of the community. To the economists and statesmen of the time the protection of the vested interests of each class of tradesmen appeared a no less fundamental axiom of civilized society than the protection of property in lands or chattels.

"Our forefathers," said the Emperor Sigismund in 1434, "have not been fools. The crafts have been devised for this purpose that everybody by them should earn his daily bread, and nobody shall interfere with the craft of another. By this the world gets rid of its misery, and every one may find his livelihood."

"The first rule of justice," said the Parliament of Paris three hundred and fifty years later, "is to preserve to every one what belongs to him; this rule consists, not only in preserving the rights of property, but still more in preserving those belonging to the person, which arise from the prerogative of birth and of position." "To give to all subjects indiscriminately," argued on that occasion the eminent Advocate-General Séguier, "the right to hold a store or to open a shop is to violate the property of those who form the incorporated crafts."

But this conception of a vested interest in a trade, though it derives sanction among an essentially conservative class from its long and venerable history, does not rest upon tradition alone. To men dependent for daily existence on continuous employment, the protection of their means of livelihood from confiscation or encroachment appears as fundamental a basis of social order as it does to the owners of land. What both parties claim is security and continuity of livelihood—that maintenance of the "established expectation" which is the "condition precedent" of civilized life.

When misfortune arrives in consequence of a man's own act or default, it may well bring the compensation of inducing him to change his habits. But when individuals or classes are overwhelmed by disasters which they could have done nothing to avert, experience shows that, though they may be led to passive resignation, they are not stimulated to self-reliance, and they are apt, on the contrary, to be rendered inert or reckless. We do not expect deliberate foresight or persistent industry from a community living on a volcano. This, indeed, is the fundamental argument against anything which weakens the feeling of security of private property, that is, against any "shock or derangement being given to the expectation which has been founded on the laws of enjoying a certain portion of good."

And if we pass from the ownership of property to its occupation under contract, we shall recognize the same argument in the agitation long and successfully carried on by Irish and English farmers for a law which should secure them in their "tenant right." It has now been conceded that we cannot expect occupiers of land to exercise the self-sacrifice, foresight, and energy necessary to keep their holdings in the highest possible efficiency, if the results of their work can be arbitrarily confiscated whenever a landlord chooses to exercise his legal right of ejecting a tenant.

A similar consideration lies at the base of the universal conviction in favor of a legally regulated currency. Bimetallists and monometallists alike deplore the disastrous effect on national enterprise if, in the absence of a deliberately settled standard of value, the reasonable expectations of merchants and manufacturers are set at naught by currency fluctuations over which they can have no control.

When we remember this vast network of defence, built up during the present century in protection of the security and continuity of livelihood of brain-workers and property-holders, it is strange that it is just these classes who fail to comprehend the weekly wage-earner's craving for the same boon. "An industrious man," says one of the workmen's spokesmen, "having learned a trade, or enabled by any honest means to earn a superior living, is equally entitled to an adequate indemnity if this trade or property is interfered with, or rendered less advantageous, as the owner of a water-mill, who has compensation if the water is withdrawn. Every description of property has ample protection, except the poor man's only property, his and his children's industrious habits."—"*Industrial Democracy*," *by Sidney and Beatrice Webb, Vol. II., pp. 565-568.*

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9. PERSONAL FREEDOM.

It would seem natural in treating those things which are fundamental in the industrial order to place first the personal freedom of those who constitute industrial society. Property and contract exist simply to subserve human ends, and are of importance only as they minister to man's well-being. It would at first thought, then, appear to be logical to treat personal conditions first, and then follow with a treatment of property and contract. More mature reflection, however, will show that there is much to be said in favor of the reverse order of treatment. Man has existed in the past as property, and we must understand what property is to comprehend what this personal condition has signified. While to-day personal conditions are so largely governed by contract, we cannot understand what these personal conditions really are until we have a grasp of the economic significance of contract.

The present chapter, however, is headed not personal conditions, but personal freedom, because the condition in which man lives and toils in modern industrial society is thus designated. When we take an historical survey of man's economic history, we must use the broader expression, personal conditions. Man has been a slave, toiling for the sake of others, and receiving in return such subsistence as the self-interest or the kindliness of the master might see fit to award him. In slavery the slave-owning class organized and carried on production. Slavery has therefore, in past ages, given form and shape to industrial society. Economic phenomena under slavery, are of quite a different character from those with which we are familiar. There might indeed, from time to time, be uprisings of the slaves, but the modern conflicts between employer and employed could not exist, because there was a union of labor and capital in the same hands, namely, in the hands of the owners of the slaves. The slave was capital, and at the same time he furnished labor. The ancient languages have no words to express many of the economic ideas most familiar to us.

Slavery has existed in various forms, and we must not suppose that the institution has always signified one and the same thing. A single word frequently carries with it more than one idea. Quite generally, however, slavery gave way to serfdom, which was a transitional condition between slavery and free contract. The serf generally had certain well-defined rights, especially with respect to the land; and in very many instances gradually acquired full ownership of land over which at first he had only limited rights.

From serfdom the transition has gradually been made to what is called personal freedom, under which condition relations are regulated by contract. Contract has already been examined. That particular contract which regulates relations between employers and employed is called the labor-contract, and will receive consideration later on.

Personal freedom then signifies that relations are determined by bargains which each one supposedly makes for himself. It would seem that legal freedom to make the bargains which one pleases must give in reality personal freedom. It is the theory of free contract that, as a matter of fact, it does terminate in actual freedom. Personal freedom must be considered in several particulars in order to understand the true nature of the conditions which actually exist in industrial society. First of all it should be observed that true freedom is not merely negative, but is rather positive. Among others the late Thomas Hill Green has shown this very clearly. The mere absence of restraint is of little value, and may even be of positive harm. Moreover, an absolute absence of restraint is impossible in society, inasmuch as society is made up of human beings bound together by ties which in themselves signify of necessity restraint. A permission of each one to do as he pleases means that the vast majority will be obliged to do something very different from that

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which they please. We see then at once that freedom is positive rather than negative, and that it is merely a relative conception. The idea of freedom is a positive opportunity to develop or unfold all one's powers, to make the best of one's self, and to contribute according to one's faculties to the common good.

The relation of freedom to government is one of the most fruitful topics which can engage our attention. Government means restraint, and there are many who, failing to look below the surface of things, feel that governmental activity in legislation and administration must limit freedom. Quite the contrary, however, is the case, and with much reason the state, which expresses itself in government—as well as otherwise—has been called the organ of freedom. Wise laws, well administered, tend to increase freedom in the positive sense, and that is the only sense in which freedom need greatly concern us.

It has already been stated that the chief seat of authority resides in private property and is altogether outside the sphere of contract. Governmental activity, which exercises a limited restraint in one direction may, and frequently does, open up a great field for personal activity and development in another direction, thus increasing immensely the sphere of real liberty. Public education is established by government and maintained by taxation, which certainly implies restraints of various sorts. At the same time, by assisting members of society to develop their faculties, and to enlarge the range of their activities, it vastly increases personal freedom. (1)

It has been already stated that the progress of industrial society means increasing dependence: Every day the dependence of man upon his fellows grows extensively and intensively. It might be supposed that this would terminate in virtual slavery of all to all. There is indeed great danger that increased dependence may mean personal bondage. Normally, however, the dependence is not a burden, and does not abridge personal freedom, but rather enlarges it, because the dependence is mutual and its pressure is the pressure of force in equilibrium; as the atmosphere about us does not crush us because it is a balanced pressure, equal in all directions. Relations of dependence existing among men, however, require regulation, in order that the dependence may not become one-sided. In all civilized lands without exception the increasing multiplication of economic relations has necessitated increasing governmental activity in order to maintain positive freedom. (2)

The intelligent reader who reflects fully upon what has been said will find illustrations on every hand. Attention may, however, be called to an illustration afforded by the extensive agitation among barbers to secure Sunday-closing of barber-shops by means of legislation. The competition among them is such that one barber does not dare to close his shop while the others have theirs open. Nor is it possible to close the shops by voluntary agreement. Even if all the barbers in a city at any one time should close their shops, another barber might come in from elsewhere and do a flourishing business on Sunday with the result that some one of the barbers already in town would open his shop on Sunday; and then one after another would gradually follow till Sunday opening again became general. Almost inevitably, however, there will be some one who will refuse to join in a voluntary combination to close the barber-shops on Sunday. In the city of Madison, Wis., not long ago, every owner of a barber-shop, with one exception, was willing to close his shop on Sunday, provided the others would do so. We may have nineteen willing to close and one only wishing to keep open, yet this one man will force the other nineteen to follow his example. This gives us what the author has called the *problem of the twentieth man.* When law closes all the barber-shops it not only enables the other nineteen to carry out their wishes, but it gives the twentieth man larger opportunities for the use of all his faculties. And it is to no effect to argue that this might be different, or ought to be different. The facts are as they have been presented, and are sufficiently familiar to all who have looked into them.

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9. PERSONAL FREEDOM.

(1) **Personal Freedom.**—We shall probably all agree that freedom, rightly understood, is the greatest of blessings; that its attainment is the true end of all our effort as citizens. But when we thus speak of freedom, we should consider carefully what we mean by it. We do not mean merely freedom from restraint or compulsion. We do not mean merely freedom to do as we like irrespectively of what it is that we like. We do not mean a freedom that can be enjoyed by one man or one set of men at the cost of a loss of freedom to others. When we speak of freedom as something to be so highly prized, we mean a positive power or capacity of doing or enjoying something worth doing or enjoying, and that, too, something that we do or enjoy in common with others. We mean by it a power which each man exercises through the help or security given him by his fellow-men, and which he in turn helps to secure for them.

When we measure the progress of a society by its growth in freedom, we measure it by the increasing development and exercise of the whole of those powers contributing to social good with which we believe the members of the society to be endowed; in short, by the greater power on the part of the citizens as a body, to make the most and best of themselves.

Thus, though of course there can be no freedom among men who act not willingly but under compulsion, yet on the other hand the mere removal of compulsion, the mere enabling a man to do as he likes, is in itself no contribution to true freedom. In one sense no man is so well able to do as he likes as the wandering savage. He has no master. There is no one to say him nay. Yet we do not count him really free, because the freedom of savagery is not strength, but weakness. The actual powers of the noblest savage do not admit of comparison with those of the humblest citizen of a law-abiding state. He is not the slave of man, but he is the slave of nature. Of compulsion by natural necessity he has plenty of experience, though of restraint by society none at all. Nor can he deliver himself from that compulsion except by submitting to this restraint.

So to submit is the first step in true freedom, because the first step towards the full exercise of the faculties with which man is endowed. But we rightly refuse to recognize the highest development on the part of an exceptional individual or exceptional class, as an advance towards the true freedom of man, if it is founded on a refusal of the same opportunity to other men.

The powers of the human mind have probably never attained such force and keenness, the proof of what society can do for the individual has never been so strikingly exhibited, as among the small groups of men who possessed civil privileges in the small republics of antiquity. The whole framework of our political ideas, to say nothing of our philosophy, is derived from them.—*Works of Thomas Hill Green, late Fellow of Balliol College, Vol. III., pp. 370, 371.*

(2) **The Sense of "Freedom" in Morality.**—With St. Paul the application of the metaphor has a special character of its own. With him "freedom" is specially from the law, from ordinances, from the fear which these inspire,—a freedom which is attained through the communication of what he calls the "spirit of adoption" or "sonship." The law, merely as law or as an external command, is a source of bondage in a double sense.

Presenting to man a command which yet it does not give him power to obey, it destroys the freedom of the life in which he does what he likes without recognizing any reason why he should not (the state of which St. Paul says "I was alive without the law once"); it thus puts him in bondage to fear, and at the same time, exciting a wish for obedience to itself which other desires prevent from being accomplished, it makes the man feel the bondage of the flesh. "What I will, that I do not"; there is a power, the flesh, of which I am the slave, and which prevents me from performing my will to obey the law.

Freedom (also called "peace," and "reconciliation") comes when the spirit expressed in the law (for the law is itself "spiritual" according to St. Paul; the "flesh" through which it is weak is mine, not the law's) becomes the principle of action in the man. To the man thus delivered, as St. Paul conceives him, we might almost apply phraseology like Kant's. "He is free because conscious of himself as the author of the law which he obeys." He is no longer a servant, but a son. He is conscious of union with God, whose will as an external law he before sought in vain to obey, but whose "righteousness is fulfilled" in him now that he "walks after the spirit." What was before "a law of sin and death" is now a "law of the spirit of life." (See Epistle to the Romans, viii.)

But though there is a point of connection between St. Paul's conception of freedom and bondage and that of Kant, which renders the above phrase applicable in a certain sense to the "spiritual man" of St. Paul, yet the two conceptions are very different. Moral bondage with Kant, as with Plato and the Stoics, is bondage to the flesh. The heteronomy of the will is its submission to the impulse of pleasure-seeking, as that of which man is not in respect of his reason the author, but which belongs to him as a merely natural being. A state of bondage to law, as such he does not contemplate.

It might even be urged that Kant's "freedom" or "autonomy" of the will, in the only sense in which he supposed it attainable by man, is very much like the state described by St. Paul as that from which the communication of the spirit brings deliverance,—the state in which "I delight in the law of God after the inward man, but find another law in my members warring with the law of my reason and bringing me into captivity to the law of sin in my members." For Kant seems to hold that the will is actually "autonomous," *i.e.*, determined by pure consciousness of what should be, only in rare acts of the best man. He argues rather for our being conscious of the possibility of such determination, as evidence of an ideal of what the good will is, than for the fact that anyone is actually so determined. And every determination of the will that does not proceed from pure consciousness of what should be, he ascribes to the pleasure-seeking which belongs to man merely as a "Natur-wesen," or as St. Paul might say, "to the law of sin in its members." What, it may be asked, is such "freedom," or rather such consciousness of the possibility of freedom, worth? May we not apply to it St. Paul's words, "By the law is the knowledge of sin?" The practical result to the individual of that consciousness of the possibility of freedom is to make him aware of the heteronomy of his will, of its bondage to motives of which reason is not the author.—"*Political Obligations*," *by Thomas Hill Green, p. 4.*

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10. COMPETITION AND BARGAINING.

If the reader asks the sort of people about him what is the chief characteristic of modern industrial society he will receive many different answers; the answer in each case depending to a considerable extent upon the direction in which the thoughts of the one who gives it have recently been turned. It is safe to say, however, that among these answers will be: competition, division of labor with exchange, and combinations of labor and capital. For if we turn our thoughts to any one of these features of modern industrial society, that one will for the time being seem to be the dominant characteristic. We must consider these three topics before we conclude Part I.; but our treatment will be brief, as each topic will come up again in other connections. We have now to describe in the fewest possible words these leading features in modern industrial society.

Competition is on every one's lips; every newspaper discusses it, and it is talked about every day in business circles. Nevertheless, the ideas concerning competition are not so accurate as one might expect from the amount of discussion it has received. Sometimes indeed when the evils of competition are spoken of, what men are really talking about is not competition but its absence, namely monopoly.

It is necessary first of all to distinguish between competition in the larger and in the narrower sense. Competition in the larger sense means simply *the struggle of conflicting economic interests on the basis of the existing legal and social order.* Professor Gide has competition in the larger sense in mind when he describes the *régime* of competition in these words: "When each individual in a country is at liberty to take the action he considers most advantageous for himself, whether as regards the choice of an employment or the disposal of his goods, we are said to live under the *régime* of competition."

Each part of the definition of competition should be carefully noted. Competition does not mean every struggle of conflicting economic interests; but only that struggle in so far as it takes place on the basis of the existing legal and social order. When a robber struggles with you for your purse, that is not competition but simply crime. As the existing legal and social order changes, competition changes with it. What would have once been legitimate competition is now crime, and is punished by imprisonment, and possibly even by death. Tacitus relates that among the early Germans it was disgraceful to acquire by toil what could be gained by the sword. The idea of legitimate competition at that time was different from the idea which obtains now. Piracy was in the time of Queen Elizabeth regarded as an honorable pursuit and as a legitimate mode of acquiring wealth, and it could thus be said to have been included at that time in the competitive order. Within our own country in the present century we have witnessed changes in the limitations of competition. The laws governing the transactions of corporations in general, and banking corporations in particular, have been rendered for more stringent; and practices which could have been at one time regarded as falling within competition are now stamped as criminal. Our conceptions of morals are progressive, and with the progress which we make in our moral ideas, we have a change in competition. It is of special importance that this should be borne in mind, because many talk as if competition were a perfectly fixed and an accurately defined force which remained precisely the same thing at all times and places.

Competition has also been spoken of by Prof. Charles H. Cooley of the University of Michigan as the mechanism of social selection, and he states that it puts the right man in the right place, and that it precedes industrial organization. Prof. Alfred Marshall has somewhat the same idea when he says of competition that "it is the constant experiment by the ablest men for their several tasks, each trying to discover a new way in which to obtain some important end." The thought is that through the struggle of competition each man is put in his proper place in the

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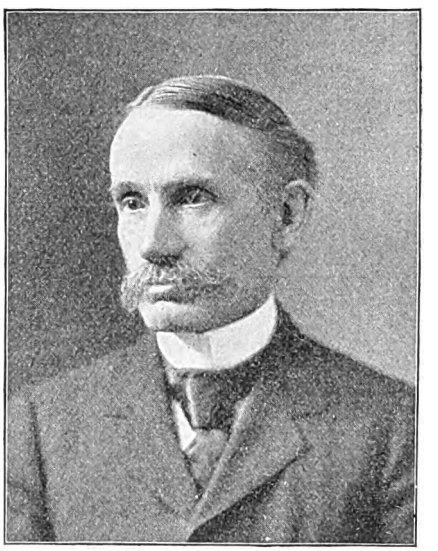
industrial organism. The measure of truth in this statement and its necessary qualifications need not detain us at present.

We have next to consider competition in the narrower sense; and in so doing we must distinguish between competition and bargaining. Competition in the narrower sense consists in a struggle for an economic advantage with one engaged in a like pursuit or occupation. The carpenter competes with the carpenter, and the blacksmith with the blacksmith. It is only indirectly that the blacksmith competes with the carpenter; in the strictest and narrowest sense he does not compete with him. Like competes with like. Labor competes with labor, capital with capital, commodities with commodities. The blacksmith may leave his occupation and become a carpenter if the rewards for the carpenter are disproportionately high. Disproportionately high wages in any one trade do as a matter of fact attract to that trade or occupation some who are in other pursuits; and it directs into this channel the young people who are just entering upon life. We thus have an indirect and roundabout competition between various occupations. (1)



John B. Clark.

Competition in the larger sense includes bargaining. The employer and the employed are engaged in a struggle for wealth, and thus they are included in the *régime* of competition. But they do not compete with each other in the narrower sense. They bargain with each other. This distinction is well brought out by Prof. J. B. Clark of Columbia University when he says: "Competition takes the belligerency out of bargaining." It is in bargaining especially that belligerency appears, and not, at least not to the same extent, in competition in the narrowest sense. When workman ceases to compete with workman, and capitalist with capitalist, we have organization on each side, and too frequently belligerency. This statement that competition takes the belligerency out of bargaining must not be pushed too far, but it is useful in marking the distinction between the two.

Finally it must be noticed in passing that competition does not as a rule do more than to set limits to bargaining. The competition of land-owner with land-owner may set certain limits to the price of the city lot which I have for sale. No one might think of offering me one thousand dollars for the lot, as that would be manifestly an inadequate price, and I might not, even in my most optimistic frame of mind, venture to ask ten thousand dollars for the lot; but between the limit of what somebody might offer and what I would want, there is a wide range for bargaining. In the case of some staple commodity like wheat, a world-wide competition might give us something like a price-point; but generally competition simply gives us limits. This is the case not only with bargains for land, but also for the use of labor-power. In fact in the large majority of bargains made there is a considerable distance between the upper and lower limits of competition, and within this margin bargaining takes place.

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10. COMPETITION AND BARGAINING.

(1) **What is Competition.**—This is the most important word in the theory of value. I have now used it for the first time, though it might have been introduced with equal appropriateness, a month ago, in describing the change of price from two to two and a half bushels per load.

Competition signifies the unrestrained operation of individual self-interest, among the buyers and the sellers of any article in any market. It implies that each man is acting for himself solely by

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himself solely, in exchange, to get the most he can from others, and to give the least he must himself.

The idea of competition is opposed to combination. Wherever, and in whatever degree, buyers or sellers act in concert for a supposed common good, whether by insisting upon a certain price, or by regulating the amount to be bought or sold, there competition is, in so far, defeated. In competition every man is supposed to be active and alert to slip in ahead of every other man and sell his own product first, and sell it at a higher price if possible. Men in this state act as freely and as independently as the minute particles of some fine dry powder absolutely destitute of cohesion, among which the slightest force may change the relation of every particle to every other. If any two particles in the economic mass stick together, so that one must move when, and as and because, the other does, competition is in so far defeated.

Competition is also opposed to custom. Whenever buyers or sellers do anything because they have been used to do it, they depart from the rule of competition, which requires not only that each one shall do what he does with a view only to his own interest, but that he shall act in the view of what his interest, at the time and in the place, requires. If in any degree he buys or sells at a certain price, if he buys or sells in a certain place, if he buys or sells of or to a certain person, because he has done so in the past, he obeys the rule of custom. In competition men are assumed in every transaction to seek and find their best market, that is, the place to buy or to sell, in which, at the time, and under the circumstances existing, they can get most for what they have to sell and will give least for what they wish to buy.

Competition is opposed to sentiment, in exchange. Whenever any economical agent does or forbears anything under the influence of any sentiment other than the desire of giving the least and gaining the most he can in exchange, be that sentiment, patriotism, or gratitude, or charity, or vanity, leading him to do any otherwise than self-interest would prompt, in that case, also, the rule of competition is departed from: another rule is for the time substituted.—"*Political Economy*," *by Francis Walker, pp. 96, 97.*

Different Views of Competition.—Competition was the gigantic motor that caused nearly everybody during the first nineteen centuries of Christian civilization to use all his mental and physical powers to get ahead.—*Michaelis, "Looking Farther Forward," p. 85.*

The best efforts of humanity, stimulated by competition . . . , have lifted our race to a standard where the mode of living of common laborers is more comfortable and desirable than the every-day existence of the kings of whom Homer sings.—*Ibid.*

Competition is not law, but lawlessness. Carried to its logical outcome, it is anarchy, or the absence of law. Man is a moral, spiritual and social being, not dominated by animal law. There can be no such thing as a harmonized society with any competitive elements in it, and Christianity is impossible. Every man owes the world his life, and must live to have a life to give. In competitive conditions not character but cunning, survives. The gospel of success is the great insanity of modern materialism, absorbing the best brain, thought and life of the race; we have been feeding our children to this great Moloch of success, but it results in warping the intellect, and making moral idiots. We are coming to a higher evolution in which the law of mutual service shall be the law of our life. Any attempt to build society on a competitive foundation is fundamentally anarchical. The idea of brotherhood has come to stay, and will not back down at the bidding of politicians, monopolists or theologians. The years behind us are but a getting together.—*Prof. George D Herron.*

Competition of Different Countries in the Same Market.—In the phraseology of the Mercantile System, the language and doctrines of which are still the basis of what may be called the political economy of the selling classes, as distinguished from the buyers or consumers, there is no word of more frequent recurrence or more perilous import than the word *underselling*. To undersell other countries—not to be undersold by other countries—were spoken of, and are still very often spoken of, almost as if they were the sole purposes for which production and commodities exist. The feelings of rival tradesmen, prevailing among nations, overruled for centuries all sense of the general community of advantage which commercial countries derive from the prosperity of one another: and that commercial spirit, which is now one of the strongest obstacles to wars, was during a certain period of European history their principal cause.

Even in the more enlightened view now attainable of the nature and consequences of international commerce, some, though a comparatively small, space must still be made for the fact of commercial rivalry. Nations may, like individual dealers, be competitors, with opposite interests, in the markets of some commodities, while in others they are in the more fortunate relation of reciprocal customers. The benefit of commerce does not consist, as it was once thought to do, in the commodities sold; but, since the commodities sold are the means of obtaining those which are bought, a nation would be cut off from the real advantage of commerce, the imports, if it could not induce other nations to take any of its commodities in exchange and in proportion as the competition of other countries compels it to offer its commodities on cheaper terms, on pain of not selling them at all, the imports which it obtains by its foreign trade are procured at greater cost.

These points have been adequately, though incidentally, illustrated in some of the preceding chapters. But the great space which the topic has filled, and continues to fill, in economical speculations, and in the practical anxieties both of politicians and of dealers and manufacturers, makes it desirable, before quitting the subject of international exchange, to subjoin a few observations on the things which do, and on those which do not, enable countries to undersell one another.

One country can only undersell another in a given market, to the extent of entirely expelling her from it, on two conditions. In the first place, she must have a greater advantage than the second country in the production of the article exported by both; and in the second place, such must be her relation with the customer country, and such the consequent state of international values, as to give away to the customer country more than the whole advantage possessed by the rival country; otherwise the rival will still be able to hold her ground in the market.—"*Political Economy*," *by John Stuart Mill, pp. 449, 450.*

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11. DIVISION OF LABOR AND EXCHANGE.

Division of labor must necessarily result from those features of industrial society which have already been described. Given an industrial society employing machinery operated by natural forces, and in the main determining the relations of the members of society by free contract, and under the *régime* of competition division of labor is inevitable. Men seek the largest returns for their expenditure of economic energy, and the returns are multiplied indefinitely by the division of labor. Division of labor means simply specialization in the economic field.

When so many agencies are working together increasing the production of wealth, it is perhaps illogical to separate out any one and attribute to that the chief part of the total result. We could not have our present enormous production of wealth without the use of machinery, without the use of natural forces, without large freedom in the adjustment of personal relations; nor could all these forces produce their natural result without the division of labor. They all go together. It has, however, been quite customary to attribute a very considerable part of the increase in the productivity of the various factors engaged in production to division of labor. Adam Smith devotes Book I. of his celebrated Wealth of Nations first of all to the causes of improvement in the productive powers of labor. Chapter I. in this book deals with the division of labor, and opens with these words: "The greatest improvement in the productive powers of labor, and the greater part of the skill, dexterity and judgment with which it is anywhere directed or applied, seem to have been the effects of the division of labor."

Division of labor saves time in various ways. It renders each part of a productive process simple, and thus abridges the time of learning an occupation. It saves time which would otherwise be employed in passing from occupation to occupation. Each one keeps steadily along in his one line of work. Under division of labor economic energy is more fully utilized than it could be otherwise. The strong man is put upon a line of work which requires his full strength, and the child is given some part of the work to which he is equal. Some operations require large brain-power and others are simple, and they are distributed accordingly. If the whole of a piano were made by one person, he would part of the time be using his whole strength, and part of the time only a small portion of it; part of the time he would be engaged upon operations taxing his mental energies to the full, and part of the time he would be doing those things which a person of much inferior power could perform. It is thus that under division of labor economic energy is most fully utilized.

Under division of labor capital is also more constantly employed. If one person does many things, then his tools and machines must largely be idle; whereas, if each person uses only one tool or machine, he can keep it constantly in operation. As capital now plays so large a rôle in industry this is an important consideration.

Illustrations of the advantages of a division of labor abound on every hand. Adam Smith showed the advantages which resulted from a division of labor in the manufacture of pins, and his illustration has been so often quoted that it may be regarded as classical. Indeed, there are economists, more familiar with their books than with manufacturing establishments, who still quote Adam Smith's illustration as applicable to present conditions, although it no longer holds in its details on account of changes in the processes of manufacturing pins. Needle-making furnishes a good illustration of the division of labor. It would take more space than that occupied by this entire chapter to describe its various processes. There lies before the writer a pamphlet on the art of needle-making. Among the processes mentioned are: wire-straightening, soft-pointing, grooving, eye-punching, hardening and tempering, brass-brushing, polishing eyes, finishing points. There are numerous others which cannot be mentioned at the present time, showing that it takes a

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great force to manufacture a needle. It is said that there are from sixty to seventy processes in the manufacture of a piano, and as many in making boots and shoes. (1)

Territorial division of labor is also frequently mentioned. This signifies that one part of a country or of the world gives itself specially to certain lines of work, while other lines of work prevail elsewhere. This renders possible the utilization of local advantages, and also helps to give particular localities special advantages for certain lines of work.

It is not so much the purpose of the writer at the present time to point out the advantages of division of labor, as it is to show what it signifies in industrial society. Along with its advantages there go certain disadvantages, for the individual and for society. It is frequently a disadvantage to one to know how to manufacture only a small part of an entire product. The limited skill which many acquire under division of labor has a narrowing influence, and such skill thus not infrequently becomes valueless on account of changes in industrial processes. It is through division of labor that economic dependence especially manifests itself, both with its good features and with its bad ones. Division of labor is social differentiation. Division of labor, however, is equally coöperation of labor; for whether we say division of labor or coöperation of labor depends upon our point of view. Those who divide among themselves the manufacture of a piano or a needle, find their efforts combined in the finished product.

Out of the division of labor with a combination of results arises a multiplication of exchanges. Exchanges go on between those who manufacture in different establishments parts of a single product; and exchanges take place between these persons and those who manufacture things which the former need for their own consumption. The increase of exchanges which has taken place during the present century is marvelous, and the figures which register this increase are so vast as to be almost incomprehensible. The increase of exchanges has necessitated our modern means of communication and transportation, and our vast mercantile establishments of various sorts. At the same time our railways and other modern means of communication, together with our improved mercantile methods have been increasing division of labor. Here as elsewhere we have perpetual action and re-action. The more exchanges we have, the more railways we need; and the more railways we have, the larger the number of exchanges and the greater the division of labor. The same idea is expressed when it is said that the division of labor is limited by markets. Where great quantities of goods of one particular sort are produced, a large market is necessary. Thus we pass back and forth from more machinery to more division of labor, more exchanges, more dependence and more coöperation.

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11. DIVISION OF LABOR AND EXCHANGE.

(1) **The Division of Labor.**—The effects of the division of labor, in the general business of society, will be more easily understood, by considering in what manner it operates in some particular manufactures. It is commonly supposed to be carried furthest in some very trifling ones: not, perhaps, that it really is carried further in them than in others of more importance; but in those trifling manufactures which are destined to supply the small wants of but a small number of people, the whole number of workmen must necessarily be small; and those employed in every different branch of the work can often be collected into the same workhouse, and placed at once under the view of the spectator. In those great manufactures, on the contrary, which are destined to supply the great wants of the great body of the people, every different branch of the work employs so great a number of workmen, that it is impossible to collect them all into the same workhouse. We can seldom see more, at one time, than those employed in one single branch.

To take an example, therefore, from a very trifling manufacture, but one in which the division of labor has been very often taken notice of, the trade of the pin-maker, a workman not educated to this business (which the division of labor has rendered a distinct trade), nor acquainted with the use of the machinery employed in it (to the invention of which the same division of labor has probably given occasion), could scarce, perhaps, with his utmost industry, make one pin in a day, nd certainly could not make twenty. But, in the way in which this business is now carried on, not only the whole work is a peculiar trade, but it is divided into a number of branches, of which the greater part are likewise peculiar trades.—"*Wealth of Nations*," *by Adam Smith, LL.D., pp. 2, 3.*

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12. COMBINATION OF LABOR AND CAPITAL.

Combinations of labor and capital go along with other movements as a consequence of them. The industrial revolution was brought about by new machinery and combination of labor, together with other forces which have been described. (1) The new machinery which ushered in the industrial revolution, together with the division of labor, necessitated increasingly large productive organizations. A movement towards production on an increasingly large scale was begun with the industrial revolution, and it has continued up to the present time. To furnish the machinery and all the other appliances of large-scale production necessitated also increasing masses of capital. The problem of furnishing capital was comparatively simple when the typical manufacturing establishment consisted of a little shop with half a dozen workers including the master mechanic, and a few simple hand-tools. Capital did not then appear to be a distinct and separate factor at all, and the word itself was not frequently used in earlier times. With the new methods it was no easy matter to furnish the requisite capital. The toilers then could not furnish it, and consequently there appeared a sharp cleavage between capital and labor. The device of increasing the fund of available capital by means of firms and partnerships is an old one, but that was inadequate for modern production. The private corporation began to appear here and there in the modern industrial world. This was a powerful device for gathering together large masses of capital. Ownership of capital became separate from direct and immediate management, and could be furnished by whoever might have it and wherever he might live. The private corporation may be looked upon as a device for gathering together capital in any requisite amounts.



John A. Hobson.

At first the private corporation was looked upon with suspicion. Adam Smith thought that a private corporation which had to be managed by agents could not compete with the individual or firm managed by owners, who would stake their all upon the success of their business undertakings. He thought that self-interest would be so much more potent in the case of the individual undertaking or the partnership, that the private corporation would be unable to hold its own in competition. Private corporations were also long viewed with apprehension by legislative bodies; and until very recent years it required a special act of the legislature to form a corporation. It is only within the past generation that throughout the civilized world generally it has become possible for any body of men, on compliance with the conditions of the general law, to form a business-corporation.

Private corporations generally have attached to them a limited liability. As a rule each individual is responsible only up to the amount of his investment in the corporate undertaking, although in some instances there is a greater liability. Corporations have been enabled to bring capital together by the million, and corporate property of fifty or a hundred millions does not any longer astonish us. But beyond the corporation we have the combination of corporations with almost unlimited possibilities in the way of aggregations of capital. The trust has come forward, with

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all its potentialities for good and for evil. Its power is so vast that it has been much dreaded, and legislation against it has become general in the United States. A trust simply means a device for uniting harmoniously separate aggregations of capital. Private corporations have put their various capitals in the hands of a board of trustees who manage them all as a unit. It is claimed that the trust form of organization has disappeared on account of hostile legislation; but if the form has disappeared, the essential facts continue. The trust in itself is nothing. The essential thing is the increasing combination of capital, and that continues. To use a phrase of Mr. John A. Hobson, the increasing size of the business-unit seems to be a part of the natural evolution of society.

On the other hand we have, practically beginning with this century, the combination of labor in separate and distinct organizations. It is often erroneously supposed that the guilds were labor-organizations. But such is not the case, for they were organizations more of independent producers than of employées. While of course there were combinations of labor previously to this century, it is only within this century that they have become one of the leading features of industrial society. A combination of labor is just as necessary a part of the evolution of industrial society during the present century as the combination of capital. (2)

In the bargaining process between labor and capital, labor found itself at a disadvantage unless it could present a united front to united capital. In each separate establishment capital is necessarily united and acts as a unit. It speaks through some one representative. Similarly labor sought unity of action, and organized to secure this. A single workman was a small matter to a capital-combination employing one thousand men; but if one thousand men could act as a whole they felt that they would be more nearly on the same plane with capital. As industry has grown in dimensions, combinations of labor have become ever greater and greater, as have the combinations of capital. At first the combinations of labor were generally local; then, as we have already seen in a previous chapter, they spread out over larger and larger territories, till they became national, and at last international.

There have been laws passed against combinations of capital and against combinations of labor; but in both cases they seem to bave been ineffective, inasmuch as the combinations in both cases have been the results of powerful if not irresistible forces inherent in modern industrial society.

We have thus sketched, hastily and very broadly, the main features of modern industrial society. Much has been omitted; but it is believed that the great lines of industrial evolution have been pointed out. What has already been said will naturally be supplemented by what follows.

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12. COMBINATION OF LABOR AND CAPITAL.

(1) **Machinery.** — The character of modern industry rendered it difficult, and, until organization or government came to his assistance, impossible for the average laborer to provide proper economic security for himself and his family by means of insurance. Every loss of work involved a loss of power to contribute to relief funds of any description.

It is on account of these peculiarities of the commodity labor, together with changes in industrial processes due to inventions and discoveries, that the hopes of Adam Smith and his friends have not been realized. Not many, only a few, have become independent producers. The vast majority of the industrial classes have remained employés, and most of their employers have in older countries, probably to a less extent in America, used their power unscrupulously; and even those who have no wish to do so, have often been forced by competition to establish harder and harder conditions of toil for the laborer. Formerly the number of apprentices was regulated by law, or by custom having the force of law. When this restriction was removed, experienced journeymen were dismissed in large masses, and their places supplied by apprentices. When machinery became more perfect, women and children replaced men; and it has happened in Massachusetts, as well as in England, that the father has remained at home and cared for the house and the babies while his wife and children have worked in the factory for the support of the family. Unnatural competitors! Unnatural relation! And as machinery became more general and more costly, the length of the working day was lengthened until it became, even for women and children, sixteen and eighteen hours in cases

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not rare. Indeed, it has been generally longer where women and children have been the predominating labor force, because they are less powerful to resist oppression. Then, as production on a larger and ever larger scale took the place of the small shops, crises became more common and more disastrous. Men were no longer hired for a long period, but from day to day, and that uncertainty and irregularity of income which is so disastrous to society became general. High wages were followed by a total absence of work. Thousands of laborers became tramps, their daughters prostitutes, and their sons criminals. — "*The Labor Movement in America*," *by Richard T. Ely, pp. 108, 109.*

(2) **Labor Organizations.**—The labor organizations enable the laborer to withhold his commodity temporarily from the market, and to wait for more satisfactory conditions of service than it is possible for him to secure when he is obliged to offer it unconditionally, They further enable him to gain the advantages of an increased demand for his commodity, to bring about a more satisfactory relation than would otherwise be possible between the supply and the demand for labor, and also to exercise an influence upon the supply in the future market. These organizations are calculated to do away with the injurious consequences of the peculiarities of labor as a commodity to be sold, and "through them labor for the first time becomes really a commodity, and the laborer a man."

The trade-unions, and other agencies of the labor movement, such as the labor press, assist the laborer to find the best market for his commodity; and as the best market usually means the the most productive market considered from a politico-economic standpoint, this is of benefit to society as a whole.—*Ibid, p. 114.*

SECOND WEEKLY REVIEW.

7. **PRIVATE PROPERTY.**—Origin and Definition of Private Property, Property and Possession, Exclusive Right and Absolute Right, Private Property and Public Property.
8. **FREE CONTRACT AND VESTED INTERESTS.**—Agreement and contract, Elements of a Contract, Contract and Status.
9. **PERSONAL FREEDOM.**—The Nature and Origin of Slavery, Personal Freedom and Law. Industrial Progress and Personal Dependence, The Problem of the Twentieth Man.
10. **COMPETITION AND BARGAINING.**—Competition in the Larger and in the Narrower Sense.
11. **DIVISION OF LABOR AND EXCHANGE.**—Origin and Advantages of Division of Labor, Its Disadvantages, Division of Labor and Coöperation of Labor.
12. **COMBINATIONS OF LABOR AND CAPITAL.**—Origin and Nature of Business-corporations and trusts, Labor-organizations.

QUESTIONS.

7. *Discuss the origin of property. Is private property a natural right? What is the basis of human rights? Define property, and distinguish between public and private property. How does property differ from possession? What is meant by an exclusive right? By an absolute right? What has private property to do with authority? With personal dependence? How does private property affect the production and consumption of wealth?*

8. *Distinguish between agreement and contract. Are all contracts agreements? Name the principal elements of a contract? Distinguish between contract and status. What rôle does contract play in the production and distribution of wealth? What analogy exists between agreement and contract and possession and property? What are vested interests? Is acquired technical skill a vested interest?*

9. *Define personal freedom, serfdom, slavery. Show how each may modify the production, distribution and consumption of wealth. Is personal freedom compatible with law and government? Does civilization decrease or increase personal dependence? What is meant by the problem of the twentieth man? What solution of the problem can you suggest?*

10. *Distinguish between competition and bargaining. What is Prof. Gide's definition of competition? Is the range of competition extended or contracted by the progresss of civilization? In what sense is competition a mechanism of social selection? Is social selection "natural" selection? In what, if at all, does competition among men differ from competition among plants and animals? How does competition "take the belligerency out of bargaining"?*

11. *Discuss the origin of division of labor. What are its advantages? Its disadvantages? What is meant by territorial division of labor? Show the relation of division of labor to exchange, and describe the influence of territorial division of labor on tariff-policies. Show that division of labor is also coöperation of labor.*

12. *Trace the influence of the "Industrial Revolution" on the organization of industry. How does a corporation differ from a partnership? From a trust? In what sense are the labor-organizations of to-day a result of the great inventions of the eighteenth century? What is meant by the growth of the business-unit? How does this affect capital? Labor? Personal freedom?*

SUBJECTS FOR SPECIAL STUDY.

1. *Primitive property, its origin and laws.*
2. *The economic aspects of slavery.*
3. *Sunday work, its regulation and necessity.*
4. *Piece-work, its advantages and disadvantages.*
5. *Profit-sharing, its history and possibilities.*
6. *The history of trusts in the United States.*
7. *The life and work of Adam Smith.*

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THE ORIGIN OF THE MODERN STATE.

BY

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13. DEFINITIONS.

THE nature and scope of Political Science may be better understood by an explanation of its relation to History, Political Economy and to Sociology. (1) Among the very early uses of written language was the recording of past experiences, the narration of events. Even without the use of writing the memory of past experiences may be handed down by tradition. There can be no science except as men gain the ability to preserve a knowledge of past experiences and transmit it to future generations. History, then, is fundamental in all knowledge, all progress. In its broadest sense it deals with the whole range of human experience in its progressive movement. History assumes progress. If one life is a repetition of another; if one generation is but the transcript of its predecessor, there is nothing of interest to record, nothing to remember. The non-progressive races are races without history. History is developed, enlarged and amplified according as the people attain the power of conscious progress.

Among the Asiatic peoples the Hebrews have a distinguished history because they were possessed of a purpose to render the human race more fortunate. The Athenians became the writers of true history when they aspired to be the teachers of mankind. Romans produced classic history after generations of conscious political progress.

Political Science is the science of the state. It is not as old as history, but its origin and development are among the earliest amplifications of history. When the Greeks began to write of the progressive movements of men, they began to reason about the most obvious of human institutions, the family, the household, the various trades and occupations, and especially the one inclusive organization called the city, or state. The Greeks were thus the first distinct contributors to the science of the state. (2) The Romans made immense contributions to jurisprudence, or the science of law. Political Science includes not only a discussion of the nature and philosophy of the state, but also of jurisprudence, constitutions and various forms of government, and practical politics. or statecraft. The term is thus applied to a group of allied sciences which explain the state.

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Political Economy deals especially with man's efforts to gain the means of subsistence. As a distinct science it is quite modern. Yet there has ever been the closest relation between the political and the industrial life of a people. In Economics, however, the stress of attention is upon the industrial relations and activities of men, while in politics the stress of attention is upon their relations to the one all-inclusive organization called the state.

Sociology is a yet more recent term and it is a term not always used with the same signification. After dealing with the obvious relations of men to the state, after a discussion of his industrial relations, there is still left a wide field of human relations. There is need of a term to express the whole range of human relations. Sociology is the term most in use for such a purpose. In this sense political science and political economy are but branches of the more inclusive science of Sociology. In its broadest application Sociology includes almost as wide a field as history. History notes the fact of progress from one condition to another; Sociology would explain the principles of human relations and note the causes of progress or change. In this sense it is a sort of philosophy of history. Political Science is History and Sociology specialized with reference to gaining a more complete understanding of the State; while Political Economy is History and Sociology specialized with reference to a better understanding of the industrial life of man. If we make History and Sociology universal we shall be compelled to say that Physics is History and Sociology specialized with reference to an understanding of man's relation to the material world. But there is a marked difference between man's relations to the material world and his relations as a political and social being. In the world of matter there are attraction, heat, light and electricity—forces which, so far as appears, are wholly uninfluenced by what man thinks and feels. In the social world there are love, hate, fear, hope, joy, sorrow; and political, industrial and social relations are determined by what men think and feel and purpose. History and Sociology have to do primarily with man as a social being; with institutions whose characters are determined by the thoughts, feelings and purposes of men; such as the family, the state and the market. It is man's duty to master the material world, to learn of the forces of nature and direct them to wise ends. This can be done only as there is continued progress in social relations.

There is thus an intimate relation, a bond of union between all sciences and all fields of conscious experience. Sociology is the master science. It is the science of human progress. It records the stages of man's triumphs over nature. It gives meaning to all rational endeavor. Political Science, or the science of the State, is the branch of Sociology which has been earliest developed.

13. DEFINITIONS.

(1.) **Political Science.**—Political science in the proper sense is the science which is concerned with the State, which endeavors to understand and comprehend the State in its conditions, in its essential nature, its various forms or manifestations, its development.

Thus many sciences, which are sometimes regarded as political sciences, are not really such, although they relate to the State, and must, of course, be taken account of as auxiliary. Such are:

(*a*) The *History* of a people or nation, except in so far as it is exclusively political or constitutional history. The general course of events in a people's life, the acts of individuals, the history of art, science, economic conditions, morals, diplomatic and political struggles, military affairs—all these form no part of political science.

(*b*) *Statistics*, so far as they include social and private matters and are not exclusively political.

(*c*) *Political Economy*, so far as it is an enquiry into economic laws which are applicable to every one and not merely to the State.—"*Theory of the State*," *by J. K. Bluntschli, p. 1.*

(2) **The Hellenic Idea of the State.**—Political science does not properly begin till we come to the Greeks. As it was in Greece that the self-consciousness of man first unfolded itself in art and philosophy, so it was in politics.

Small as was the territory, and limited as was the power of the Greek State, the principles upon which the Greek political conceptions were based were broad and comprehensive, and the political idea expressed by Greek thinkers is lofty and noble. They base the State upon human nature, and hold that only in the State can man attain his perfection and find true satisfaction. The State is for them the moral order of the world in which human nature fulfils its end.

Plato (*Rep.* v. p. 462) utters the great saying: "The best State is that which approaches most nearly to the condition of the individual."—*Ibid., pp. 34. 35.*

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14. THE STATE AND THE NATION.

In mathematics or chemistry definite terms are applied to definite unchanging phenomena. Words thus come to have a precise meaning. In social science the case is different. There is no social science apart from progress. All social institutions are subject to constant change; they are affected by changing thoughts, feelings, beliefs and purposes. Even the family, the most persistent of social institutions, is subject to constant change. The descriptive terms of social science cannot be used with mathematical accuracy. The chief terms are words in common use, and these words take on new meanings as institutions change.

A Scotsman informed me in 1887 that the feeling of nationality was rapidly increasing in the United Kingdom. This seemed not at all strange since the feeling of nationality was also growing in the United States. But upon more careful inquiry I learned that the form of words in the two countries expresses contradictory ideas. In America the feeling of nationality grows when the Irish, the Scots and the Germans forget their distinctive names in the overpowering sense that they are all alike Americans. The feeling of nationality grows, also, when the people of the separate states lose the sense of separateness and think of themselves as members of the one great nation. We say, the United States is a Nation. In the United Kingdom, on the other hand, the feeling of nationality grows as the Scotsman becomes more intensely Scotch in his feelings, the Irishman more intensely Irish; when the Irish, the Scotch and the Welsh seek to establish for themselves separate states with legislatures of their own. This feeling of nationality causes the Welshman to assert that there is a Welsh Nation.

The reader of political literature must learn to detect changes in the meaning of words. Nation, as the term was first used, meant a people descended from a common ancestry who were held together by a sense of kinship. This sense of kinship has been a strong factor in the formation of independent states. When we say the United States is a nation, the word has a wholly different meaning from the term in the phrase, the Welsh nation. We cannot, in any true sense of the term, say that Wales is a nation. In one sense the term is geographical, and designates an independent sovereign State having power to make treaties and belonging to the family of nations. International law governs the conduct of independent States or nations in their dealings with each other. As thus used Nation is a synonym for sovereign State. Wales is not a State, though the Welsh people may have a strong sense of kinship.

Up to the middle of the century there were in central Europe a number of small German states. Among the people of the separate states there was a sense of kinship. This sense of unity found expression first in the formation of the North German Confederation, and later in the German Empire. Germany is now one of the leading nations of Europe. Austria-Hungary is also a leading nation of Europe, yet it is composed of distinct races and nationalities with separate sympathies and aspirations, and this fact is a source of weakness to the empire. In Switzerland there is a strong bond of national unity, though there are three distinct nationalities with each its distinct language.

The United States transcends all other nations in the variety of races and nationalities held together by a strong bond of sympathy. To Americanize means to teach an immigrant Russian or Bohemian to speak and read English and to have a sense of common inheritance with Puritans and Cavaliers. To become a citizen of the United States the immigrant must renounce all allegiance to foreign powers, and must declare supreme allegiance to his adopted country. There are thus many nationalities composing one state, or nation.

Since Americans apply the word state to a minor subdivision of their country it is inconvenient to apply the same word to the country as a whole. Yet this

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is the sense in which the term is used in Political Science. The United States as a whole is a State, as Russia is a State. Canada has many of the characteristics of an independent State, yet, since allegiance to the Queen is recognized, it is not a State, but the British Empire as a whole is one State.

Human beings are found without any distinguishable organization, even the family not being recognizable. Of such human beings Political Science can take no account, except as the raw material of society. The science deals wholly with organic relations of men. The State is the term used to designate the chief organization apart from the family. If a family or group of families live together in an orderly way and are subject to no higher organization they are recognized as a State. The family or group, however, even though they may be bound together by custom and law, are not a State in the full sense until they become fixed to the soil. The word State, in Political Science, is an ideal term used in the study of man's political nature. (1) Every actual State is rudimentary, or imperfect; yet among progressive peoples the particular States are but stages in the working out of the perfect State. The perfect or ideal State includes the whole human race and it aims to express objectively the brotherhood of man. The State is not to be confused with Government. (2) The government of a State may be centered in one person, and if governing were the sole business of the state, this person would represent its whole function. Louis XIV. exclaimed, "I am the State." He was indeed a temporary ruler, but in his time the French State was the product of centuries of growth. The French Revolution destroyed the monarchy, but it did not destroy the State. On the contrary it gave to it new life.



Louis XIV.

If the monarchs of France had succeeded in making themselves permanent and absolute rulers, the effect would have been in time the destruction of the State. India and China are illustrations of States thus destroyed. The life of a State is dependent upon the common feeling, sentiment, will and purpose of the people. If the government or the agents through which the State acts tends to strengthen the common purpose and to express the common will, the State is strengthened. If, on the other hand, the government tends to thwart the common purpose, the State is weakened. States do not exist for the sake of government, they exist to promote the higher life of the people. In a progressive state governing is only one of the State's functions. Its highest or most characteristic function is education. Between the government and the individual there is always more or less conflict because governments are always imperfect and unjust. Between the State and the individual there can be no conflict, because it is the essential organ for human perfection.

14. THE STATE AND THE NATION.

(1) **State Abstractly Considered.**—Finally, as recognized by most modern publicists, and as already indicated, a distinction is to be made between the abstract idea of the State and its empiric conception. The one is the result of abstract speculation, the other of concrete thinking. The first is what the Germans designate "*Staatsidee*," being the idea of the State in its most general form. It is that idea which embraces all that is essential to, and which is possessed by all types of State life. It is the State reduced to its lowest terms. The empiric conception, on the other hand, is particular, and has reference to special civic types as historically manifested.

The State is an almost universal phenomenon. Everywhere, and in all times, we find men, as soon as their social life begins, submitting to the control of a public authority exercising its powers through an organization termed government. In no two instances do we find the character or scope of this public authority identical or exercising its functions through precisely similar governmental

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organizations. We recognize, however, that no matter how organized, or in what manner their powers be exercised, there is in all States a substantial identity of purpose; and that underneath all these concrete appearances there is to be found a substantial likeness in nature. If now we disregard all non-essential elements, and overlook inconsequential modifications, we shall be able to obtain those elements that appear in *all* types of State life, whether organized in the monarchical or republican, the despotic or limited, the federal or unitary form. We shall thus discover those characteristics that are of the very essence of the State's life, and which unfailingly distinguish it from other public bodies.

All concrete instances of State that are historically afforded us, are to be considered as embodying the "*Staatsidee*" as their principal essence. Variations in governmental organizations and administration are to be considered as merely differences in form that have arisen in response to demands of time, place and peculiarities of political temperament of the people, but without disturbing the State's fundamental nature.

With this abstract, general conception of the State in our minds, we will be furnished with the criterion for distinguishing between mere variations and anomalous formations of civic life, and those public bodies that resemble, but do not possess this essential element, and are, therefore, not to be dignified with the title State.

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A given ruling organization either embodies and expresses the will of the State, or does not; but in no case can two or more States be spoken of as differing in degrees of perfection. States may differ as to the good or bad qualities of the governmental machinery in which they are organized and through which their wills find expression, but they themselves do not admit of comparative degrees of excellence. In other words, there can be no such thing as an imperfect State, and to maintain that there can be, is only to confound again the ideas of State and Government.—"*The Nature of the State*," *by Westel Woodbury Willoughby, Ph.D., pp. 14, 15, 17.*

(2) **State and Government.**—The first fundamental distinction that must be made, is that between "State" and "Government." By the term "Government" is designated the organization of the State,—the machinery through which its purposes are formulated and executed. Thus, as we shall see, while the term "State" is, when strictly considered, an abstract term, Government is emphatically concrete. More than that, government is purely mechanical and governed by no general laws. Its varying forms are in all cases determined by political expediency, and the examination of its essential character involves no such philosophical considerations as will interest us in our present inquiry. The subject of government thus lies almost wholly without the field of political theory, and is comprehended within the domains of descriptive and historical politics.

Simple and definite as is this distinction between the State and its governmental machinery (corresponding as it does very much to the distinction between a given person and the material bodily frame in which such person is organized), we shall find it to be one that has been but seldom made. In fact, it has been the confusion between these two terms that has led directly or indirectly to a great majority of the erroneous results reached by political pilosophers in the past,

Nation and People.—From the terms "Nation" and "People" the State is likewise to be dissociated.

In the use of the two former terms the greatest confusion exists. In Germany the word "People" (*Volk*) has primarily and predominantly a political signification, as denoting a body of individuals organized under a single government; while the term "Nation" (*Nation*) is reserved for a collection of individuals united by ethnic or other bonds, irrespective of political combination. According to this use, "a nation is an aggregate of men speaking the same language, having the same customs and endowed with certain moral qualities which distinguish them from all other groups of like nature. . . . All people living under the same government compose the 'People' of the State. In relation to the State, the citizens constitute the people; in relation to the human race, they constitute the nation."

* * * * * *

Now when we say that it is these influences of race, religion, custom, language and history that create a nation, we mean that from these sources spring the feeling or sentiment that binds together a community of people and constitutes from them a nation. Each of these factors invites the formation of a nation, but no one of them compels it. The essential principal is the feeling that is the result of one or more of these factors. Thus, as says Renan: "A nation is a spiritual principle, resulting from the profound complications of history; a spiritual family, not a group determined by the configuration of the soil. . . . A nation is, then, a great solidarity constituted by the sentiment of the sacrifices that have been made, and by those which the people are disposed to make. It supposes a past; it is, however, summed up in the present by a tangible fact: the consent, the clearly expressed desire of continuing the common life. The existence of a nation is (if the metaphor be permissible) a continued *plebiscitum*, as the existence of the individual is a perpetual affirmation of life." According to Mill, "a portion of mankind may be said to constitute a nationality if they are united among themselves by common sympathies which do not exist between them and others—which make them coöperate with each other more willingly than with other people, desire to be under the same government, and desire that it should be government by themselves, or a portion of themselves, exclusively."

The tendency, of course, is as indicated in Mill's definition, for nations to constitute themselves as individual States, and it may be said that this demand for political unity constitutes the surest index to the existence of a national feeling. Hence, most publicists see in the national State the most perfect type of political development thus far attained.

The advancing enlightenment of the masses has been instrumental in creating the true feeling of nationality, that is to say, a demand for unity based upon some other ground than mere coercive political control; and the present century has seen the enormous influence that this principle has had in reforming the political map of Europe. At the same time, the point may be made that it is not too much to expect that this same spirit of enlightenment that has thus given rise to this demand for a re-demarkation of political boundaries will, in turn, as civilization continues to advance, make this demand less imperative.—*Ibid, pp. 8, 9, 11, 12, 13.*

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15. THE FAMILY AND THE STATE.

A study of primitive society gives color to the belief that in the origin of the family the mother is often the chief person. The members of the family are known simply as descended from a common mother who is the head of the family. (1) Men are recognized as sons and not as fathers. The chiefs for leadership in war are named by mothers as the heads of organized society. The change from the mother to the father as the head of the family may be accounted as a victory of force over the primary organizing sentiment. In any event these two principles are found in all phases of the development of the State. There are the primitive sentiments and feelings binding the people together; then there is the exercise of superior brute force, which often tends to destroy the sentiments upon which the life of the state depends.



The Primitive State. Type of the native village without a government, except as controlled by a chief or warrior.

As we seek to trace historic states back to their origin we reach families of which the father is the recognized head. Sometimes the incipient State is built up around a venerated patriarch; sometimes the heads of families meet on terms of equality, devise means of composing their difficulties and of living together in harmony; sometimes a warrior of unusual courage and prowess is made the center about whom families and kinsfolk are grouped. Whatever may be the form of the original organization of the incipient State, the family is the chief unit of organization. (2) The early State is an organization supplemental to the family and knows only families. It reaches the individual only through the family. It may be called an enlarged family, or a federation of families. As an incident to war or pestilence families are broken up, detached individuals are left. These either perish or are incorporated into other families. No provision is made for an individual apart from a family. In early society one form of the death penalty is banishment. In the case of such individuals they may be restored to life by adoption into a family. The adopted person may be admitted on terms of equality or he may be assigned to a position of servitude. This is one way in which a distinction arises between the free and the unfree.

In time of extended wars or migrations, or if for any reason a considerable number of persons are together detached from their ordinary family relations, they may overcome the difficulty by creating an artificial family. That is, persons not actually akin may pledge themselves to treat each other as members of a family. They may agree to pay each other's fines, to bear each other's punishments, and in all ways to answer to the State as if they were a natural family.

The family is thus the original school of politics; it is the model for the primitive State. For a long time the Family overshadows the State. Even at a time when Rome was a mighty empire the Roman father retained the power of life and death over his son.

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The primitive State was without distinct governing agencies. In fact, in the sense of a distinct ruling class there was no government. Whether the families which composed the village, or State, were grouped about a patriarch or a warrior, or were associated together on terms of equality, they lived according to family customs. There was no distinction between domestic and political life. No one was in a position to command obedience. There was not a clear distinction between ruler and subject. Slavery was one agency which tended greatly to diversify the primitive State. When the detached individual had to find a master in order to live, when he was compelled to sell himself, body and limb, then there was established the distinct relation of ruler and ruled; there was established the relation in which one man commands and another obeys. Among the earliest forms of private property was property in slaves. The earliest aristocracy were those whose ancestors had never bowed the neck to slavery, to a master. Slaves sometimes regained their liberty, and thus a sense of the value of liberty was intensified.

In the earliest times wars were undertaken for defense or booty. Neighbors and kinsfolk stood shoulder to shoulder in battle according to custom, under such leaders as were extemporized for the occasion. As slavery increased, as men became accustomed to give commands to slaves, leaders in war acquired the habit of commanding soldiers. Wars were undertaken for conquest. The conquered peoples were reduced to slavery, or they were permitted to retain their liberty upon condition of paying tribute. The habit of command over freemen in time of war tended, as wars became frequent and prolonged, to place the leader of the host in a permanently commanding position. The little community of kinsfolk who constituted the primitive State found themselves associated with other villages who were each accustomed to furnish a company of soldiers. And these were associated with other companies which together made up an army. For military purposes the primitive State became subject to a larger one. The military chiefs magnified their office and became centers for the organization of a larger state, including the primitive States as subordinate divisions.

It should be borne in mind that when this larger military State was organized it did not take the place of the older primitive State; it rather supplemented it. In course of time the early form was much changed or modified. But in the case of our Anglo-Saxon ancestors the primitive local organizations were never entirely supplanted. The primary sentiment on which the family is founded was not destroyed when the father became the head of the family, but remained as a potent factor in the founding and maintenance of States. In like manner the habit of coöperation acquired in the primitive village is a permanent state-building factor. (3)

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15. THE FAMILY AND THE STATE.

(1) **Treating of Relationships.**—It is necessary to distinguish between two very different types of ethnical organization, one of which is obviously much older than the other. The older may be named the metronymic. In the metronymic group all relationships are traced through mothers; paternal relationships are ignored. Every metronymic social group is named from some class of natural objects, such as a species of plants or of animals, which is thought of as feminine in gender, and from which the group is supposed to have sprung. A class of objects so regarded is known among ethnologists as a totem, which is approximately its American Indian name. The totem is worshiped as a protecting being and is itself protected by the group from harm. The latter type of social organization may be called patronymic. Each patronymic group is named from a real or fictitious male ancestor, and relationships are traced in the male line, through fathers. Each of these group types, again, may be observed in an early and simple form, in which a single tribe is the largest social organization, and in a later, compound form, in which several tribes are confederated and at length are consolidated into a folk.—*"Principles of Sociology," by Franklin Henry Giddings, M.A., pp. 158, 159.*

(2) **Archaic Law.**—It is just here that archaic law renders us one of the greatest of its services and fills up a gap which otherwise could only have been bridged by conjecture. It is full, in all its provinces, of the clearest indications that society in primitive times was not what it is assumed to be at present, a collection of *individuals*. In fact, and in the view of the men who composed it, it was *an aggregation of families*. The contrast may be most forcibly expressed by saying that the *unit* of an ancient society was the Family, of a modern society the Individual.

We must be prepared to find in ancient law all

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the consequences of this difference. It is so framed as to be adjusted to a system of small independent corporations. It is therefore scanty, because it is supplemented by the despotic commands of the heads of households. It is ceremonious, because the transactions to which it pays regard resemble international concerns much more than the quick play of intercourse between individuals.

Above all it has a peculiarity of which the full importance cannot be shown at present. It takes a view of *life* wholly unlike any which appears in developed jurisprudence. Corporations *never die*, and accordingly primitive law considers the entities with which it deals, *i.e.*, the patriarchical or family groups, as perpetual and inextinguishable. This view is closely allied to the peculiar aspect under which, in very ancient times, moral attributes present themselves.

The moral elevation and moral debasement of the individual appear to be confounded with, or postponed to, the merits and offences of the group to which the individual belong. If the community sins, its guilt is much more than the sum of the offences committed by its members; the crime is a corporate act, and extends in its consequences to many more persons than have shared in its actual perpetration. If, on the other hand, the individual is conspicuously guilty, it is his children, his kinsfolk, his tribesmen, or his fellow-citizens, who suffer with him, and sometimes for him.

It thus happens that the ideas of moral responsibility, and retribution, often seem to be more clearly realized at very ancient, than at more advanced periods, for, as the family group is immortal, and its liability to punishment indefinite, the primitive mind is not perplexed by the questions which become troublesome as soon as the individual is conceived as altogether separate from the group. One step in the transition from the ancient and simple view of the matter to the theological or metaphysical explanation of later days is marked by the early Greek notion of an inherited curse. The bequest received by his posterity from the original criminal, was not a liability to punishment, but a liability to the commission of fresh offences which drew with them a condign retribution; and thus the responsibility of the family was reconciled with the newer phase of thought which limited the consequences of crime to the person of the actual delinquent.

. . . In most of the Greek states and in Rome there long remained the vestiges of an ascending series of groups out of which the State was at first constituted. The Family, House and Tribe of the Romans may be taken as the type of them, and they are so described to us that we can scarcely help conceiving them as a system of concentric circles which have gradually expanded from the same point. The elementary group is the Family, connected by common subjection to the highest male ascendant The aggregation of Families forms the Gens or House. The aggregation of Houses makes the Tribe. The aggregation of Tribes constitutes the Commonwealth. Are we at liberty to follow these indications, and to lay down that the commonwealth is a collection of persons united by common descent from the progenitor of an original family? Of this we may at least be certain, that all ancient societies regarded themselves as having proceeded from one original stock, and even laboured under an incapacity for comprehending any reason except this for their holding together in political union. The history of political ideas begins, in fact, with the assumption that kinship in blood is the sole possible ground of community in political functions; nor is there any of those subversions of feeling, which we term emphatically revolutions, so startling and so complete as the change which is accomplished when some other principle—such as that, for instance, of *local antiquity*—establishes itself for the first time as the basis of common political action. It may be affirmed then of early commonwealths the citizens considered all the groups in which they claimed membership to be founded on common lineage.—"*Ancient Law*," *by H. S. Maine, pp. 121-124.*

(3) **The Moot.**—In its Moot, the common meeting of its villagers for justice and government, a slave had no place or voice, while the læt (see Glossary) was originally represented by the lord whose land he tilled. The life, the sovereignty of the settlement resided solely in the body of the freemen whose holdings lay round the moot-hill or the sacred tree where the community met from time to time to deal out its own justice and to make its own laws.

Here new settlers were admitted to the freedom of the township, and by-laws framed and headman and tithing-man chosen for its goverance. Here plough-land and meadow-land were shared in due lot among the villagers, and field and homestead passed from man to man by the delivery of a turf cut from its soil. Here strife of farmer with farmer was settled according to the "customs" of the township as its elder men stated them, and four men were chosen to follow headman or ealdorman to hundred-court or war. It is with a reverence such as is stirred by the sight of the head-waters of some mighty river that one looks back to these village-moots of Friesland or Sleswick. It was here that England learned to be a "Mother of Parliaments."

It was in these tiny knots of farmers that the men from whom Englishmen were to spring learned the worth of public opinion, of public discussion, the worth of the agreement, the "common sense," the general conviction to which discussion leads, as of the laws which derive their force from being expressions of that general conviction.

A humorist of our own day has laughed at Parliaments as "talking shops," and the laugh has been echoed by some who have taken humor for argument. But talk is persuasion, and persuasion is force, the one force which can sway freemen to deeds such as those which have made England what she is. The "talk" of the village moot, the strife and judgment of men giving freely their own rede and setting it as freely aside for what they learn to be the wiser rede of other men, is the groundwork of English history.

Small therefore as it might be, the township or village was thus the primary and perfect type of English life, domestic, social and political. All that England has been since lay there. But changes of which we know nothing had long before the time at which our history opens grouped these little commonwealths together in larger communities, whether we name them, Tribe, People or Folk. The ties of race and kindred were, no doubt, drawn tighter by the needs of war. The organization of each Folk as such, sprang in all likelihood mainly from war, from a common greed of conquest, a common need of defence.—"*History of the English People*," *by John Richard Green, M.A., pp. 12, 13.*

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16. THE LAND AND THE STATE.

The organization which we call the State may begin before the people have a permanent abiding place. Families may be united into tribes, and there may be a hierarchy of chiefs and councilors; there may be priests, medicine-men and wonder-workers. But so long as the people live by hunting and fishing, so long as they move from place to place there can be little progress. The migratory State soon reaches its limit. Yet this primitive organization of the people apart from the land had a great and abiding influence. The early kings were kings of the people, not kings of a country. There were kings of the English before there was a king of England. The habit of thinking and speaking of the people as a body apart from the land continued long after they had gained a permanent abiding place.

What we are accustomed to call a State comes into existence when a pre-existing organized community gains exclusive control of a definite area of land. (1) The primitive village State was a community of farmers. The energies of the State were taxed to the utmost in learning the uses of land and the care of domestic animals, and in settling the many perplexing questions incident thereto. As the State mastered these initial difficulties and a surplus of goods accumulated, temptation was offered to the rapacity of powerful neighbors. An age of violence ensued in which the courageous, the powerful, the aggressive lived by plunder. At the end of the age of violence, or rather as one stage in its progress, the educated farmer found himself subject to the educated warrior. The village community found that instead of owning the land which they had learned to cultivate, a warrior owned both the land and the farmers as well. This is known as the Feudal State. In the fully developed Feudal State the nominal ownership of the land passed into the hands of the grand suzerain, or king. The king gave to his chief warriors the perpetual use of large tracts of land on condition of their allegiance. These great lords would sublet the land in smaller tracts to lesser lords on a similar condition of the rendering of feudal dues and assistance in war. There were thus often four or five grades of warriors supported from the same land. The lowest class in the Feudal State was the serfs who were bound to the soil. The Feudal State was little more than a system of farming devoted to the purposes of war. The great lords who held their lands under a feudal oath which bound them to support the king spent much of their time in fighting against the king. Much time they spent in fighting among themselves. And kings supported by a united tenantry fought against kings.

The feudal states of western Europe were the result of a fusion between the village communities of the north and the Roman Empire in the south. The Empire went to pieces and the tribes of the north were conquerors. The conquering chiefs learned many lessons in government from the Romans, while the village community formed the basis of the State. The older village State became a manor on a lord's estate, and the villagers became serfs. The lords became magistrates administering law, as well as military chiefs commanding obedience; and all were supported by dues exacted from the soil.

There is a vast difference between a serf, or a slave bound to the soil, and a slave owned as an individual subject to the direct commands of a master. The serfs were the farmers upon whom the life of the State depended. They served subject to the rules of farming. They were under law, and law means liberty. The master did not have unlimited command. The serfs came to understand their rights better than did their changing masters. They were at the base of supplies and their share tended to increase. Throughout the feudal hierarchy those who were next to the soil tended to gain in strength at the expense of those above them. This tendency was often checked by acts of violence and robbery, but where feudal law and custom were allowed to run their course the lower ranks gained at the expense of the higher. The mere fact that the serf was bound to the soil gave him a measure of

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freedom. He was under law, and law limited the power of the master and secured to the serf his rights. These rights grew in number and importance until, in course of time, the serf had become a free laborer working on the land under contract. (2) In some cases the lords encouraged the substitution of contract for serfdom. Against their will serfs had freedom forced upon them. Under a form of contract the lords often gained more absolute control over the peasantry. The free laborer was often more nearly in the position of a personal slave than was a bond serf. The master, having come into the possession of the supplies, could bargain with a hungry man on his own terms.

In the Feudal State there was perpetual conflict between the king and the great lords. In France the king finally triumphed, and a conspiracy was formed by the king with the great lords and clergy against the people, which led up to the French Revolution. In Germany the great lords prevailed, and a number of small States was the result, while the people retained more of their feudal liberties. In England a balance of power was maintained between the king, lords, clergy and people until, in the present century, a trained and enfranchised Democracy has gained control of the government.

In all the nations of Europe the feudal system had the effect of anchoring the State to the land. Not only did the law of the state become the law of the land, but a very large proportion of the laws had to do with the use and management of land. The Feudal State began to weaken with the growth of commerce and manufacture. It was adapted only to a State supported by agriculture. It was not adapted to the control of city populations.

16. THE LAND AND THE STATE.

(1) **Conception of the State.**—The highest idea of the State is beheld when the tendency of human nature to political society is considered, and the highest conceivable and possible development of this tendency is regarded as the political end of mankind.

It we consider the great number of States which history presents to us, we become aware at once of certain common characteristics of all States; others are only seen on closer examination.

First, it is clear that in every State a number of men are combined. In particular States the number may be very different, some embracing only a few thousands, others many millions; but, nevertheless, we cannot talk of a State until we get beyond the circle of a single family, and until a multitude of men (*i,e.*, families, men, women and children) are united together. A family, a clan, like the house of the Hebrew patriarch, Jacob, can become the neucleus round which, in time, a greater number gathers, but a real State cannot be formed until that has happened, until the single family has broken up into a series of families, and kindred has become extended to the race. The horde is not yet a tribe (*Völkerschaft*). Without a tribe, or, at a higher stage of civilization, without a nation (*Volk*), there is no State.

There is no normal number for the size of the population of a State: Rousseau's number of 10,000 men would certainly not be sufficient. In the middle ages such small States could exist with security and dignity; modern times lead to the formation of much greater States, partly because the political duties of the modern State need a greater national force, partly because the increased power of the great States readily becomes a danger and a menace to the independence of the small.

Secondly, a permanent relation of the people to the soil is necessary for the continuance of the State. The State requires its territory: nation and country go together.

Nomadic peoples, although they have chiefs to command them and law to govern them, have not yet reached the full condition of States until they have a fixed abode. The Hebrew people received a political training from Moses, but were not a State until Joshua settled them in Palestine. In the great migrations at the fall of the Roman empire, when peoples left their old habitations and undertook to conquer new ones, they were in an uncertain state of transition. The earlier States which they had formed no longer existed; the new did not yet exist. The personal bond continued for a while—the territorial connection was broken. Only if they succeeded in regaining a sure footing were they enabled to establish a new State. The peoples who failed, perished. The Athenians under Themistocles saved the State of Athens on their ships, because after the victory they again took possession of their city; but the Cimbri and Teutones perished, because they left their old home and failed to conquer a new one. Even the Roman State would have perished, if the Romans, after the burning of their city, had migrated to Veii.—"*The Theory of the State*," *by J. K. Bluntschli, pp. 15-17.*

(2) **Law of Statute.**—It is connected with this fixity that jurists tell us that the title "contract" is hardly to be discovered in the oldest law. In modern days, in civilized days, men's choice determines nearly all they do. But in early times that choice determined scarcely anything. The guiding rule was the law of *status*. Everybody was born to a place in the community; in that place he had to stay; in that place he found certain duties which he had to fulfill, and which were all he needed to think of. The net of custom caught men in distinct spots, and kept each where he stood.—"*Physics and Politics*," *by Walter Bagehot, Humboldt Library of Science, No. 3, p. 144.*

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17. CHURCH AND STATE.

Aristotle defined man as a political animal. Not less characteristically may man be defined as a religious being. Surely it is as easy to find men without political institutions as to find them without religious institutions. In former lessons we have seen that among the binding forces of the state are a sense of kinship and a feeling of nationality. These feelings and sentiments are always closely associated with a common worship, common beliefs respecting unseen powers, common fears, common hopes and aspirations. The character of the State is in large part determined by the character of its religion. The term Christendom designates the progressive nations, while all others are relatively non-progressive and reactionary. To omit the Church in a discussion of the origin of the modern State would be to omit the chief formative influence.

In the midst of the most powerful, relentless and effective empire that the world has known the early Christians preached and practised supreme opedience to a greater than Cæsar. They taught that men ought to obey God rather than man. In some things they submitted to Roman rule; in other things they preached and practised disobedience, while in all things they professed supreme allegiance to the Higher Power. Rome was to be obeyed only so far as such obedience was consistent with this supreme allegiance. The Church entered into competition with the State for the obedience of its subjects. For more than three hundred years the Church remained wholly distinct from the State. It had won to its allegiance the better half of the Roman Empire. An elaborate ecclesiastical authority had grown up. It was a growing sense of the power of the Church that led Constantine to repudiate heathenism and to adopt the Christian religion as that of the State.

There were thus many generations of Christians who were trained to habits of obedience to a power higher than the State. They were trained to habits of conscientious disobedience to some of the commands of the State. They arraigned the corrupt practices of the State at the bar of public conscience. The text-book of the Christian abounded in examples of righteous men denouncing the evil practices of kings and priests. It is this principle especially that explains the difference between European and Asiatic civilization. In Europe no ruler either in Church or State is so powerful as to be exempt from denunciation. Among the subjects there is the sense of the higher law to which rulers also are subject. And there have ever been those who at the risk of their lives have been willing to proclaim the higher law against corrupt rulers. In Asia this effective appeal is wanting and law is frozen into caste, and power degenerates into irresponsible despotism. In Asia there are no citizens who can effectively arraign the rulers before the public for their corrupt practices. When Christianity was made the state religion the Church as a governing body did not become wholly subject to the State. It was at a time when the Roman Empire was going to pieces. The Christian hierarchy was built up on the ruins of the Empire. The church gathered to itself the organizing experience and ability of the Empire. As the Empire was dissolved by the incursions of the barbarians the Church remained as the one conspicuous bond of union and became the chief agency in the preservation of ancient civilization; the chief agency in the almost hopeless task of bringing the barbarous hordes under the reign of law. During the early middle ages kings could not succeed in ruling except as they gained the coöperation of the clergy. The clergy had a monopoly of learning and statesmanship. Later, when the kings and their lay subjects became relatively more capable, the clergy remained as important competitors for power.

As officers exercising a part of the authority of the State the clergy were often corrupt and tyrannical. Yet the fact that kings were obliged to reckon with the power of the Pope and the higher clergy was on the whole favorable to the liberties of the subject. The feudal lord was less brutal because of the presence of bishop

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and priest. There was a continual dispute as to who held supreme authority. The Popes asserted authority over kings. Bishops contended against kings for power. The lower clergy often united with the people against kings and bishops. The uncertainty as to the limits of power was favorable to the growth of freedom.

The Roman Empire proposed to rule the world. The Christian Church at all times looked forward to the establishment of a righteous State for the human race called the Kingdom of Heaven. As the Roman Empire fell the Christian hierarchy magnified their office. It was through the Church that the memory and something of the substance of the old empire was preserved under the title "Holy Roman Empire." The memory of the old empire had an immense effect upon the newly converted barbarian kings. It was of great advantage to the Church that it was the most effective visible expression of the unity of the empire. It was from the Church that the Holy Roman Empire received its significance. The most powerful Christian kings aspired to be crowned as successors to the Cæsars. This idea dominated the mind of rulers until the Church itself was rent in twain; till some of the most powerful of European states became Protestant. Even with the entire fading out of the Holy Roman Empire the Christian idea of the union of the race, the federation of man, still remains. This idea gives new meaning to the word humanity, new emphasis to the brotherhood of man. (1) It seeks objective expression in the law of nations, as also in a Parliament of Religions.

There has been much discussion as to the proper relation of Church and State. We may be sure that this debate will continue indefinitely, for the object aimed at by both Church and State is identical. It is to secure just and right relations among men, that is, to perfect the race. The ideal State and the ideal Church are identical.

There is a Greek word which in the New Testament is sometimes translated *justice* and sometimes *righteousness*. The Church has succeeded best in its teaching function. It has attended preëminently to states of mind, to subjective conditions, to the attainment of a consciousness of righteousness, to a realization of truth in the inner parts. The Church aims at *righteousness*. In the rough brutal ages of the past the State has concerned itself chiefly with external relations. It has wielded the sword. It has sought to mend by destroying the most obvious enemies of righteousness. It has sought to establish tolerable courses of conduct among men. The State aims at *justice*. But as the age of brute force recedes the State too is driven to rely more and more upon teaching, it must rely more and more upon the attainment of justice through the righteous citizen. (2)

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17. CHURCH AND STATE.

(1) **Kinship of Races.**—Even at the present day all Europe feels every disturbance in any particular state as an evil in which she has to suffer, and what happens at her extremest limits immediately awakens universal interest. The spirit of Europe already turns its regards to the circuit of the globe, and the Aryan race feels itself called to manage the world.

We have not yet got so far: at the present day it is not so much will and power that are wanting as spiritual maturity. The members of the European family of nations know their superiority over other nations well enough, but they have not yet come to a clear understanding among themselves and about themselves. A definite result is not possible until the enlightening word of knowledge has been uttered about this and about the nature of humanity, and until the nations are ready to hear it.—"*The Theory of the State*," *by J. K. Bluntschli, p. 31.*

(2) **The Christian State.**—It is the mission of the state to discover this centre and accomplish this unity of man. The state is the only organ through which the people can act as one man in the pursuit of righteousness; the only organ through which the people can act together in the organization and perfection of their common life in justice.

The state can have no other meaning than the interpretation and execution of the mind of God toward the people. It must be the organized faith of the people; the manifestation of the highest right of which the people have knowledge in common; the organ of their common consciousness of God. It is ordained to be the visible institution of the unseen government of the world; the medium through which the law and order of God are received and wrought out in progress.

The socializing spirit can realize itself only through the sacrament of political action. There can be no continuous development of a nation's life except its institutions progressively express the faith, and organize the social reason of the people. --"*The Christian State*," *by George D. Herron, pp. 53-55.*

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18. LAW AND THE STATE.

Effective knowledge is a knowledge of law. As man learns the processes of force in nature he gains the mastery of nature. Vegetable life takes nothing from the other forces of nature, but it adds something to them. Animal life, while destroying nothing, yet adds to life sensation and locomotion. Human life, while subject to all the forces of nature, to all the conditions of life in plant and animal, adds yet the power of conscious self-direction to a moral end. Law in the mineral world is not the same as law in plant and animal. But law in plant and animal is the same as law in the mineral world with something added. So law in the animal world is not the same as law in human society. But law in human society is the same as law in the animal world with something added. Man is a political animal because there is in man a moral sense to which appeal may be made in favor of right conduct; because man recognizes a higher law and seeks to realize the yet unattained. Law in nature is uniform fact or force. In human society law rests upon conscience, or the sense of right.

There might be a feeling of kinship, a sense of nationality, a common religion, but unless those who thus feel are accustomed to live together subject to certain rules and customs there can be no state. (1) The state is the agency whereby the many become one. It is the agency for expressing and carrying into effect the common purpose.

A law is something more than simply the command of a ruler. A master and a million slaves whom he commanded at will could not make or constitute a State. Merely capricious commands of the sovereign tend to destroy law and to dissolve the State. Law must conform to the more or less permanent habits and customs of the people. When the Persian king had given his word that a certain decree was like the laws of the Medes and Persians he was himself no longer free as to the matter decreed. It is of the very nature of law to limit the power of the sovereign. (2) The sovereign is bound by the laws. Except within certain usually narrow limits, he cannot change the law. Capricious commands put forth with the authority of law tend to promote anarchy. Law is something to be recognized and inferred from close attention to the experience of the people, rather than a command of a ruler. (3) Only at rare intervals, when a people previously trained in obedience to law, have been reduced to comparative anarchy, may a new order be established out of hand.

The Romans are the most important contributors to the laws of modern Christian states. The early Romans were preëminently orderly and law-abiding. The famous Twelve Tables were published about 450 B.C. It was at a time when there was threatened anarchy on account of conflicts between Patricians and Plebeians. The demand of the people was not so much that there should be new enactments as that the rulers should obey the old laws. The Twelve Tables are, for the most part, a summary of existing laws codified and published in order that the common people might know their rights and secure them against tyrannical rulers. At the end of a thousand years, at a time of anarchy and confusion incident to the breaking up of the Roman Empire, Roman law was again summarized in the famous Justinian Code. Roman law grew not so much from the decrees of rulers and the statutes of Senates and assemblies as from the interpretations and amplifications of philosophers and jurists. There is a tradition that the original publishers of the Twelve Tables were influenced by Greek experience. Certain it is that the amplifiers of the law were greatly influenced by Greek learning and philosophy. Later, as the Empire became Christian and the clergy were the sole learned class, governing was divided between Church and State, and there grew up a body of canon or Church law which was, in a sense, an amplification and specialization of Roman law. Roman history illustrates the principle that law, in order to be effective and endur-

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ing, must proceed not from the arbitrary will of rulers but from the experience of the people seeking to discover and establish just relations among citizens.

Apart from Roman law the most important contribution to the law of the modern State is the English Common Law. In Rome the law was published to limit the power of rulers. It was made definite and explicit in order that all might understand their rights, and was amplified in accord with these original principles. The law was not left to the indefinite and uncertain decisions of magistrates. There was a constant endeavor to state the law so clearly that there could be no mistake as to its meaning. The barbarous tribes who overran the empire represented a civilization much ruder than the civilization of Rome at the publication of The Twelve Tables. With these barbarians a sense of law was not yet fully acquired. The best that they could do was to decide each difficult case as it arose. Similar or identical cases, frequently recurring, would come to be decided in the same way. This experience tended to develop a sense of law. But the only persons who were in a position to contribute to the law were the magistrates or assemblies whose business it was to decide the cases. The courts made and declared the law as an incident to the deciding of cases. Outside of England the Roman law gradually displaced the rudimentary law of the barbarians. But the English clung with desperation to their Common Law as declared by their courts. English law has been greatly enriched and modified by students of Roman Law, yet in the Anglo-Saxon world the Common Law has never been wholly displaced.

Whether we look to Roman Law or to the Common Law, each equally illustrates the principle that it is the nature of enduring and effective law that it limit the power of rulers and that it secure to the citizen his rights.

18. LAW AND THE STATE.

(1) **The State.**—It may be said that this is an arbitrary restriction of the term "state." If any other word, indeed, can be found to express the same thing, by all means let it be used instead. But some word is wanted for the purpose, because as a matter of fact societies of men, already possessing rights, and whose dealings with each other have been regulated by customs conformable to those rights, but not existing in the form to which the term "state" has just been applied (*i.e.*, not having a systematic law in which the rights recognized are harmonized, and which is enforced by a power strong enough at once to protect a society against disturbance within and aggression from without), have come to take on that form.

A word is needed to express that form of society, both according to the idea of it which has been operative in the minds of the members of the societies which have undergone the change described (an idea only gradually taking shape as the change proceeded), and according to the more explicit and distinct idea of it which we form in reflecting on the process. The word "state" is the one naturally used for the purpose. The exact degree to which the process must have been carried before the term "state" can be applied to the people in which it has gone on, cannot be precisely determined, but as a matter of fact we never apply it except in cases where it has gone some way, and we are justified in speaking of the state according to its idea as the society in which it is completed.—"*Political Obligation*," *by Thomas Hill Green, pp. 138, 139.*

(2) **Political Freedom in Relation to Law.**—Freedom of the people, or political freedom, involves the assertion of law. It subsists in the nation in its normal being. There is in it, therefore, the assertion and the manifestation of law, but it has not therefore a formal ground which would follow if the law was merely external and definitive only of a formal order. The law which is asserted in it, as the norm of its action, is the law in the foundation of its being and is realized in its being—in its self-determination, as a moral person. There is thus in law and freedom an inner unity. In the limitations defined in law, there is, therefore, no bondage, but they become the evidence of the emancipation of man.

This emancipation is not indeed in the institution of mere external limitations, which are devoid of all content and may be only obstructions, nor in the mere limitations of formal laws, but in a life which is formed in moral relations, and the laws which are asserted are those which define and regulate those relations. Freedom, in the assertion of law, assumes restraint and accepts obligations in the relations of an organic and moral being, and in these there is no limitation in the sense of hindrance, or as the mere impediment to action. There is in them no barrier, but freedom is wrought through them. It is a divinity that doth hedge us in. The law in the being of personality, instead of the terminus of freedom, is its postulate.—"*The Nation*," *by E. Mulford, pp. 116, 117.*

(3) **Relations of Law and Justice.**—Particular intelligent beings may have laws of their own making, but they have some likewise which they never made. Before there were intelligent beings, they were possible; they had therefore possible relations, and consequently possible laws. Before laws were made, there were relations of possible justice. To say that there is nothing just or unjust but what is commanded or forbidden, by positive laws, is the same as saying that before the describing of a circle, all the radii were not equal.

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We must therefore acknowledge relations of justice antecedent to the positive law by which they are established: as, for instance, if human societies existed, it would be right to conform to their laws; if there were intelligent beings that had received a benefit of another being, they ought to show their gratitude; if one intelligent being had created another intelligent being, the latter ought to continue in its original state of dependence; if one intelligent being injures another, it deserves a retaliation; and so on.—"*The Spirit of Laws*," *by Baron de Montesquieu, p. 2.*

THIRD WEEKLY REVIEW.

13. **INTRODUCTION.**—Relation of Political Science to History, Sociology and Political Economy.
14. **THE STATE AND THE NATION.**—Different Meanings of Term Nation in the United States and in Great Britain, The Feeling of Nationality.
15. **THE FAMILY AND THE STATE.**—The Primitive State a Family or Group of Families, Slavery, Property, Government.
16. **LAND AND THE STATE.**—The Migratory State, The Feudal System, The Modern State in France, Germany, England.
17. **STATE AND CHURCH.**—Man a Religious Being, Early Christian Church Persecuted by the State, Middle Age Church Divided Temporal Power with the State, The Holy Roman Empire.
18. **STATE IN RELATION TO LAW.**—Law Limits the Power of Rulers, The Twelve Tables, Roman Law, The Common Law of England.

QUESTIONS.

13. *Define history, sociology, political science and political economy. What is the relation of the state to government? Can there be history without progress?*
14. *What is a nation? Can there be a nation without a state? Are the Jews a nation? Give different meanings of the terms state and nation.*
15. *What is the earliest form of the family? What are the various ways of uniting families into a state? How did slavery originate? What is the effect of war on the early state?*
16. *Can there be a state without definite boundaries? In the primitive state which was more prominent, the people or the land? What was the effect of the feudal system in uniting land and state?*
17. *How did the early Christians establish a spirit of criticism of the state? How has the Church favored progress? When has the Church been against progress?*
18. *What is the difference between a law and a command of a ruler? What is the object of law? Is law necessary to liberty?*

SUBJECTS FOR SPECIAL STUDY.

1. *The relation of social sciences to each other, as presented by Giddings, Small and other writers on Sociology and Political Science.*
2. *The various races of Europe and their relation to states in Europe and America.*
3. *"The Village Community," Seebohm and Maine.*
4. *Feudalism.*
5. *The temporal power of the church. The papal offices.*
6. *Maine's "Ancient Law."*



A Primitive State in Africa.

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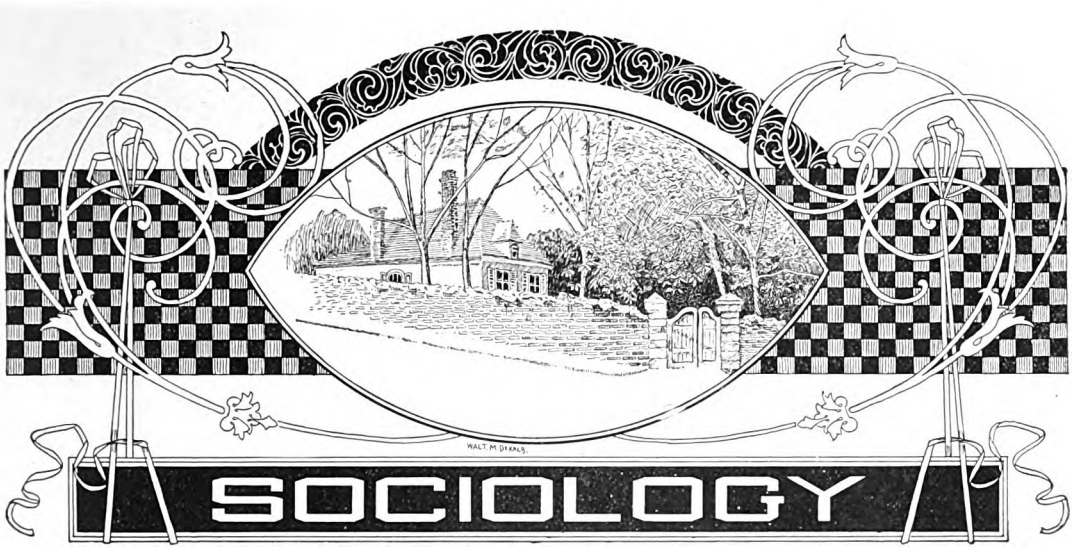

THE NATURE AND SCOPE OF SOCIOLOGY.

BY

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19. THE ORIGIN AND GROWTH OF SOCIOLOGY.

SCIENCES usually grow slowly as the result of experience and observation, and when a body of knowledge has been accumulated which deserves the name of a science then a name is found for it. In the case of sociology, however, men seem to have gotten the name first and then to have been to some trouble to find a science for it. The name was applied first to a conspicuous gap in the list of sciences rather than to a real science. To be sure, men had studied society for thousands of years and not without valuable results, (1) but the knowledge thus secured instead of being organized into a science was scattered about among other sciences in a way to conceal its true significance. (2) Hence the confusion as to what sociology ought to include and the vigorous disputes as to rights of jurisdiction. (3) These disputes have sometimes been carried to a great length while the substance of the science was being neglected, thus disparaging both the name and the science. We might well ignore this whole discussion and pass on at once to the study of the science were it not that the writers to whom we must frequently refer have written from different standpoints. So we shall find it profitable to notice briefly at the outset the different conceptions of sociology and its relation to other sciences.

The name sociology was suggested by Auguste Comte, the French philosopher, in his remarkable classification of the sciences which appeared in the first half of this century. The first part of the word comes from the Latin *socius*, a comrade, and the second half from the Greek *logos*, meaning word or discourse. The reason for this hybrid derivation is that the first part means just the right thing and is familiar to us in many other combinations such as society, social, association, etc., and the second is the regular ending for the names of sciences and means to us simply science. Sociology is therefore the science of comradeship or association, (4)

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or more popularly, the science of society. This seems a very clear conception, but it has proved quite ambiguous.

In the first place people seem to differ as to what a science is. Many writers treat sociology as a discussion of social reforms. They assume that society as it is, is pretty well understood and devote themselves to explaining how it ought to be, and exhorting people to help them change it. This work is wholly laudable and if wisely done is very useful, but it is not sociology because it is not science. Science is knowledge, and its purpose is accomplished when that which it sets out to investigate is once fully understood. It is true that when we understand things we can usually control them somewhat and fix them more to our liking, but this managing of things is not science and scientists usually work best when they think of nothing beyond their investigation. It is very hard to see things as they are if we are all the time thinking of how we would like to have them. Science must be carefully distinguished from reform, if it is to be useful in reform. Not in hostility to reform but rather in the interest of reform we should for the present give ourselves wholly to the science of society, to an effort to understand it rather than to mend it, assured that if we are successful the interests we have at heart will not suffer by the delay.

Further, ideas seem to differ as to what a society is. For one thing, it may be regarded merely as a company of individuals living together. Thus loosely conceived, almost everything that happens in such a group from their government to their digestion will be a subject of social science, and sociology becomes a very inclusive term. There was a strong tendency at first to make sociology little more than a collective term standing for the whole group of social sciences. (5) As thus applied the term was not very useful and did not tend to develop a new science or to lead to important discoveries. The sociologist could only summarize sciences which others treated more fully. Some of these sciences too were not true social sciences but investigations of other subjects in which social factors played a more or less important part.

The subject of sociology is rather, the social aspect or relations of men, that is, Association. Its task is to investigate the fundamental laws of association, to determine why individuals combine in groups; what are the advantages of associated over unassociated individuals; by what means individuals are brought together and held together. These questions are of the highest possible interest and they are not answered by any other science.

19. THE ORIGIN AND GROWTH OF SOCIOLOGY.

(1) **Early Study of Sociology.**—Plato and Aristotle in particular among ancient writers treated largely of social questions. Plato's "*Republic*" and "*Laws*" are primarily treatises on government, but in discussing the conditions necessary for a stable state they consider almost all the forces that make for social cohesion and efficiency, though of course from the standpoint of an ancient, and with the bias of the platonic philosophy. Much the same may be said of Aristotle. The Hebrew prophets, as is well known, devoted vigorous attention to social problems, though they made no pretensions to scientific attainments.

"8 Wo unto them that join house to house, *that* lay field to field, till *there be* no place, that they may be placed alone in the midst of the earth!

20 Wo unto them that call evil good, and good evil; that put darkness for light, and light for darkness; that put bitter for sweet, and sweet for bitter!

21 Wo unto *them that are* wise in their own eyes, and prudent in their own sight!

22 Wo unto *them that are* mighty to drink wine, and men of strength to mingle strong drink:

23 Which justify the wicked for reward, and take away the righteousness of the righteous from him!

24 Therefore as the fire devoureth the stubble, and the flame consumeth the chaff, *so* their root shall be as rottenness, and their blossom shall go up as dust."—*Isa. V. 8, 20, 21, 22, 23, 24.*

(2) **Sociological Discussions** may be found in most of the older works on politics, ethics economics, law, religion, history, as well as in the more modern and formal sciences of anthropology, mythology, psychology, etc. These writers had to make constant reference to social laws and forces in order to explain what they were writing about, and this led them in many instances to formulate quite a science of sociology or social philosophy as it was sometimes called. Examples are: Aristotle's "Politics," Plato's "Republic" and the "Laws," Plutarch's "Lives," Montesquieu's "Spirit of Laws," Gibbon's "Decline and Fall of

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the Roman Empire," Rousseau's "Social Contract," Blackstone's "Commentaries," and many others.

(3) **The Sociological Idea.**—Within that broad grouping of animal species which is known as geographical distribution, there is a minor grouping of animals into swarms, herds, or bands, and of human population into hordes, clans, tribes, and nations. These natural groupings of conscious individuals are the physical basis of social phenomena. Society, in the original meaning of the word, is companionship, converse, association, and all true social facts are psychical in their nature. But mental life in the individual is not more dependent on physical arrangements of brain and nerve cells, than social intercourse and mutual effort are dependent on physical groupings of population. It is therefore in keeping with the nature of things that the word "society" means also the individuals, collectively considered, who mingle and converse, or who are united or organized for any purpose of common concern. Furthermore, from these concrete ideas we derive the abstract notion of society as the union itself, the organization, the sum of formal relations, in which associating individuals are bound together.

Combining these ideas we find that our thought of society is already somewhat complex. Yet it would remain still inadequate if we failed to take account of the interdependence of temporary and of enduring forms of association; of momentary converse and of permanent organization; of free agreement and of obedience-compelling power; of artificially formed unions, and of those self-perpetuating communities, the tribes, cities, and nations, within which the minor phenomena of association have place.

For the purposes of political science the distinction between "natural" and "political" society has a formal importance. Bentham's definitions of these forms, in the "Fragment on Government," are perfect of their kind. "When a number of persons (whom we may style subjects)," he says, "are supposed to be in the habit of paying obedience to a person, or an assemblage of persons, of a known and certain description (whom we may call governor or governors), such persons altogether (subjects and governors) are said to be in a state of political society." "When a number of persons are supposed to be in the habit of conversing with each other, at the same time that they are not in any such habit as mentioned above, they are said to be in a state of natural society." Nevertheless, the difference is one of degree only, as Bentham goes on to show. "It is with them as with light and darkness: however distinct the ideas may be that are, at first mention, suggested by those names, the things themselves have no determinate bound to separate them." Sooner or later converse develops from within itself the forms of government and of obedience. Association passes by insensible gradations into definite and permanent relations. Organization, in its turn, imparts stability and definiteness to the social group; the psychic life and its physical basis are evolved together.—"*Principles of Sociology*," *by Franklin Henry Giddings, M.A., pp. 3, 4.*

(4) **Primary Social Group.**—The family is the simplest permanent group which is discoverable in society. It is for this reason, and not because it is historically the original social structure, that we call the family the primary combination, or, to borrow a term from physical science, the molecule of society,

In the family we find certain psychical bonds of union between individuals, and certain relations between these individuals and the land and the wealth. These bonds are formed by the satisfaction of certain desires, which we have found to be characteristic of human nature, and the relations with the land and wealth are required by certain other wants, which are equally a part of man's life.

A man and a woman together form the personal nucleus of this structure, to which are added children, and other relatives in varying degrees of consanguinity, as well as, in many cases, one or more domestic servants. While the personal element of the family may be made to include a very wide circle of more or less related individuals, it is usual to describe by the term that group which, with some degree of permanence, occupies the same abode, and practices a single domestic economy.

Not only do we discover in the family these related personalities, but we find also various forms of wealth which have been appropriated by the family and made essential parts of its organization. Very much as a plant, taking materials from soil and air, builds them into its own organism, does the family possess itself of material goods, and give them place in its structure. Having thus sketched in outline the general arrangement of social factors in the family, let us examine in detail the relations, personal and material, which we discover.—"*An Introduction to the Study of Society*," *by Small and Vincent, pp. 184, 185.*

(5) **Classification of the Sciences.**—But Comte undertook another and equally important task. He sought to fix the position of sociology among the sciences, of which he drew up a natural series or "hierarchy." This was, in fact, an attempt in the most general way to classify the sciences. In this he proved himself a true philosopher.

The classification of the sciences is and should properly be made the basis of every comprehensive scheme of philosophy. Everything that can be known belongs to science. Everything capable of forming a distinct intellectual conception is reducible to a place under some one of the scientific categories. Indeed, science itself, in so far as it is distinguishable from knowledge in a general sense, consists in a coördination and subordination of the different kinds of knowledge; in a word, the essential of all science is the classification of knowledge.

The classification of the sciences, therefore, is itself strictly a science, and consists in a prolongation of the scientific process, whereby it is extended into higher fields and made to embrace its own grand divisions, objectively regarded as material for science. Mere classification, or "systematization," is, therefore, a less trivial operation than some persons have intimated. It is the essential process of organization, and has for its real object to arrive at the true *order* which exists in the universe. But order implies a relation of parts, not an ideal but a real relation. The only real or physical relation which can subsist is the relation of dependence, or subordination, by which every thing is actually connected with every thing else, both in space and time, by an unbroken series of links.—"*Dynamic Sociology*," *by Lester F. Ward, M.A., p. 2.*

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20. THE RELATIONSHIP OF THE SCIENCES.

All the sciences are in some degree related, but the relationship is often complicated and remote. Unfortunately the sciences have grown up largely by accident and have not divided the field very consistently. The case is a good deal like that of some charitable societies. One cares for the orphans of baptists, another for the orphans of veterans and another for the orphans of masons. Under such a system some children are apt to be over-provided for and others altogether neglected. So with the sciences. They have started up with no reference to one another, so that some facts get over-investigated and others quite neglected. When societies pursue different and unrelated purposes they are unrelated, no matter how many facts they may have in common. This is very generally misunderstood. Sciences that have grown up side by side and have been developed by the same persons are easily confused. But a baptist society is not related to a masonic society just because a large number of their constituents happen to belong to both bodies. That is an accident and produces no real relationship.

The same figure may help us to understand the real relation between dependent sciences. Suppose we have three societies, one of which is devoted to orphans, another to soldiers' orphans and the third to baptist soldiers' orphans. Here the relationship is not one of chance but of necessity. There is a regular gradation from the general to the special. Such societies may have separate machinery, etc., but logically they are serially dependent. It is a great pity that sciences are not more often related in this manner, but the efforts of Comte, Spencer and others (1) to thus systematize human knowledge have been but partially successful, partly, no doubt, because the traditional sciences require too much remaking to fit into any such scheme.

When sciences are arranged thus in a series they may be related to one another in three ways. One science may be more general than another, and it is then an antecedent or parent science. Or *vice versa* a science may be less general than another, confining itself to a special class of the facts which the other treats. This may be called a consequent or daughter science. Finally two sciences may both be specialized from a more general science. They will then be coördinate or sister sciences. (2)

It goes without saying, however, that some relationships are far less simple than this. A science may have two parents or antecedents, a whole group of them for that matter, thus forming a term in several series and producing relationships quite as complicated as those which result from intermarriage. Indeed all sciences are related in some such distant way, as all truth is united, but these remoter relationships are of little consequence and beyond the simple cases mentioned we are safe in doing as we do in the case of persons whose connection is remote and declaring them "no relations."

It must be remembered, however, that the parent science is something very different from the sum of the daughter sciences, just as the trunk of the tree is something very different from the sum of the branches. It is the *source* of the branches. The larger science embodies principles that are common to all parts of the subject. The lesser sciences that confine themselves to the parts of the subject can not discover these principles. When each of these has completed its work we still do not know the field as a whole. The whole in this case is something more than the sum of all the parts. The general science is necessary to the synthesis and interpretation of the special sciences.

In taking up a science we must know its kindred and its kinships. The parent science furnishes premises or fundamental laws to which the special laws must conform. The daughter sciences furnish data or concrete facts from which these principles are derived by generalization and inference. If special principles are derived

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from general principles by fitting them to special applications the process is known as deduction. If principles are derived from narrower data by combination and comparison the process is known as induction. In other words, deduction is the specialization of general principles and induction the generalization of special principles. Both are necessary to effective inquiry. To use them in any case we must know the more general and the more special sciences with which we have to do.

20. THE RELATIONSHIP OF THE SCIENCES.

(1) **Relation of the Sciences.**—Notably Ward, who more than any other recent writer, has shown real ability to classify these great departments of human knowledge. He follows in the main the system of Comte, who recognized, as we have seen, astronomy, physics, chemistry, biology and sociology. But between these last two Ward would place the modern science of psychology, which Comte designated by the peculiar but suggestive name, "transcendental biology." Sociology is thus accorded a supreme place in his classification. The other great sciences becoming preparatory and tributary to it. "It is the cap-sheaf and crown of any true system of classification of the sciences, and it is also the last and highest landing on the great staircase of education."—"*Outlines of Sociology*," *p. 20.*

Giddings in a suggestive discussion ("*Principles of Sociology*," pp. 45-51) has developed a system of classification of the sciences which is neither serial nor branching in its plan. The sciences are distinguished as abstract and concrete. The line of development of the former being at right angles with that of the latter, so that they mutually intersect. This suggests a real relation between the sciences and a deficiency in the serial classifications. Whether it correctly indicates the importance of the serial and the intersecting relations is another question. The division of the sciences into abstract and concrete is extremely arbitrary. The bearing of the classification on sociology is thus expressed:

Thus by its own unity of aim and method clearly distinguished from these abstract sciences, yet traversing them all and traversed by them; restricting itself to inquiries more general and more fundamental than those which constitute the special social sciences, yet projecting and differentiating itself in them; differentiated from psychology, yet carrying principles of psychology into the interpretation of the most complicated phenomena that present themselves to human observation, sociology has a province as definite as that of any science, and yet is in perfect continuity with every science in the indivisible whole of knowledge. In the scientific division of labour the sociologist has a distinct work, but his success in doing it will be indifferent unless he maintains an intelligent coöperation with fellow-workers in other fields, and unless they keep touch with him. —"*Principles of Sociology*," *by Franklin Henry Giddings, M.A., p. 51.*

(2) **Relation of Sociology.**—Sociology is primarily historical and analytical. In this phase of its character, sociology is most obviously dependent upon the sciences that are commouly regarded as distinctively social. Sociology includes these historical and analytical social sciences somewhat as the map of the United States includes the maps of the several states. All that is accurate in the general map with respect to local details depends upon particular surveys. These first furnish the data for construction of the maps of states, and then the separate surveys are reduced and combined into a general map. Knowledge of society, as a fact extending through the past and filling the present, depends upon particular knowledge of persons, events, and achievements past and present, in all the relations in which they have a permanent meaning.

Historical and analytical sociology involves, first, the results of the sciences concerned with physical man. Assuming a basis of knowledge about the inorganic and organic environment upon which man is dependent, or by which man is more or less conditioned, the sociologist needs, in the first place, to know as much as possible about man, as described by the biological sciences. Man as the subject-matter of "the highest section of zoölogy" —man as the most highly developed of animals, particularly as the most highly developed nervous and psycho-physical type—is the primary datum of sociology.

Not problems of individual health alone, nor policies respecting the criminal or defective classes, wait upon the testimony of biology for partial solution. Interpretation of the biological elements of human progress throughout the past will unlock many secrets about education and social combinations in the present. The biologist may or may not pursue his investigations for the purpose of contributing to the solution of social problems. Whatever his purpose, if his results throw any light upon the facts of man's physical constitution, he is necessarily a contributor to sociology. It is not the business of the sociologist to invade the province of the biologist with attempts to take the place of competent investigators. It is the business of the sociologist to recognize the physical elements in social reactions, to call them to the attention of the biologists, if the latter are not already concerned with them, and to use the results of biological research, together with all other related evidence, in such explanation of the past as will afford guidance for the future.

Sociology deals with the whole of social life, of which the physical life of individuals is necessarily a prime factor. This platitude contains the implication which has not been admitted until recently: viz., that sociology deals with complex elements, one of which can be understood only through the exposition of biology. Social doctrine, which omits to take account of all available biological data, is obviously partial and premature. In this sense, sociology is biological somewhat as mineralogy is chemical.

The facts about man referred to, in the foregoing paragraph, constitute, on the other hand, only one element in the complex problem with which sociology deals. A second element consists of the the results obtained by the sciences concerned with psychical man.—"*An Introduction to the Study of Society*," *by Small and Vincent, pp. 56, 57.*

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21. SOCIOLOGY AND ANTECEDENT SCIENCES.

In seeking the larger science that lies back of sociology we have simply to inquire, what is the larger fact that lies back of association? This larger fact is life. It is only living things that associate in the sense in which sociology understands the word. Association is therefore one of the manifestations of life and back of all principles of sociology lie broader principles of biology to which they must be constantly referred for verification. This is not a matter of opinion but a matter of definition. Since association is a phenomenon of life the science of life must have general supervision over it.

It is true that there are many who do not admit this dependence of sociology on biology. The reason is that they do not define biology as the science of life. They recognize two forms of life, physical and psychic, the subjects of two distinct sciences, biology and psychology. All this is certainly true, and it is also true that association depends on psychic as well as on physical life. Indeed, all recent investigation tends to emphasize the importance of the psychic forces as contrasted with the physical forces in association. There can be no doubt, therefore, that sociology has a double parentage in biology and psychology. The laws of mind are quite as necessary to the understanding of the phenomena of association as the laws of body, in fact, a good deal more so.

The real question at issue in these matters is as to the relation of mind to body rather than the relation of either to association. On this point there is disagreement, not only among sociologists, but among thoughtful men in many departments. Some think that in the last analysis, if we could only make it successfully, we should find that all life was physical. Others think it would all be psychical; still others that it would prove to be something more fundamental than either, of which both these are peculiar manifestations. And, finally, there are many who think that these two kinds of life are distinct and independent in nature from beginning to end. (1) This question, which is one of the most far-reaching and important of any we know, is often discussed at great length in treatises on sociology. (2) While it would be very convenient to have it settled, it must not be forgotten that it is no part of sociology, and that the two kinds of life exist just the same, and have the same meaning for us no matter what conclusion we reach as to their ultimate relation to each other. Nor would the relation of sociology to biology or psychology be modified by any discovery we may make on this point.

The relation of sociology to biology has been recognized in two very different ways. The first we may call analogy. A certain parallelism has been traced between society and social phenomena on the one hand and the physical organism and its functions on the other, and the former have been designated by names which were originally used only of the latter. Society is spoken of as an organism and we hear of its sustaining system, its distributing system, its regulating system, etc. Some writers have carried out this analogy into great minuteness of detail. (3) But it has never been quite clear how far this language was figurative and how far literal. There has been much discussion as to whether society was an organism or not, but we know as little at the end as we did at the beginning how to settle it, all because nobody seems quite certain what an organism is. If we define the word broadly enough to include society, then, of course, society is an organism, and if we define it narrowly enough to exclude society, then it is not. And whichever we do we shall learn nothing much about society. To work out such an analogy may be interesting, but it is a very warped and unnatural way of framing a new science. What a nuisance it would be, for instance, if chemists in working up their science had constantly in mind the analogy between atomic affinities and the attractions of the heavenly bodies! We have nothing to gain by trying to picture society as a great animal. (4)

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The real connection between sociology and biology is found in the fact that the latter furnishes us with certain great laws of life, which, because they apply to all life, must apply to life in society and to society itself. These laws have special manifestations in society, but they hold forever. The same is true of psychology. These sciences ought to furnish us not merely with metaphors and analogies of purely literary value, but with laws of life which in the social as in the individual field are tremendous realities, which tolerate no disobedience. It is because society and social beings are subject to these laws that sociology must be grounded deep in these sciences.

21. SOCIOLOGY AND ANTECEDENT SCIENCES.

(1) **Distinction Between Schools.**—In a general way this is the distinction between the four schools of philosophy. The materialists claim that mind is a property of matter in certain forms and combinations. The idealist claims that matter is a mere projection of mind, an imagination, we may (not very accurately) call it. The realist claims that mind and matter are equally real and distinct, though interacting. The constructive realist accepts this view as describing present realities, but asserts that neither mind nor matter is a finality, both being a mere expression or creation of the Divine Mind. It should be said that these statements are definitions rather of the impression which these philosophies have succeeded in making, than of the conceptions of the philosophers themselves which can not be successfully summarized in a sentence. The materialist, for instance, and perhaps the others as well, would stoutly assert that such a definition was inadequate and misleading.

The materialists and the realists have this in common, that they recognize the reality of both mind and matter though differing as to their origin and mutual relations. The idealist, on the other hand, recognizes mind as the only reality. It need hardly be said that neither sociology nor any other science has found any encouragement in idealism.

(2) **Mind.**—Ward in his "*Dynamic Sociology*" (Vol. I., Introduction), emphatically asserts that mind is only a property of matter, a product of force, though he rejects with much skill the imputation of materialism. Significantly enough, he is, of all sociologists, the one who has most emphasized the importance of "the psychic factor" in social evolution. The writer has met few men who seem more deeply impressed with the reality of the human soul than Mr. Ward.

Bascom, in his "*Sociology*," defends with great force the position of the constructive realist. A peculiarity of both these writers is that they seem to think that there can be no sociology without a recognition of their view of the fundamental relation of mind to matter. If so, it is a great pity, for in that case we must wait a long time for our sociology. In reality all that sociology needs to start on is the recognition that mind and matter are *facts*, and that they manifest themselves in regular ways which may be determined by observation. And this much is conceded by all sane persons.

(3) **Social Organism.**—At a time when sociology had no terms or classifications it was natural and perhaps advantageous to make use of biological terms and analogies. From the first, however, it led to most incongruous results. The big animal was made up of the most incongruous facts. Government officials, and social sympathies, and roads through the forests were pieced together to fill out the anatomy of the great "organism." And slowly it became apparent that men were searching, not for the real facts about society, but for the facts which would complete the analogy. Such facts were emphasized in the "organism" schemes; and other facts, even very large ones, quite neglected. There was no place in the "organism" for political parties, which in all healthy societies hold each other in check, or for the slow transfer of authority from one head to another head, leaving the latter a mere figurehead, a constant occurrence in society. These and many other facts have no counterpart in the physical organism and are neglected by those who have that analogy in mind.

"If society is a physical organism, it is of a low type like the sponge or polyp. The resemblance on the psychical side, *i.e.*, of society to mind or soul, is much c'oser. The organic notion is helpful at the start, but no science of sociology can rest on it. It is a scaffolding we stand on while we are building the science. The biological analogy is to be cleared away when the building is well on toward completion. We start with, 'Society is an organism,' we end with, 'Society is—society.'" —*E. A. Ross, "Syllabus of Lectures," Stanford University.*

It must not be inferred from the foregoing that the expression, "society is an organism," is untrue. It is rather an ambiguous statement depending on definition. In popular treatises and outside allusions to social phenomena it is admissible, and useful to emphasize the fact of social organization by such a statement. But it has ceased to have any value as a basis of an exact science of society.

(4) **Man as a Thinking Animal.**—None of the methods or processes peculiar to biology can discover the facts which most widely differentiate man from the other animals. Tracing nerve filaments can never discover a thought, nor can the measurement of skulls detect the play of emotions. Man as capable of distinct conceptions, of feelings, of volitions,—man as mind characterized by certain peculiarities, and acting in conformity with certain psychical laws,—is the object of another kind of observation, which will lead to unique results.

The gestures, signs and symbols which men have used; their words, their worship, their music, their laws, their literatures, their philosophies, their religions, are not merely curious in themselves, but they are betrayals of the psychical character of their originators. There is a study of man's mental productions which is as trifling as the mere collecting of curios.—"*Study of Society," by Albion W. Small, Ph.D., and George E. Vincent, pp. 57, 58.*

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22. SOCIOLOGY AND BRANCH SCIENCES.

We have seen that sociology is derived from biology and psychology, since association, the subject which it investigates, is a phase of life. Following down the line we find special phases of association which give rise in turn to sciences still farther specialized. These sciences are in a sense derived from and dependent upon sociology. They may fairly enough be called branch sciences if we are careful to avoid the idea that sociology is simply a collective name for these branches. (1) The whole figure of a tree, with trunk and branches, is somewhat misleading, (2) as any figure must be, but it is useful to notice the dependence of special sciences upon general sciences, even if this dependence is not simple and complete.

The science of politics is the clearest example of a sub-sociological science. It deals exclusively with social relations between individuals or groups of individuals, and is thus strictly a social science, since it rests upon general laws of association. But it does not itself give us these general laws, nor does it find in them the detailed solution of its own problems. Closely allied to politics is the science of jurisprudence. The subjects of the two sciences, law and government, are closely related and quite inseparable in practice, but the sciences are distinct and have grown up independently of each other. They are strictly social sciences, but perhaps it is better not to call them sociological. They have to do with *special* phenomena of association and sociology is the science of association *in general.* It may perhaps be said that they are branches *from* sociology rather than branches *of* it. (3)

Another branch that is somewhat less dependent is the science of the family. The family is unquestionably a group and its problems are therefore group problems. The most fundamental of these problems, however, lies so far back in the biological end of the science that sociologists generally leave it to the biologist to consider. This is an indication of the fact that biology and sociology form really one continuous science and that the line drawn between them is somewhat arbitrary. But while the family in its simplest form is regarded as a biological rather than as a sociological group in the form in which we know it, it exhibits social phenomena of great interest and complexity. It is thus a common offshoot from biology and sociology.

The relation of economics to sociology must depend upon the conception of economics which is adopted. If economics is regarded as the science of wealth, and wealth is viewed as something external to and apart from man, economics could hardly take its place among the social sciences. It could then be regarded as essentially an independent science, that is to say, one that draws data from many sciences without being especially dependent upon any. But if it is held that economics deals with social relations of a particular sort, namely those arising out of the acquisition and use of wealth, it must be regarded as a social science.

Much the same is true of religion. It is certain that religion arises quite as much from man's relation to nature as from man's relation to man. It is true, we know of no unsocial beings who have a religion, but solitary beings hardly have brains enough to interpret nature at all. Given the necessary intelligence and man is quite sure to derive from his ponderings on nature and the mystery of existence, ideas and feelings which are essentially religious. As society becomes more complex and social relations more absorbing, religion becomes ethical, as we say; that is, social. This only means that religious ideas and impulses assume new importance in a social state. The science of religion, therefore, though drawing heavily on sociology, is not exclusively a social science.

The relation of sociology to ethics is so important that we must consider it separately.

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22. SOCIOLOGY AND BRANCH SCIENCES.

(1) **Branch Sciences.** — Spencer includes the branch sciences in sociology, not only in definition, but in his treatment of the subject. It is not quite true, however, to say that sociology is, in Spencer's system, a mere collective name for these branches. The same conception of the science is embodied in Small and Vincent's work. In some cases this is stated in extreme form.

Giddings thus describes the conception of a well-known foreign writer: "This classification is one of the all-comprehending schemes. It includes everything, from the husbanding of corn and wine to electioneering contests in the Institute of France." He doubtless does not mean to deny that these are all in a sense sociological phenomena, but he has justly and successfully protested against including the *detailed* study of these things in the science.

An able specialist, who had been studying in a well-known university, once said to the writer: "I have listened to a whole term of lectures on the scope of sociology, and I can summarize the whole in a single sentence. 'Sociology includes all human knowledge.'" With due allowance for exaggeration the statement is significant of the earlier tendencies in this direction. The reason is not far to seek. Sociologists did not at first clearly perceive the phenomena which they were to investigate and they quite naturally cast about with a drag net so as to be quite sure that the real thing should not escape them. There is no longer any occasion for such anxiety.

(2) It has been said that the tree should be a banyan tree, that the branch strikes root right back into the soil from which the parent science sprang, thus producing very complicated relations and dependencies. This is all true enough, and it illustrates the ease with which a figure may be abused if taken too literally; perhaps, also, the ease with which a good figure may be spoiled if made too accurate.

(3) **Sociology and Special Social Sciences.**— Whatever may be the ultimate assignment of territory to the several social sciences, there will always be need of bringing the results together into an exposition of society as a whole. Systematic knowledge of society in general is essential if a definite programme of social endeavor is desired. It is evident, too, that this work of combination will be performed most judicially, not by experts in the processes of investigation peculiar to the special social sciences; but by men trained to be experts in codifying the results of the special social sciences, and in organizing these groups of scientific data into a coherent social philosophy.

The primary function of sociology at present is the correlation of existing knowledge about society. This work involves the discovery of unexplored regions of social phenomena, and the invention of plans for more effective social research and then for social endeavor.

It is quite possible that the division of labor in sociology will eventually become so systematized that the function of sociology will be restricted within more precise limits. At present a miscellaneous responsibility confronts students who regard society philosophically. Such students are in the ranks of all the social sciences. Sociology is enlisting from this number recruits for the special work of organizing social knowledge of all kinds into a body of wisdom available as a basis for deliberate social procedure. What effect sociology may have upon reclassification of the social sciences, and upon its own permanent office, we need not conjecture. We shall describe the complicated scientific task which sociology at present attempts to perform.

Society is a complex of activities and movements originated by the energy of those physical and psychical attributes which determine human motives. These elementary factors of social activity produce social phenomena that fall into groups, each of which is distinguished by certain common peculiarities.

Society cannot be known through one group of these phenomena only, any more than matter can be known through a single one of its properties. Each of these groups of facts must be known separately, and then in its actual relation to coexisting groups, before society or social life can be understood.

This fact may, perhaps, be more easily perceived by aid of a chemical analogy. To know a chemical compound it is necessary to be informed about its separate constituents, the nature of the reaction in which they combine, and the properties of the resultant. However inadequate our present subdivisions of social knowledge, each of them is an attempt to reduce the facts within a single group of social phenomena to scientific expression. The several social sciences thus roughly supplement and complement each other. Our general survey will show the necessity of the combining function which sociology undertakes.

* * * * * *

Sociology is primarily historical and analytical. In this phase of its character, sociology is most obviously dependent upon the sciences that are commonly regarded as distinctly social. Sociology includes these historical and analytical social sciences somewhat as the map of the United States includes the maps of the several States. All that is accurate in the general map with respect to local details depends upon particular surveys. These first furnish the data for construction of the maps of states, and then the separate surveys are reduced and combined into a general map. Knowledge of society, as a fact extending through the past and filling the present, depends upon particular knowledge of persons, events and achievements past and present, in all the relations in which they have a permanent meaning.

Historical and analytical sociology involves, first, the results of the sciences concerned with physical man. Assuming a basis of knowledge about the inorganic and organic environment upon which man is dependent, or by which man is more or less conditioned, the sociologist needs, in the first place, to know as much as possible about man, as described by the biological sciences. Man as the subject-matter of "the highest section of zoölogy"—man as the most highly developed of animals, particularly as the most highly developed nervous and psycho-physical type—is the primary datum of sociology.

Not problems of individual health alone, nor policies respecting the criminal or defective classes, wait upon the testimony of biology for partial solution. Interpretation of the biological elements of human progress throughout the past will unlock many secrets about education and social combinations in the present.—"*Study of Society*," *by Albion W. Small, Ph.D., and George E. Vincent, pp. 54-56.*

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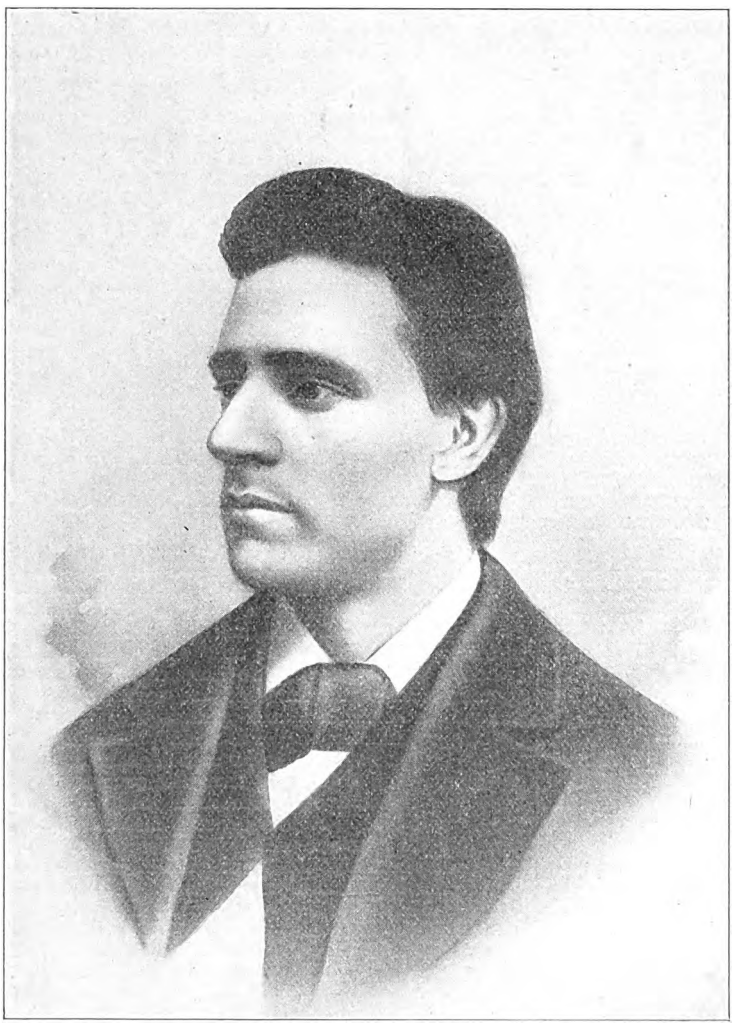
23. SOCIOLOGY AND ETHICS.

The relation of sociology to ethics has been a subject of much discussion and no little confusion. This is partly because people have been doubtful as to what sociology was; partly, too, because they have been uncertain as to what ethics was. Ethics is a very ambiguous word. Perhaps the most common idea is, that it is the science of duties, that is, an investigation as to what things are right and what things are wrong. It used always to be assumed that the feeling of right itself was an ultimate thing that could not be, and need not be explained. (1) And so the only thing left to discuss was the particular applications of this feeling, the things that we ought or ought not to do. Such a discussion naturally covered the whole range of human interests and especially of human relations in society. In fact every duty that has ever been formulated has apparently been based directly or indirectly on personal relations or their equivalent. These traditional ethical questions were therefore all of them social questions, questions falling within the domain of the special social sciences. They included questions of the duties of parents to children, citizens to the state, men to God, etc., questions now considered in the sciences of politics, religion, the family, etc. It is true that these sciences do not of themselves say anything about duties. They only inquire into relations of cause and effect, the only thing with which science ever has anything to do. Politics, for instance, tells what things strengthen a State and what things weaken it, after which the question of duty is a matter of easy inference. The older ethics did precisely the same thing, only in a slightly different way. As this study has become more thorough and detailed it has simply split up into a number of sciences. If there is less insistence on duties than formerly it is not because scientists are indifferent but because they have learned to trust to the eloquence of simple facts.



Arnold Toynbee, a distinguished Sociologist. Born 1852. Died 1883. Toynbee Hall was named in his honor.

But with this disappearance of ethics as a science of duties, a new ethics has

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arisen, the science of duty. What is the nature and origin of the moral sense? The older ethics assumed, as we have said, that the moral sense was an ultimate fact, (2) not to be analyzed into anything simpler, and such discussion as was given to this question was usually an effort to prove the correctness of this assumption. But science never quite gives up the hope of resolving every fact into simpler facts, which is what we mean by explanation. Many things lead to the conclusion that the sense of duty is a product of human development like all other human characteristics, and so its origin and growth become a subject of inquiry like all other human phenomena. The question which now concerns us is not what the conclusion of this inquiry will be, but what its relation is to association and sociology.

It is now generally conceded that moral relations, duties, can exist only between persons, or at least only between sentient beings. I ought not to cause pain to a man or even to a dog unnecessarily, but if my action affects no other creature, directly or indirectly, there is no right or wrong about it. Even when we talk about our duty to ourselves we are concealing our selfishness under the guise of duty, or else we are considering the interest which others have in our preservation and development. All ethical relations thus turn out to be social relations. A completely isolated person, if there could be such, could have no duties whatever. The only question to him would be one of personal advantage. (3)

The ethical inquiry thus falls wholly within the sociological field. Is it therefore a special science, like politics? Plainly not. The moral sense does not apply to special social relations but to social relations in general. It is not a social relation but a social force. Let us recall the fundamental questions we have to answer. Why do individuals combine in groups, and what brings them together and keeps them together? The moral sense is obviously one of the great forces that hold men together and one that sociology must explain if it is to explain society. As the older ethics, therefore, resolved itself into social sciences, so the later ethics resolves itself into sociology. There is no objection to preserving the name to designate a department of sociological inquiry, no objection either to studying this department by itself so far as that is possible, but it becomes more and more clear that all social forces are closely related. Ethics can not explain itself without broadening out into sociology, and sociology can not solve its problems without investigating the origin and nature of the moral sense.

23. SOCIOLOGY AND ETHICS.

(1) This is only true in a general way. Discussions as to the origin of the moral sense are very old, dating as far back as Plato. From the sixteenth century in England such discussions have attracted much attention. Still it remains true that this was regarded in general as a mere preliminary or introduction to the science of ethics and was often touched lightly or neglected.

(2) **Sympathy.**—How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him though he derives nothing from it, except the pleasure of seeing it. Of this kind is pity or compassion, the emotion we feel for the misery of others, when we either see it, or are made to conceive it in a very lively manner. That we often derive sorrow from the sorrow of others is a matter of fact too obvious to require any instances to prove it, for this sentiment, like all the other original passions of human nature is by no means confined to the virtuous and humane, though they perhaps may feel it with the most exquisite sensibility. The greatest ruffian, the most hardened violator of the laws of society, is not altogether without it.—"*Theory of Moral Sentiments*," *by Adam Smith, LL.D., F.R.S.*

(3) **Adjustment of Action.**—Spencer uses the word moral or right in a broader sense, including acts that are purely "self-regarding." He admits, however, that "those ethical judgments we pass on self-regarding acts, are ordinarily little emphasized" because in general they "do not need moral enforcement." The difference is merely one of words. Every one admits that "self-regarding acts" are enjoined upon us, but the sanction which enforces them is not usually identified with the moral sense. The true place of this sense is clearly recognized by Spencer in the following passage:

"Most emphatic, however, are the applications of the words good and bad to conduct throughout that third division of it, comprising the deeds by which men affect one another. In maintaining their own lives and fostering their offspring, men's adjustments of acts to ends are so apt to hinder the kindred adjustments of other men, that insistance on the needful limitations has to be perpetual; and the mischiefs caused by men's interferences with one another's life-subserving actions, are so great that the interdicts have to be peremptory.—"*Humboldt Library*," *p. 482.*

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24. SOCIOLOGY AND SOCIAL REFORM.

I have already said that sociology, as such, can not be developed in the interests of particular reforms, that the investigator must be, at least for the time being, quite free from any purpose or thought which would distract his attention or warp his vision. This is a condition very seldom realized, but one that is slowly approached as a science develops and which is necessary to the highest attainments. So long as alchemists were intent on turning the baser metals into gold they accomplished very little in the way of science or of useful discovery, but when they began to study facts merely to see what they were like, both scientific and practical interests made rapid progress. Sociology is struggling in the alchemic stage. Sociologists are still too intent, many of them, on finding a short cut to the millennium. But here, as elsewhere, "practical" interests will profit little till they are pushed quite into the background and men become possessed of the scientific spirit.

But granting the necessity of this scientific temper, we may profitably try to anticipate some of the effects of sociological study on the actual workings of society. On the one hand there seems to be an expectation that a knowledge of sociology will enable us to extensively remodel society, and on the other hand a feeling that sociology is discouraging to social reforms. There is truth in both ideas.

In the first place we must remember that there are always a certain number of efforts in progress to better society which are ill-considered and must ultimately fail. It is no disparagement of reform to say that the great majority of reform efforts are of that character. They are based on mistaken ideas of what society is, they consume time and strength and resources, and worst of all, they tend to discredit reform efforts in general. At first sight society seems much simpler than it really is. We do not see the hidden connections and dependencies of things. So when we find something wrong in society our first impulse is to take hold of it and mend it. But investigation usually shows that things hang very much together and that isolated interferences have most unexpected consequences quite beyond the limits of what we intended to change. When all these hidden connections are revealed, many a seeming evil will be seen not only to require more patient and cautious handling than we imagined, but often to be no evil at all, or at least the condition of a greater good. It is one of the sociologist's most frequent and disagreeable, but most useful functions to discourage the generous but ill-directed enthusiasms of a great many people. In doing this he is very apt to seem an enemy of reform, but there are few more important services than the prompt correcting of expensive mistakes.

It follows quite naturally from the foregoing that investigation will somewhat discourage even feasible reforms for a time. When science has condemned one effort after another we begin to doubt whether any effort is feasible. Repeated disillusionings make us cautious and skeptical. But this is only a temporary result, for social science, like physical science, is as sure to disclose the feasible as it is to expose the unfeasible. When science finally proved that gold could not be made out of lead some people probably despaired of our being able to do anything with these refractory elements, but in the end we have learned to do better things than ever alchemists dreamed.

More serious than either of these results is the general effect ot sociology on the every-day existence of men in society. (1) So far society has been mostly unconscious of its functions and even of its existence. Men have known that they had neighbors and that they had obligations to them, but they have accepted all this without question and acted their part automatically. A life that is thus unconscious and instinctive is comparatively regular and stable, changing only slowly for

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better or worse. When we study about society, all this changes. What we once took for granted we now reason about, and unfortunately we are apt to reason very differently and very badly. The action of a society thus suddenly waked up to a consciousness of its existence is sure to be awkward, erratic and disorderly.

But it must be remembered that if such a society can be wisely guided (a very great *if*) its possibilities of progress are very much greater. (2) In any case *the change must come.* "Evolution evolves intelligence and intelligence revolutionizes evolution." Every such change involves many shipwrecks, but some come safe to port and these inherit the future. It should inspire in us, not discouragement, but soberness and caution.

24. SOCIOLOCY AND SOCIAL REFORM.

(1) **Results of Political Acts.**—How, indeed, can any man, and how more especially can any man of scientific culture, think that special results of special political acts can be calculated, when he contemplates the incalculable complexity of the influences under which each individual, and each society, develops, lives, and decays?

The multiplicity of the factors is illustrated even in the material composition of a man's body. Every one who watches closely the course of things, must have observed that at a single meal he may take sugar from the Mauritius, salt from Cheshire, pepper from Jamaica, curry-powder from India, wine from France or Germany, currants from Greece, oranges from Spain, as well as various spices and condiments from other places. And if he considers whence came the draught of water he swallows, tracing it back from the reservoir through the stream and the brook and the rill, to the separate rain-drops which fell wide apart, and these again to the eddying vapours which had been mingling and parting in endless ways as they drifted over the Atlantic, he sees that this single mouthful of water contains molecules which, a little time ago, were dispersed over hundreds of square miles of ocean swell. Similarly tracing back the history of each solid he has eaten, he finds that his body is made up of elements which have lately come from all parts of the earth's surface.

And what thus holds of the substance of the body, holds no less of the influences, physical and moral, which modify its actions. You break your tooth with a small pebble among the currants, because the industrial organization in Zante is so imperfect. A derangement of your digestion goes back for its cause to the bungling management in a vineyard on the Rhine several years ago; or to the dishonesty of the merchants at Cette, where imitation wines are produced. . . . If from these remote causes, you turn to causes at home, you find that your doings are controlled by influences too involved to be traced beyond its first meshes. Your hours of business are pre-determined by the general habits of the community, which have been slowly established no one knows how. Your meals have to be taken at intervals which do not suit your health; but under existing social arrangements you must submit. Such intercourse with friends as you can get, is at hours and under regulations which everybody adopts, but for which nobody is responsible; and you have to yield to a ceremonial which substitutes trouble for pleasure. Your opinions, political and religious, are ready moulded for you; and unless your individuality is very decided, your social surroundings will prove too strong for it. . . . Even the industrial activities are often permanently turned out of their normal directions by social states that passed away many years ago; witness what has happened throughout the East, or in Italy, where towns and villages are still perched on hills and eminences chosen for defensive purposes in turbulent times, and where the lives of the inhabitants are now made laborious by having daily to carry themselves and all the necessaries of life from a low level to a high level. —"*The Study of Sociology,*" *by Herbert Spencer, pp. 15-18.*

(2) **Practical Results of Hope.**—For the kindling of this flame in the hearts of these miserable people, the best torch is hope. In the hearts of most of them hope burns faintly; some of them are down in the depths of poverty or disgrace; the fates seem to be against them; others esteem themselves rejected of men; others seem to themselves to be in hopeless slavery to their own appetites or infirmities. If only in some way the principle of hope could be strengthened in them, the battle would be half won. All those who have tried to lift up these fallen ones know how hard it is to overcome the dead weight of apathy and discouragement that holds them down. Now the torch of hope is the light that Christianity carries into all these dark places.

"We are saved by hope," Paul says—all of us. It is the hope set before us in the gospel that at first allures us all. We all need its quickening influence, and those who have sunk the lowest need it most. It is the very message for these poor people—the good news, the promise of peace and power, of liberty and joy. Christianity goes down to these people in their deepest degredation proclaiming freedom to the captives, and the opening of the prison doors to the bond-slaves of sin; offering to these children of wrath and woe, power to become the sons of God; opening to all glimpses of a glory yet to be revealed in the life beyond, brighter than all their fairest fancies,—in a land of rest and plenty and pure delight. It is by this glorious hope that the dull souls of many of these unhappy children of earth are stirred, and that they are led into the ways of virtue. The knowledge that some one loves them; the good news that God loves them; the hope of a better day held up before them,—these are the most potent forces to elevate and save them. And those who study the ways of doing good to these hapless multitudes make a capital mistake when they ignore the mighty influences having their source in the gospel of Jesus Christ.

We saw that Christianty had need of the help of sociology in the shaping of its methods, and

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also in the framing of its theories. We have now seen that sociology needs the aid of Christianity in shaping its methods. Does it also need the same aid in the fashioning of its theories? It seems clear to me that this is its most manifest need. The one thing needful for sociology as a science is to be suffused with Christian ideas and sentiments. Without this transforming influence it is in danger of becoming shallow and heartless, of dealing with its subjects from a standpoint purely materialistic and mechanical, and thus of utterly failing to serve mankind. I cannot now enlarge upon this topic: I can only say that students of social science need to keep always before their minds the Christian estimate of human nature. The sacredness and value of a man—the fact of his Divine parentage, and of the great possibilities bound up in him—these are thoughts that those who pursue these studies ought to come back to often, lest they become entangled in the net-work of material causes. There is a tendency to carry the methods and the maxims of physical science into this realm; and to make biology not merely the analogue of sociology, but identical with it; thus confining the attention to physical forces, and putting all the stress on physical remedies. To correct this aberration the Christian teaching respecting the spiritual nature of man needs to be steadily held in mind.

But chiefly is the intervention of Christian ideas needed in that branch of social science which deals with the production and distribution of wealth—the science of political economy. The "dismal science," some one has named it; and verily, as often taught, it is dismal enough; not only because of the perplexities that environ it, but also and chiefly, because of the selfishness of its maxims and the inhumanity of its conclusions. —*"Applied Christianity," by Washington Gladden, pp. 241-244.*

FOURTH WEEKLY REVIEW.

19. ORIGIN AND GROWTH OF SOCIALISM. SUB-DIVISION.
20. RELATIONSHIP OF THE SCIENCE.
21. SOCIOLOGY AND ANTECEDENT SCIENCES.
22. BRANCH SCIENCES.
23. SOCIOLOGY AND ETHICS.
24. SOCIAL REFORM.

QUESTIONS.

19. *How do sciences usually grow? What has happened in the case of sociology? By whom was the name suggested? Give the derivation of the term. Define sociology. What is science? What is society? What is the legitimate field of sociology?*

20. *What can you say of the relationship of sciences? What authors have been partially successful in the effort to systemize knowledge in this field? How may sciences be related to each other when they are arranged in a series? How are all sciences related to each other? Why is it necessary to understand the kinship of the science which we are studying? What does the parent science furnish? What does the daughter furnish?*

21. *What is the larger fact lying back of sociology? What is association? Why is it that some do not admit the dependence of sociology on biology? What do recent investigations tend to emphasize? What is the parentage of sociology? What is the real question at issue in these matters? In what way has the relation of sociology to biology been recognized? How is society spoken of? Where is the real connection between sociology and biology found?*

22. *Mention some of the branch sciences of sociology. Why is the science of politics one of these branches? To what is the science of jurisprudence allied? What can you say of the relationship between law and government? What can you say of the science of the family? What can you say of the relation of economics to sociology? Is economics a social science?*

23. *What can you say of ethics? What are the traditional ethical questions? Upon what have formulated duties been based? What did they include? What do politics tell? What did the older ethics do? What is the new ethics? Why are all ethical relations social relations? Where does the ethical inquiry fall? Why do individuals combine in groups and what brings them together? What is one phase of the moral question? Into what does the later ethical movement resolve itself?*

24. *In what stage is sociology struggling? What expectation seems to obtain in relation to a knowledge of sociology. What can you say of a great majority of the reform efforts. Why does society at first sight seem much simpler than it is? What does investigation usually show? What is one of the sociologist's most frequent and disagreeable functions? What is social science sure to disclose? Of what has society been mostly unconscious? What is the condition of a society suddenly waked up to a consciousness of its existence? What will be the result if such a society can be wisely guided?*

SUBJECTS FOR SPECIAL STUDY.

1. *Progress of the study of socialism.*
2. *The kinship between sociology, biology and psychology.*
3. *Politics as in relation to sociology.*
4. *The relation of economics to sociology.*

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GAZETTEER AND GLOSSARY.

Absolutism (ab′-sọ-lu-tizm).—Specifically in political science that practice on system of governments in which the power of the sovereign is unrestricted. The province of absolutism is not to dispose of the national life, but to maintain it without those checks on the exercise of power which exist elsewhere.—*Woolsey, Intro. to Inter. Law, § 99.*

Anglo-Saxon (ang-glō-sak′-sọn).—Literally one of the Angle or English Saxons. Although the name is sometimes restricted to the Saxons, who dwelt chiefly in the southern districts. It is generally applied to the whole English race, including Great Britain and the United States, and all of their dependencies belonging actually or nominally to the Teutonic stock of England. In the widest sense the term is applied to all English speaking people. It is also applied to the language of the Anglo-Saxons.

Austria Hungary.—The Austro-Hungarian Monarchy. The country which is popularly called Austria. One of the "Great Powers" of Europe.

Balliol (bal′-i-ọl) College.—A college of Oxford University, England, reputed to have been founded by Sir John Balliol and his wife Devorguilla, parents of John Balliol, king of Scotland, between 1263 and 1268. The oldest of the existing buildings dates from the fifteenth century. The south front has recently been rebuilt, in the main, in the style of the thirteenth century. Between the original foundation and the beginning of the sixteenth century, Balliol College had received no less than three codes of statutes. Inasmuch, however, as some of the enactments of the third code were ambiguous and others inconvenient, the society sought and obtained from Pope Julius II. a commission empowering the Bishops of Winchester and Carlisle, or either of them, to revise the statutes throughout. The work was accomplished by Bishop Fox in 1507.

Biology (bī-ol′-ō-ji).—The science of life and living things in the widest sense: the body of doctrines respecting living beings; the knowledge of vital phenomena.

Blackstone (blak′-stōn) **Sir William.**—Born at London July 10, 1723, died at London Feb. 14, 1780. A celebrated English jurist appointed Vinerian professor of common law at Oxford in 1758, and justice in the Court of Common Pleas in 1770. His principal work is "Commentaries on the Laws of England" (1765-68). Eight editions appeared in the author's life-time, and for sixty years after his death they followed in quick succession. These editions were edited and annotated by Coleridge, Chitty, Christian and others. An American edition was printed in 1884.

Chemistry (kem′-is-try).—The science of the composition of material things and the changes which they undergo in consequence of changes in their ultimate composition. It regards all substances as made up of atoms which are indivisible and have certain unchanging properties.

Comte (kônt) **Isidore Auguste Marie Francois Xavier.**—Born at Monpellier, France, Jan. 19, 1798. Died in Paris Sept. 5, 1857. A celebrated French philosopher; founder of positivism.

Cosmopolitan (koz-mō-pol′-i-tan).—Belonging to all parts of the world—limited to no one portion in either a social, political, commercial or intellectual way.

Davy (dā′-vi), **Sir Humphry.**—Born at Penzance, Cornwall, England, December 17, 1778; died at Geneva, May 29, 1829. This celebrated English chemist was the son of a wood carver. He studied first at the grammar school of Penzance, and afterward received private tuition. In 1795 he was apprenticed to John Bingham Barlose, a surgeon at Penzance. In 1801 he became assistant lecturer in chemistry at the Royal Institution in London; was made director of the laboratory in 1805; discovered the decomposition of fixed alkalies in 1807; was knighted in 1812; invented the safety lamp in 1815; elected president of the Royal Society in 1820. His principal works are "Elements of Chemical Philosophy" (1812) and "Elements of Agricultural Chemistry" (1813).

Læt (lat).—Among the Anglo-Saxons one of a class inferior to that of a ceorl (or a freemen of the lower rank) but above that of a slave. The *freeman* (in Anglo-Saxon times) was strictly the freeholder, and the exercise of his full rights as a member of the community to which he belonged, became inseparable from the possession of his "holding" in it. It was this sharing in common land, which marked off the *freeman* or ceorl from the unfree man, or læt, the tiller of land which another owned.

List, Friedrich.—Born at Reutlingen, Würtemberg, August 6, 1789. Committed suicide at Kufstein, Tyrol, November 30, 1846. A noted German political economist. For an attack upon the government at Würtemberg he was imprisoned in 1822 and again in 1824. He emigrated to the United States in 1825, being attracted by the vision of political freedom. He returned to his native country seven years later and resided at Hamburg and afterward at Leipsic, Paris and Ausburg.

His principal works are "Outlines of a New System of Political Economy" (1827), and "The National System of Political Economy" (1841).

Metaphysics (met-a-fiz′-iks).—The science of the inward and essential nature of things. The science of the mind treated by means of introspection and analysis, and not by experiment and scientific observation: rational psychology.

Mill, John Stuart.—Born in London, May 20, 1806. Died at Avignon, France, May 8, 1873. A celebrated English philosophical writer, logician, and economist: eldest son of James Mill. His early education was conducted by his father, and in 1823 he entered the India House as his father's assistant.

He became chief examiner in 1856. His first important literary work was the editing of "Buchanan's "Treatise upon Evidence" (1825). His "Essays on Unsettled Questions of Political Economy" were written about 1830 (published in 1844). In 1836 the "London Review," established in 1835, was amalgamated with the "Westminster Review," and Mill became practically its superintendant. Mill's "Logic," his first successful work was published in 1843. His "Political Economy"

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was published in 1848. His most carefully written work, "Essay on Liberty," was published in 1859. He was elected member of Parliament for Westminster in 1865. His book "On the Subjection of Women" was published in 1869, and his "Autobiography" appeared in 1873. He was also the author of several other publications.

Müller (mül'-ler) **Frederick Maximilian**—generally called Max Müller.—Born at Dessau, Germany, December 6, 1823. A German, English and Sanskrit scholar and comparative philologist. He was educated at Leipsic, Berlin and Paris. In In 1846 he went to England, and in 1850 settled at Oxford, where he has been the professor of comparative philology since 1868. He has edited and translated the "Hitopadesha" (1844) and edited the "Rig Veda." This edition of six volumes was in hand for twenty years and was published 1849-74. He is the author of "A History of Sanskrit Literature," "Lectures on the Science of Language," "Handbooks for the Study of Sanskrit," "Chips from a German Workshop," and many other works.

Norm.—A model, rule, or pattern: An authoritative standard.

Patrician (pa-trish'-an).—Belonging to, or composed of the *patres* or fathers; house of noble birth, noble, senatorial, not plebeian, as patrician families, patriotic influence. In ancient Rome a descendant of one of the original citizen families; hence, in general, a person of noble birth.

Plebeian (plē-bē'-an).—Belonging to the *plebes* or common people. The term was first applied to the common people of ancient Rome, comprising those free citizens who were not descended from the original or patrician families.

Psychology (sī-kol'-ō-ji).—The science of the phenomena of mind, mental science.

Röscher (rōsh'-er), **Wilhelm.**—Born at Hanover, Germany, October 21, 1817; died at Leipsic, June 4, 1894. A noted German political economist, professor at Leipsic from 1848. One of the founders of the historical school of political economy. His works include "System der Volkswirthschaft" (System of Political Economy) and also "History of Political Economy in Germany" (1874), etc.

Sidgwick (sij'-wik), **Henry.**—Born at Skipton, Yorkshire, May 31, 1838.—An English author educated at Rugby and at Trinity College, Cambridge (being elected fellow in 1859), and was elected Knightbridge professor of moral philosophy at Cambridge in 1833. He has published "Methods of Ethics" (1847), "Principles of Political Economy" (1883), "Outlines of the History of Ethics" (1886), and other works.

Smith, Adam.—A celebrated Scotch political economist, was born at Kirkcaldy, Fifeshire, Scotland, June 5, 1723. Died at Edinburgh, July 17, 1790. He was educated at Glasgow and Oxford, and 1748 became lecturer on rhetoric and belles-lettres at Edinburgh. He accepted in 1751 the chair of logic at Glasgow, which he exchanged for that of moral philosophy in the same university in 1752. In 1763 he resigned his professorship in order to travel on the Continent as tutor of the young Duke of Buccleuch, and afterwards lived for a time in studious retirement at Kirkcaldy. He became commissioner of customs at Edinburgh in 1778, and was elected lord rector of the University of Glasgow in 1787. His principal works are "Enquiry into the Nature and Causes of the Wealth of Nations" (1766) and "Theory of Moral Sentiments" (1759).

Sociology (sō-shi-ol'-o-ji).—The science of social phenomena; the science which investigates the laws regulating human society and treats of its general structure—the laws of its development, the progress of civilization, etc.

Spencer, Herbert.—This celebrated English philosopher was born at Derby, April 27, 1820. He is the author of "Principles of Psychology," "System of Synthetic Philosophy," "Social Statistics," "The Study of Sociology'" and many other works.

Tariff (tar'if).—A list or table of goods with the duties or customs to be paid upon them either on importation or exportation. The principle of a tariff depends upon the commercial policy of the State by which it is formed and the details are constantly fluctuating with the change of interests and the marts of the community, or in pursuance of commercial treaties with other states.

Wagner (väg'-ner), **Adolph Henrich Gotthilf.**—Born at Erlanger, Bavaria, March 25, 1835. A German political economist, son of Rudolph Wagner, professor at Berlin from 1870, he is noted for his works on finance and as an advocate of the "Socialism of the Chair."

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Ward, Lester F	Dynamic Sociology.
Ward, Lester F	Outlines of Sociology.
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Willoughby, Westel Woodbury, Ph. D	The Nature of the State.

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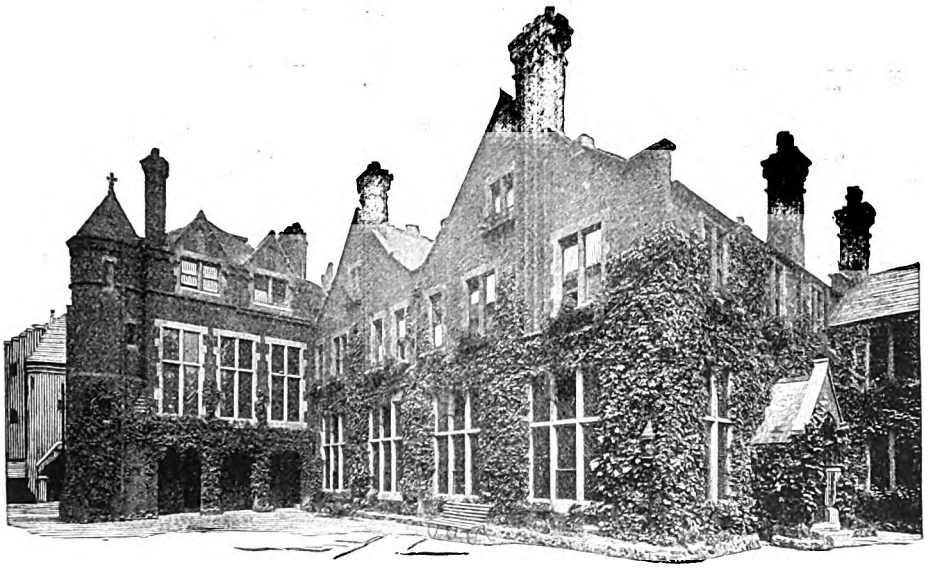

Toynbee Hall, London. The first founded of the College Settlements. 1885. (Courtesy "The National Magazine.")

COLLEGE, SOCIAL AND UNIVERSITY SETTLEMENTS

BY

GRAHAM TAYLOR, D.D., Professor of Sociology, Chicago Theological Seminary, and Resident Warden of Chicago Commons,

IN COLLABORATION WITH

JOHN P. GAVIT Editor of *The Commons* the Social Settlement Magazine.

THE appearance of groups of more or less educated, socially cultivated, and personally resourceful people, living among and identifying themselves with the dense and destitute populations of the great modern cities of England and America, constitutes one of the most significant evidences of the progress of the great modern social movement toward democracy. So general and so widely diversified has this presence become, that it is increasingly difficult either to recite the history or to define the terms of the Social Settlement Movement. It is one of the most vigorous and most marked protests against the gross social divisions which cleave the body of humanity and affords good ground for the optimist's hope that classification in the caste sense is a self-corrective evil.



Canon S. A. Barnett, Warden of Toynbee Hall, London. (From "The Outlook.")

The tremendous industrial changes of the last thirty years have borne no more characteristic fruit than in the "slums" of great cities, where the factory system has tended to congest the industrial classes, and where the unceasing tide of immigration, both domestic and international, has gathered the less efficient masses of the working people. And this movement has conduced profound results. In addition to the more or less obvious cleavage of economic and intellectual strata, there appears, especially in American cities, marked distinctions of nation and clan, so that in all the larger and most of the smaller cities are to be found the "Italian quarter," the "Bohemian district," the "Ghetto" of the Jews, the "Polish section," etc. These closely congested and sharply defined sections are perfectly natural expressions of the national spirit, and the desire for congenial and kindred fellowship and mutual protection, but it is an all but insurmountable bar to the growth of a cosmopolitan unity, or the assimilation of citizenship for the purposes of national



Percy Alden, M.A., Warden of Mansfield House, London. (From "The Outlook.")

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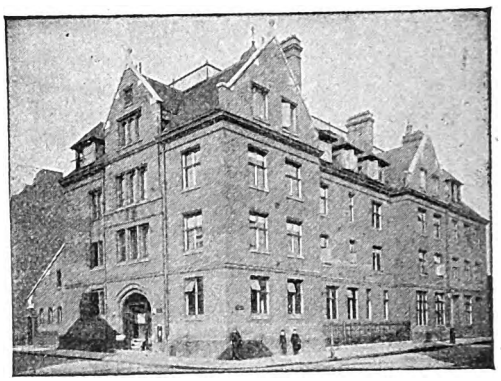
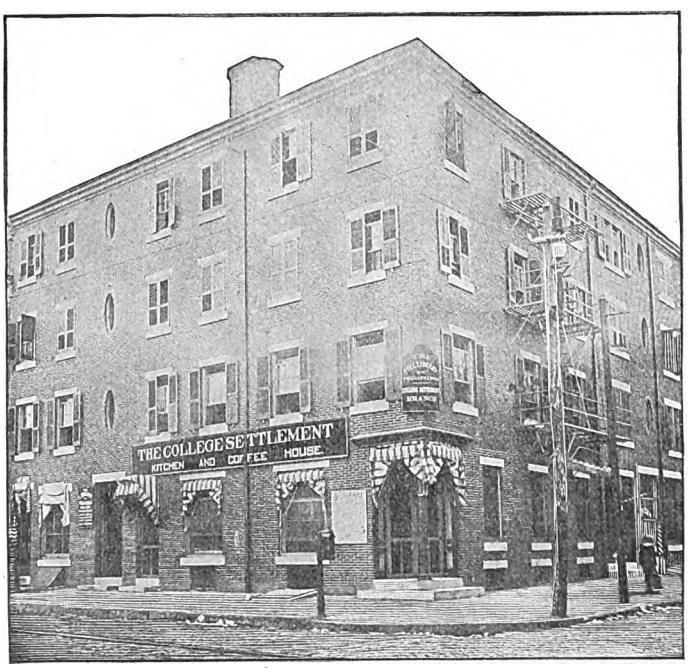
Seu Joseph Katayama, Founder and Head of Kingsley Hall, Tokyo, Japan.

institutions. In our country, the perennial problem is the unification of these diverse peoples into one homogeneous, thoroughly assimilated American people.



Oxford House, London. (From "The Outlook.")

To this assimilation several institutions are contributing somewhat. In the public school, whatever may be its philosophic or practical defects, and limitations, the children of all nationalities are living and working together, exchanging intuitions, language, customs, games, songs, and national spirit, to a marked degree. The diverse peoples are there training themselves for, and beginning the common life of their maturity. At the ballot box, the male citizens of many tongues and views of life, are learning concession and compromise, and beginning mutual understanding and interchange. In the saloon, with all its temptation and degradation, the densely crowded districts have their only social center for the exchange of values upon the basis of simply recognized human democracy, and unity of interest. Institutions of the people's commonplace life, contribute also, within limits, to the growth of common interest and understanding. An interesting and suggestive study would be that of the social function of the wedding, the "wake," the funeral, the Saturday-night dance, the clam-bake and picnic, the base-ball game in the vacant lot, the auction sale, and the great church bazaar. No one who knows the life of the so-called common people, can fail to attach great value to the gatherings of the people of the crowded districts for such purposes as these. But all have their limitations and many their serious dangers.



The Kitchen and Coffee House of the St. Mary's Settlement, Philadelphia. (Courtesy "The National Magazine.")

It is at this point that the social settlement achieves its strongest conquest. Recognizing that the first root of the saloon's power is not in individual appetite for drink, but in the social instinct for mutual acquaintance and interchange, which is universal and unquenchable, the settlement attempts to afford the social center offered by the saloon, without the saloon's perils and debasement. For mutual acquaintance and understanding, the thirty-eight nationalities of the Seventeenth ward of Chicago, for instance, must have a place of

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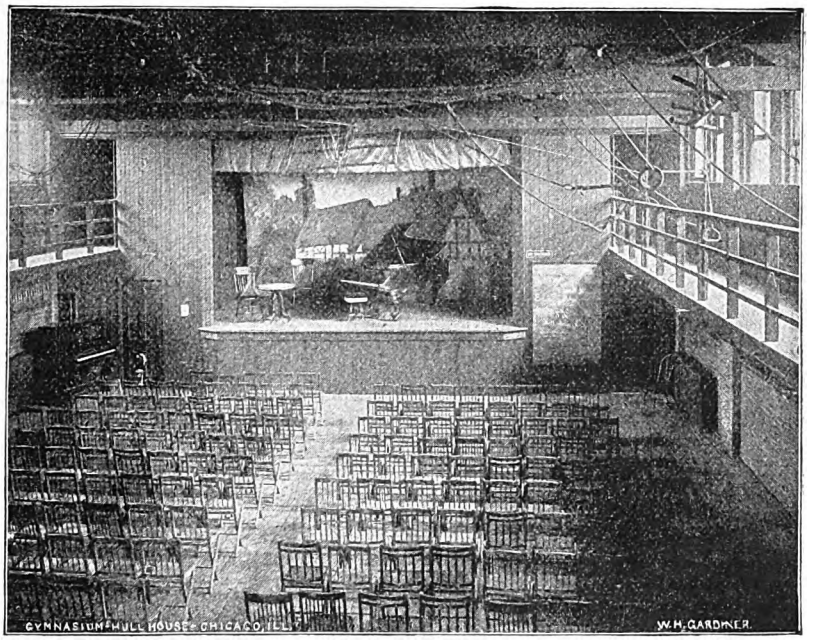
meeting, a common ground, where no qualification has recognition except simple humanity, where distinctive differences are waived, and upon the footing of common interests, and frankly recognized fraternity, the heterogeneous population can fuse and assimilate into a homogeneous American people.

To afford a social center, then, may be regarded as the chief function of a social settlement. The new sense of the absolute unity of the human race is its main impulse. The philanthropic pity for misfortune, the charitable desire to minister out of plenty to want, is often, perhaps usually, the motive that turns the individual settlement worker towards the "slum"; but the conviction that grows to be the lasting inspiration of the settlement movement, is the assurance of unity of interest, regardless of the accident of birthplace.



Hull House, Chicago. Gymnasium and Theater.

A second function of the settlement is that of initiative to social action. The settlement approaches its community from exactly the opposite point of view from that of the rescue mission, for instance. Whereas the mission sees, to begin with, a host of sinners to be converted, the settlement sees a host of sturdy splendid men and women, robbed of their birthright by conditions over which they have no control, who need chiefly an opportunity for expression. The settlement assumes that in every community, however low and degraded it may seem, there is ambition and righteousness, and aspiration, and ambition, toward better life, sufficient to save that community, if only it can be found, and focused, and inspired into action. Thus it is that we find so many settlements active in promoting all manner of agitation for good government, more just distribution of public advantages and improvements, and organizing the people for self-culture and mutual education.

Out of this last-named manifestation of settlement, springs the effort to make available for industrial populations, educational advantages of the higher sort. To those who have to curtail their formal education in early youth, and go to shop and factory, it brings all manner of culture, and almost without exception among settlements is the series of educational clubs, classes, lectures, art and musical enterprise. And the eager response of the people to these opportunities is the best attestation of their propriety.



Chicago Commons Residence.

More difficult of definition, but of importance equal to either of the other functions of the settlement, is its aspect as an expression of the growing desire to hold home and family privilege as a social trust. A protest, against the heresy that men or families are to be classified by what they *have* of things, or of education, or pedigree, rather than by what they *are* in character. The settlement demands that a home

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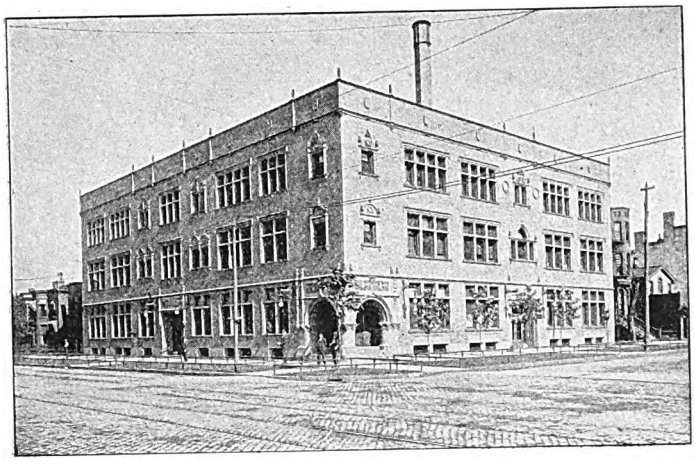


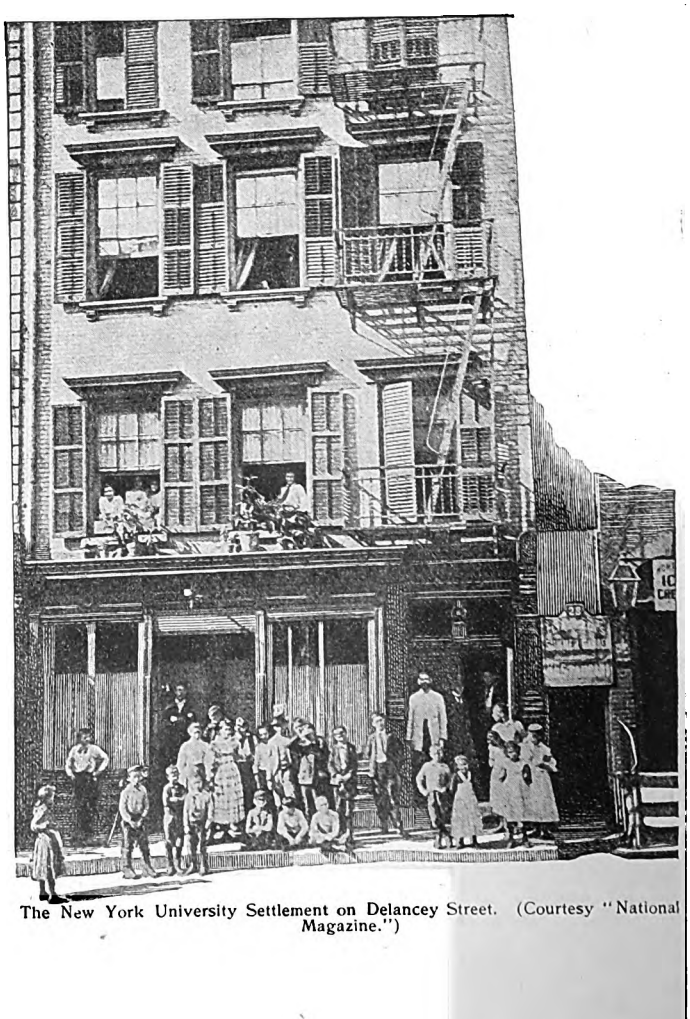
Goodrich House, Cleveland, O. The only American Settlement with an adequate building erected for it.

shall be recognized as a treasure to be administered under a sense of social stewardship.

Into a community where homes are small, overcrowded, monopolized by domestic industry, and bare, usually, of the adornments either of taste or of recreation, the settlement family comes with its resources of room, and leisure, and attractiveness of appearance, to teach a lesson, not of sordid discontent, but of simple ambition to live a normal life of home happiness. Sharing its wealth of heart-life, as well as its facilities for self-culture and esthetic enjoyment, with a neighborhood distressingly bare of leisure, taste and education, it stands as well as its members may be able to make it, for the recovery of the imperilled integrity of the family circle among the working people.

So far as the individual worker in a settlement is concerned, his activity will be governed by his own taste and aptitude. Recalling that the settlement offers its own life to the neighborhood, for its upbuilding, it will be seen that he may enter the community's life at any point. Working through the institutions which the people have created for themselves, and enforcing upon them innovations, only when the improvement is obvious and welcome, he will share the life of the neighborhood in the most natural and spontaneous way. Through public departments for street cleaning, school inspection, tenement house supervision, etc., he may actively benefit local conditions. He will join himself to the neighborhood life, at such points as his own qualities, and congenialities suggest.

With so much understanding of the problem of the settlement, and the motive with which it approaches its works, it will be obvious that the details of the work will differ with each neighborhood. Only by study, and intimate knowledge of the people in a given community can one know where, and how, the social life can be approached for its uplift. The personal resource of each settlement will be in some way unique, and work which can be done in one place will be impossible at the hands of another group. In the New York University Settlement, the city politics may be assailed, and the local community greatly stirred in a great campaign of municipal education. In Lincoln House, Boston, a system of neighborhood clubs, organizes the life of all ages in the neighborhood, with the idea of building up an organized and unified social community. Another settlement will mainly reach the children, and hold them until they grow to be men and women. Still another will devote itself to inspiring and spiritualizing the local labor organization. Some settlements are outspokenly evangelistic, some are Jewish in personnel. Nearly every denomination of Protestant Christianity has



The New York University Settlement on Delancey Street. (Courtesy "National Magazine.")

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A Settlement Outing Party. Children from Chicago Commons Kindergarten at a Spring Picnic.

its representative settlement, and there are those of the ethical culture societies, and of more avowedly unreligious folk.

History of Settlements.—It is hardly possible to say with whom the idea of cultured people living among the poorer classes, may have originated. If we recall that foreign missions have almost always presupposed the residence of the missionaries among their people, that thousands of priests, and educated ministers, have for all the years of the Christian church made their dwelling among those to whom they ministered, we shall see that it is an unwarranted assumption to say, that only in these days, have men and women borne the true spirit of self-sacrifice, of which the settlement movement is an expression.

But the special application of the altruistic motive to the life of modern cities, seems to have had its rise in England, somewhere in the sixties, and to have been the more or less direct result of the lofty social teachings of that galaxy of social prophets of which Charles Kingsley, Frederick Denison Maurice, John Ruskin, and Thomas Hill Green were representatives. Under the inspiration of these men, it was but the logical and natural result, that in 1867 Edward Denison, an Oxford student of wealth and social position, offered himself to the Rev. John Richard Green, the famed historian of the English People, then vicar of Stepney, for residence, service and visitation among the poor people in that parish. He lived there but a short time—his whole period of social service covered but two years, and terminated in his untimely death—but at that time he conceived, and discussed with friends, the idea of that form of social service and institutions among the poor, which have since come to be known as social settlements. It was his idea that they should be, primarily, residences of groups of college, and university men, among the industrial classes, and in fact the earlier settlements were so constituted, hence their original name of "College" or "University" settlements.

In 1875, to Rev. Samuel A. Barnett, then vicar of St. Jude's in Whitechapel, came Arnold Toynbee, a young tutor of Oxford, who, like Denison, was inspired to the social service by the teaching of Ruskin, and Kingsley, and Carlyle, though he accepted the political and economic creed of none of them. He, too, was able to spend but a short time in actual residence, and his life of active service was lamentably brief, but he set a pace for settlements by his spontaneous fellowship with the workingmen, and the brilliant leadership of their thought, which he attained.

Although Toynbee never heard of such a thing as a social settlement, and was far from being the founder of Toynbee Hall, as many suppose him to have been, it was most fitting that in 1885, the first social settlement, dedicated by Canon Barnett in Whitechapel, to the social service to which Toynbee was truly a martyr, should be named in his honor and as a memorial to his service, "Toynbee Hall."

The movement was very rapid in its spread. In three years there were settlements in New York, the College Settlement in Rivington street being the first. Hull House, Chicago, was opened in the same month, and the Neighborhood Guild, in Forsyth street, New York, begun years before under the inspiration of Dr. Stanton Coit, changing to a true settlement in 1891, might claim priority over them all.

The last bibliography of the College Settlements

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Association showed a list of at least one hundred and twenty-five settlements, of which upward of seventy-five are American. These are not all ideal by any means; the simple spirit of the true settlement is being sacrificed to institutionalism in many cases. Yet, to the settlement, modern social work owes a very large share of its impulse and method, and the list of settlements shows how largely its suggestions have been accepted by churches and missions, and how it has spread with all its vital vigor to numerous large social centers on both sides of the Atlantic, and even unto Japan.



Jane Addams, of Chicago Hull House

Thus through stages of experiment, opposition, misunderstanding, and apotheosis, the settlement movement goes on apace, expressing the new eagerness of the Anglo-Saxon for true social unification and democracy, and affording an outlet for a vast amount of altruistic motive, and earnest social spirit, for which the older forms of activity provide no adequate means of application. To several European countries it has spread, and there are ably managed settlements in India, and Japan, with new ones reporting constantly.

For those who desire to pursue the subject further, a short bibliography is appended:

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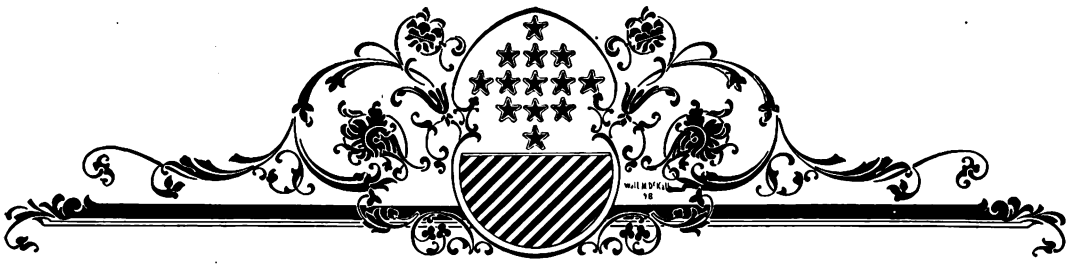

SKETCHES OF FACULTY FOR THE PRESENT COURSE.

Richard Theodore Ely was born in Ripley, Chautauqua County, New York, April 13th, 1854. The early years of his life were spent on his father's farm where he acquired that familiarity with the life and interests of an agricultural community which has enabled him, more than almost any other American writer on social economics, to understand intelligently, and to sympathize with, the various farmers' movements of the past twenty years.

Dr. Ely's early education was obtained in the public schools of his native town, and at Fredonia in the same county. At the normal school in the latter place he fitted for college. At the age of eighteen he went to Dartmouth College where he remained a year, after which he entered Columbia. There he was graduated in 1876 and on graduation was appointed to the Fellowship of Letters. As holder of this fellowship he continued his studies abroad and received the degree of Doctor of Philosophy from the University of Heidelberg in 1879. He returned to the United States the following year, and in 1881 was appointed to the chair of Political Economy in the Johns Hopkins University, which he held from that time until 1892. In the fall of 1892 he assumed the position of professor of Political Economy, and Director of the School of Economics, Political Science and History at the University of Wisconsin.

As an economist Dr. Ely is distinguished not only for his writings on special subjects in Political Economy, but also for the spirit he has infused into the science in this country, and for the remarkable revival of popular interest in it, with which he is doubtless more to be credited than any other one man. He is looked upon as the leader in this country of the school of economists who have emphasized the social side of economic science. With him, as with Röscher, the objective point, as well as the starting point of economics, is man. To him is also largely due the credit of the introduction of German methods of investigation and treatment of Political Economy. While not denying the value of the deductive school, he has been a steady advocate of the importance of the inductive method, of the view that economics and ethics are vitally connected, and that economic environment and life are less subject to physical laws, and more to human influence than the classical school of Political Economy would admit.

Another line in which Dr. Ely's influence has been strongly felt, is in the awakening of the churches to their duty with regard to the various social problems of the day.

Dr. Ely was one of the originators of the American Economic Association, which was founded in 1885. He was secretary of the organization from that time until 1892, and during the greater part of these seven years he had the management of its affairs and superintended the publication of its monographs.

Dr. Ely received the degree of LL.D. from Hobart College in 1892. His principal publications are as follows:

"French and German Socialism in Modern Times;"
"Past and Present of Political Economy;"
"Labor Movement in America;"
"Taxation in American States and Cities;"
"Social Aspect of Christianity;"
"Problems of To-Day;"
"Introduction to Political Economy;"
"Outlines of Economics,"—Chautauqua and College editions;
"Socialism and Social Reform;"
"The Social Law of Service."

"The Past and Present of Political Economy," "Introduction to Political Economy" and "Taxation in American States and Cities" have been translated into Japanese. "The Outlines of Economics" has been printed in raised characters for the blind.

Besides these volumes, Dr. Ely is the author of a large number of magazine articles, having been a frequent contributor to the "North American Review," "Harpers," "The Century," "The Forum," and other monthlies; and also weeklies like "The Independent" and the "Christian Union." He is also the editor of "Crowell's Library of Economics and Politics."

Jesse Macy, LL.D., is Professor of Political Science, at Iowa College, Grinnell, Iowa. Prof. Macy was born in Henry County, Indiana, in 1842. His parents were Quakers and like other zealous members of the Society of Friends, they were radical abolitionists, and many of the leading agitators in this great reform, shared frequently the cordial hospitality of this frontier home.

The boy lived on a farm and attended the country school during his early years, but the family moved to Iowa in 1856 and young Macy began teaching in 1860. Afterward he attended the Quaker Academy of Oskaloosa, Iowa, and was graduated from Iowa college in 1870.

Since that time he has taught continuously in the college with the exception of two years spent in the study of political institutions in Europe.

His literary work is well represented in a monograph in the Johns Hopkins Series of Historical Studies—various articles in "The Academy," "Political Science Quarterly," "Yale Review," "American Journal of Sociology," etc.

He is also the author of a work on Civil Government, and another on the English Constitution, together with an abridgment of Bryce's "American Commonwealth."

H. H. Powers, Ph.D., is Professor of Economics and Sociology, at the Leland Stanford Jr. University, California. Professor Powers belongs to the Badger State, having been born in Hebron, Wis-

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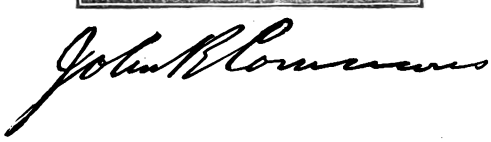
consin, 1859. His early education was in the country schools, but he entered the University of Wisconsin in 1878 and was graduated from that institution in 1882, taking "first honors" in one course and "special honors" in another.

He went into business for two or three years, but the attractions of study and student life were very strong, and he began teaching in the University of Wisconsin in January, of 1885.

He went abroad and studied there from 1886 until 1888 and then assumed the duties of a professor in Oberlin College for about four years.

He studied with Dr. Richard Ely for a year, and then filled a professorship in Smith College and later in the Leland Stanford University. Since 1897 he has made his home in Berlin, where he spends his time in writing and in study, availing himself





of the advantages of the great German libraries, and also of association with German scholars who make a specialty of his favorite theme.

John R. Commons, Professor of Sociology at Syracuse University, New York. Professor Commons was born in Ohio in 1862, but the family afterward removed to Indiana, and he was graduated from the Winchester High School in 1881. Going back to Ohio he matriculated at Oberlin College and was graduated there with the degree of Bachelor of Arts in 1888; two years later he received the degree of Master of Arts.

His literary productions include the "Distribution of Wealth" (1893), "Social Reform and the Church" (1894), and other works.

Hon. W. P. Reeves was born in Canterbury, New Zealand, 1857. He was educated in the colony, though he came to England in 1875 to go into residence at Corpus College, Oxford; he was forced, however, by ill health to return. Until 1887 he took no part in political life. During these years, however, he was acquiring ease and grace of expression by journalism; and knowledge and conviction by study of history and economics. In 1887 he appeared unexpectedly on the platform with such success that he was at once returned to Parliament, where he rapidly made his mark as a debater. A believer in short speeches, he is author of the rule under which speeches in the New Zealand Parliament are limited to half an hour. Joining the Ballarse ministry in 1891, he was intrusted with the portfolios of education, justice and labor.

As education minister, besides supervising the compulsory, free, and secular system of the colony, he paid special attention to the instruction of the Maori population. But it is as labor minister that Mr. Reeves' term of office will be memorable. Within four years he passed the Truck Act, the Employers' Liability Act (1891), the Contractors' and Workmen's Lien Act (1892), the Workmen's Wages Act (1893), the Conspiracy Law Amendment, Factories, Shipping and Seamen's Amendment, Shops and Shop Assistants, and Industrial Conciliation Acts (1894), the Servants' Registry and Wages Attachment Act (1895). In this extensive code of labor regulation the most important measure is the Industrial Conciliation Act, which enforces compulsory arbitration in the event of failure of negotiations between employers and workmen. So far this act has been an unqualified success. In New Zealand strikes and lock-outs, the most ruinous and barbarous accompaniments of unregulated competitive industry, have vanished. To every man that feels that industrial problems, especially the relation of workers to the captains of industry, have become the first of political questions, Mr. Reeves' New Zealand labor legislation repays a careful investigation. It is bold and it is practical. Mr. Reeves is the type of men England just now very much lacks. He has united the liberal and labor movements. In his colony he tempered the unpractical aspirations of extremists, and brought conviction to the doubting minds of moderates. Since 1896 he has been Agent-General for his colony in London, where he has already made a large circle of friends.

John A. Hobson was born in Derby, England, in 1858. He was educated at Lincoln College, Oxford, where he was graduated with honors in 1880. A few years later he was appointed as lecturer in economics by the Oxford University in connection with the extension movement.

In 1889 he, in connection with a fellow worker, published the "Physiology of Industry." "Problems of Poverty," by Hobson, followed in 1891," "The Evolution of Modern Capitalism," in 1894, and the "Problems of the Unemployed," in 1896.

Besides these valuable works many articles on economics have been furnished for the standard periodicals of England and America.

Katharine Coman was graduated at the University of Michigan in 1880 and was appointed to an instructorship in English at Wellesley College immediately after. She was transferred to the history department in the following year, and was appointed Professor of History and Economics in 1886.

The subject of "Women's Work and Wages" is one of especial interest to her, and she prepared a paper on this theme for the Congress at the World's Fair in 1893. Since that time she has contributed papers on kindred subjects to various standard periodicals.

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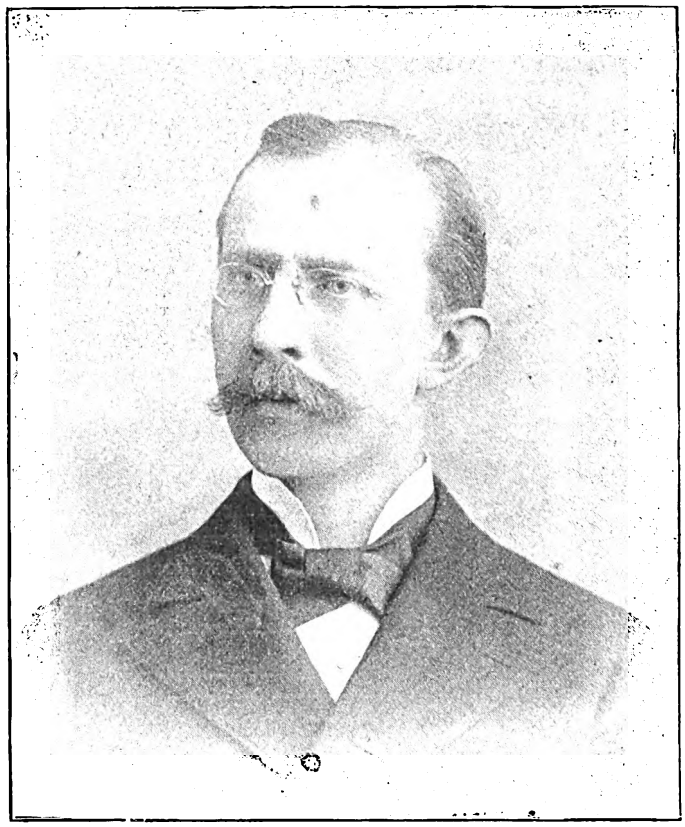
Foy Spencer Baldwin, Ph. D.—Professor Baldwin was born July 6, 1870, at Charlotte, Michigan. He prepared for college at Berwick Academy, South Berwick, Maine, and entered Boston University in the autumn of 1884. In June, 1888, he was graduated, with the degree of Bachelor of Arts. The year 1888-89 was spent at Montpelier, Vermont, on the editorial staff of the *Vermont Watchman*. During the next two years he was one of the masters in St. Luke's School, Philadelphia. In 1891-92 he returned to Boston University as instructor in English. The following year he went to Germany, having been appointed to a traveling fellowship. In 1894 he received the degree of R.P.D. from the University of Munich, and the degree of Ph.D. from Boston University. While in Germany he published; "*Die Englischen Bergwerksgesetze ihre Geschichte von ihren Aufängen bis zur Gegenwart.*" (Cotta, Stuttgart, 1894.)

In 1894-95 Dr. Baldwin was instructor in history and economics in the Norwich, Conn., Free Academy. In 1895 he was called to Boston University, as assistant professor of political economy and social science; in 1896 he was made full professor. Dr. Baldwin is prominent in the field of social reform and lecture work in Boston and writes frequently for the periodical press.

Graham Taylor was born in Schenectady, N. Y., about forty-five years ago, son of Rev. William J. R. Taylor, minister of the Dutch Reformed church, and one in a long succession of ministers. Graham was educated at Rutger's College, New Brunswick, N. J., and graduated from the Reformed Theological Seminary at that place, for ministry in that denomination. His first pastorate was one of seven years at Hopewell, Duchess county, N. Y., where he first became interested in the problems of the poorer classes, especially the propertyless tenants of the rural district among whom he ministered. He was called from there to the Fourth Congregational church at Hartford, Conn., which he revived from a condition so moribund that it was not expected long to survive. It was a famous church, with a noble anti-slavery history, but its people had moved to other parts of the city, and while it was surrounded by a dense population, it was a population of non-church-goers. Through the ministry of Professor Taylor, the church that needed people and the people that needed a church were brought together, and a great people's church was built up, becoming one of the models for "institutional" work in the United States.

Professor Taylor's Hartford pastorate was characterized by his increasing sympathy for the toiling masses of manual laborers, until he became known throughout New England as one of the warmest friends of the Labor Movement. His studies in social problems, and his contact with real life resulted in his appointment to the chair of practical theology in Hartford Theological Seminary, whence he was called in 1892 to that of Christian Sociology in Chicago Theological Seminary (Congregational) in Chicago. There he has become a leader in all social inquiry and reform, and is recognized as one of the most thoroughly informed men in America on the subject of the progress of the Labor Movement. In 1894 he founded the social settlement in the seventeenth ward of Chicago, and since then, has with his family made his home there, in one of the most dense and cosmopolitan sections of Chicago. From that vantage-point and the chair at the seminary, he has been able to carry on a large ministry of social education to people in all parts of the country. He is one of the most popular lecturers at the summer Assemblies, and leads a life so full of action that only his fine physique and simple habits could enable him to withstand the strain.



Graham Taylor, D.D.

Mr. William F. Willoughby was born in 1867 in the grand old State of Virginia, which has well been called "The Mother of Presidents." His native place was the historic town of Alexandria, where he received his early education. Afterwards he spent three years at the Johns Hopkins University, during which time he held an honorary Hopkins' scholarship, which is the highest honor granted to undergraduates. He was graduated from the department of History and Economics with the degree of Bachelor of Arts in 1888.

Since 1890 he has been connected with the United States Department of Labor as an expert

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under the Commissioner, Col. Carroll D. Wright. In this capacity he has been repeatedly sent abroad to make special investigations concerning industrial questions in Europe, and to represent the United States Government at various international congresses in relation to social questions.

He was an important factor at the Congress of Milan in 1894 and also at Brussels in 1897.

Mr. Willoughby also made a special report to the United States Commissioner of Education upon the schools for recruiting the Civil Service in France, and this was published in the annual report. He also collected statistics in France for the Senate Finance Committee when it was making the investigation of wages and prices.

Mr. Willoughby is a member of the American Economic, and the American Statistical Association.

Since the organization of the "*Musée Socieole*" he has been the American representative. This institution was endowed with over a quarter of a million of dollars, and is devoted to the investigation of all social questions. It includes in its membership all of the most prominent economists of France.

In addition to his official reports, which are published by the Department of Labor, Mr. Willoughby has been a frequent contributor to the principal economic reviews, such as the "Quarterly Journal of Economics," "Political Science Quarterly," "Yale Review," etc.

He has devoted himself chiefly to the study of workingmen's insurance, his principal contributions on this subject being the work entitled "Workingmen's Insurance," "The French Workmen's Compensation Act" in the "Quarterly Journal of Economics" for July, 1898; "Insurance Against Unemployment" in the "Political Science Quarterly" for September, 1887, and others.

Edward D. Jones, Ph. D., of the University of Wisconsin, is the son of a Methodist minister and was born in Wisconsin in 1870.

He received a common education in the schools of Oshkosh and afterward studied at the Lawrence University at Appleton. He pursued the scientific course of study at the Ohio Wesleyan University, where he was graduated in 1892.

Professor Jones entered the University of Wisconsin in the autumn of 1892, taking up economics, history, and political science. The following year he spent abroad, studying at the University of Berlin, and also at Halle, where he received especial training in statistics from Professor Conrad, one of the most eminent staticians in Europe. He then studied for some time in the British Museum, after which he returned to his native heath and completed his course in the University of Wisconsin, receiving the degree of Ph.D. in 1895. The same year he was appointed to the position which he now holds in the School of Economics, Political Science and History.

Lauros G. McConachie, Ph.D., is of Scotch-Irish parentage and was born in Sparta, Wisconsin, in 1866. He was one of eleven children, and this family of workers cleared out a farm in the backwoods twenty miles inland from Kaskaskia. Farm work and farm life furnishes one of the best foundations for athletic and manly development, provided it is accompanied by intellectual culture, such as young McConachie received. He was kept at the country schools during his early years and was graduated from the High School in 1885. The following year he entered Knox College of Galesburg, Illinois, whose president at that time was Hon. Newton Bateman—a man whose memory still lives with his pupils as an inspiration and a blessing.

Mr. McConachie was graduated in 1890 with the degree of Bachelor of Arts, and during the summer of that year was appointed to the Chair of History and Geography in the State Normal School of Missouri.

In the autumn of 1892 he was enrolled as a student in the department of history and politics at the Johns Hopkins University at Baltimore. From there he went as a student along the same lines to the University of Pennsylvania, and from thence to Cornell where he received the degree of Ph.D.

He has just published a work entitled "Congressional Committees," which is a study of the development of legislative methods in the National Congress from 1789 to 1898, prefaced by an investigation of our parliamentary inheritance from the British Parliament and Colonial Assemblies.

Mr. N. O. Nelson, of the Nelson Manufacturing Company, St. Louis, Mo., is a sturdy business man and his success is largely the result of his own enterprise and good judgment. He was born on a farm in Missouri and received his early education in a country school. He is a veteran soldier, having served all through the War of the Rebellion. Some years ago he became deeply interested in the question of coöperation between the employer and employés, and he now stands at the head of a great manufacturing company in St. Louis with about four hundred men in his employ. He has founded the village of Leclaire, in the suburbs of the city, and he there resides with his employés around him. About twelve years since he began sharing his profits with his men and the results have been most satisfactory.

Mr. Nelson was a member of the first International Coöperative Congress in London in 1895, and has kept in close touch with the coöperative movement in England and on the Continent. He has personally visited the large profit-sharing establishments in France and the coöperative factories and stores in England. He is a careful student of Political Economy and its kindred sciences, and his views upon these subjects are well worthy of careful consideration.

Eltweed Pomeroy comes of sturdy New England ancestry and was born in Newark, New Jersey, Sept. 10, 1860. He was educated in the public schools and after graduating from the Newark High School went directly into the manufacturing business. He became interested in social problems during his school days and has been a close student of the subject since. The necessary travel connected with his business has been the means of largely extending his observation on the practical phases of the subject.

In '91 or '92 he became interested in the Direct Legislation movement, becoming Secretary of the D. L. League of New York. In 1895 he was the editor and publisher of the *Direct Legislation Record*, and a year later became the President of the National D. L. League. He is also an associate editor of several standard periodicals devoted to this subject and is an active writer and lecturer upon the theme.

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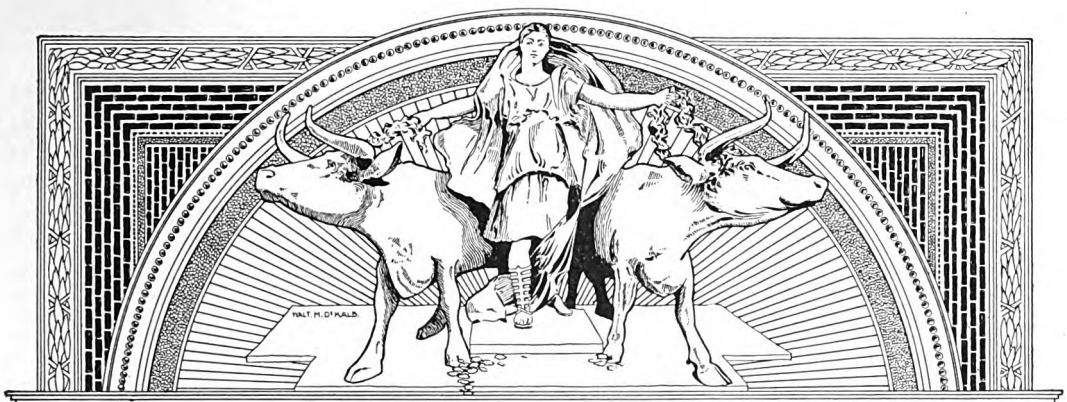

POLITICAL ECONOMY

THE SCOPE AND SIGNIFICANCE OF ECONOMICS AND ITS RELATION TO OTHER BRANCHES OF KNOWLEDGE.

BY

RICHARD T. ELY Ph.D., LL. D., Professor of Political Economy, and Director of the School of Economics, Political Science and History, in the University of Wisconsin.

PART II.

1. THE NATURE OF THE SUBJECT OF ECONOMIC STUDY.

IN a general way we have already considered the nature of economics, and we have learned that it deals with industrial society. The time has now come when we have to examine more precisely the nature of the subject of economic study, and to seek an accurate definition of economics.

Economics deals with man. This is the first thing which must always be remembered in connection with economics. As the late Prof. Röscher of Leipzig has said: "The beginning and the end of economic science is man." Economics deals with man, and not with things. As we shall see presently, there have been economists who have defined economics without any mention of man. These economists themselves, however, have discussed man and his relations in their treatises. Wealth has no significance except in its relation to man; and indeed the very idea of wealth implies relations of things to man, and also of men to each other. Another thing to be borne in mind is that we consider man not merely as a producer of wealth, but as a consumer as well; and we make consumption the end of production. The production of wealth is not an end in itself, but only a means to an end. Things are produced in order that they may be used or consumed. If we have regard to production alone, we may make man an excellent producing machine, but we destroy the best that is in man and thus defeat the end for which production is carried on.

Economics is a human study, but manifestly there are many other human studies. Physiology, Hygiene and Anthropology deal with man. We must take another step forward, and we do this when we say that economics deals with man in

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society. We deal with man as a social being. We regard him in those social relations, which are essential to his existence as a man. Man cannot be a rational, an ethical or even a religous being if separated from social relations. This is well illustrated by the condition of the deaf before they have received instruction. Although even before they are instructed they have not existed entirely without the benefit of social relations, their infirmity has kept them from entering in any large measure into these relations. We are told by those who are engaged in their education that the absence of moral and religious ideas among them before they have been taught is most astonishing. Their minds seem to present almost a blank in these particulars. It requires social relations to bring out that which is implanted in man. Society is the soil in which men develop.



Prof. William Röscher.

How could we have a religious life without language? and language implies society. The Founder of Christianity gathered about him a band of twelve as a nucleus of a great Christian society which was to cover the face of the earth.

We could have, possibly, a very rude production of wealth by isolated man. With that, however, we are not concerned. Nor are we concerned in economics with individual activities of man, considered as individual activities, even when he lives in society. We are dealing with man in his relationships.

We deal thus with man as a member of society, for whom production of wealth is carried on. Man is our central pivotal point, about which all revolves. But we must take another step forward and lay emphasis upon the fact that we have to do with the well-being of man, and not a class of men. Industrial society exists for all men and all classes of men, and not for some men and some classes of men. Obvious as this is when stated in this form, it is something which is frequently overlooked, both in science and in practice. There have been those, for example, who have, both scientifically and practically, considered the wage-earner as merely a means to an end for the rest of society. There have been those who have deplored high wages as an obstacle to the increase of wealth, and have overlooked the fact that high wages mean wealth. High wages are the proof and the actuality of prosperity. Anything which adds to the well-being of the wage-earner adds to the well-being of society.

But we regard man as a member of society, considered in certain activities. We give expression to these activities of man in the phrase "industrial" society or "economic" society. We deal with man living in society, and putting forth efforts to gain a livelihood.

Moreover, we consider this industrial society as in process of development, equally with all other social life-spheres. We have thus a statics, and a dynamics of economics. By the statics of economics, we understand that branch which deals with economic society as it exists at a given time. We consider what has been called the relations of co-existence. Under the dynamics of society we understand that part of economics which has to do with the growth-processes of industrial society. We ask what changes have taken place in the nature of industrial society, and how these changes have been effected. The two departments of economics, statics and dynamics, must be carried along together; neither one can be understood without the other. (1)

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1. THE NATURE OF THE SUBJECT OF ECONOMIC STUDY.

(1) **Principles of Economics.**—The grouping, therefore, which is best for the purposes of science proceeds on the principle of collecting all those facts and reasonings which are similar to one another in nature: so that the study of each may throw light on its neighbor. By working thus for a long time at one set of considerations, we get gradually nearer to those fundamental unities which are called nature's laws: we trace their action first singly, and then in combination; and thus make progress slowly but surely. The laws of human action are not indeed as simple, as definite or as clearly ascertainable as those of physics. But the *raison d'être* of economics as a separate science is that it deals chiefly with that part of man's action which is most under the control of measurable motives; and which therefore lends itself better than any other to systematic reasoning and analysis. The practical uses of economic studies should never be out of our minds; but our chief direct aims, are to study and interpret facts, and to find out what are the effects of different causes, acting singly and in combination.

Economics is then the science which investigates man's action in the ordinary business of life. It pursues the inquiries:—

How does economic freedom tend, so far as its influence reaches, to arrange the production, distribution and exchange of wealth? What organization of industry and trade does it tend to bring about; what forms of division of labor; what arrangements of the money market, of wholesale and retail dealing and what relations between employer and employed? How does it tend to adjust values, that is, the prices of material things whether produced on the spot or brought from a distance, rents of all kinds, interest on capital and the earnings of all forms of work, including that of undertaking and managing business enterprises? How does it affect the course of foreign trade? Subject to what limitations is the price of anything a measure of its real utility? What increase of happiness is *prima facie* likely to result from a given increase in the wealth of any class of society? How far is the industrial efficiency of any class impaired by the insufficiency of its income? How far would an increase of the income of any class, if once effected, be likely to sustain itself through its effects in increasing their efficiency and earning power?

How far does, as a matter of fact, the influence of economic freedom reach (or how far has it reached at any particular time) in any place, in any rank of society, or in any particular branch of industry? What other influences are most powerful there; and how is the action of all these influences combined? In particular, how far does economic freedom tend of its own action to build up combinations and monopolies, and what are their effects! How are the various classes of society likely to be affected by its action in the long run; what will be the intermediate effects while its ultimate results are being worked out; and, account being taken of the time over which they will spread, what is the relative importance of these two classes of ultimate and intermediate effects? What will be the incidence of any system of taxes? What burdens will it impose on the community, and what revenue will it afford to the State?

The practical issues which are a motive in the background to economic inquiries vary from time to time, and from place to place. But the following problems are of special urgency now in our own country:

How should we act so as to increase the good and diminish the evil influences of economic freedom, both in its ultimate results and in the course of its progress? If the first are good, and the latter evil, but those who suffer the evil, do not reap the good, how far is it right that they should suffer for the benefit of others?

Taking it for granted that a more equal distribution of wealth is to be desired, how far would this justify changes in the institutions of property, or limitations of free enterprise, even when they would be likely to diminish the aggregate of wealth? In other words, how far should an increase in the income of the poorer classes and a diminution of their work be aimed at, even if it involved some lessening of national material wealth? How far could this be done without injustice, and without slackening the energies of the leaders of progress? How ought the burdens of taxation to be distributed among the different classes of society?

Ought we to rest content with the existing forms of division of labor? Is it necessary that large numbers of the people should be exclusively occupied with work that has no elevating character? Is it possible to educate gradually among the great mass of workers a new capacity for the higher kinds of work; and in particular for undertaking coöperatively the management of the businesses in which they are themselves employed?

What are the proper relations of individual and collective action in a stage of civilization such as ours? How far ought voluntary association in its various forms, old and new, to be left to supply collective action for those purposes for which such action has special advantages? What business affairs should be undertaken by society itself acting through its Government, imperial or local? Have we, for instance, carried so far as we should, the plan of collective ownership and use of open spaces, of works of art, of the means of instruction and amusement, as well as of those material requisites of a civilized life, the supply of which requires united action, such as gas and water, and railways?

When Government does not itself directly intervene, how far should it allow individuals and corporations to conduct their own affairs as they please? How far should it regulate the management of railways and other concerns which are to some extent in a position of monopoly, and again of land, and other things, the quantity of which cannot be increased by man? Is it necessary to retain in their full force all the existing rights of property; or have the original necessities for which they were meant to provide, in some measure passed away?

Are the prevailing methods of using wealth entirely justifiable? What scope is there for the moral pressure of social opinion in constraining and directing individual action in those economic relations, in which the rigidity and violence of Government interference would be likely to do more harm than good?

In what respect do the duties of one nation to another in economic matters, differ from those of members of the same nation to one another?—*"Principles of Economics," by Alfred Marshall, Vol. I., pp. 95-98.*

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2. THE DEFINITION OF ECONOMICS AND ITS RECENT ORIGIN.

Political economy is an older term for our science than economics, and if we give some attention first to this older term we shall understand better why the more recent is now generally employed. "Political economy" is derived from three Greek words. Political comes from a word which means city or state, the same word signifying both in ancient Greece, because the state was essentially a city-state. "Political" may be regarded as strictly the same as "national." Politics, which has so many unfortunate associations nowadays, means really the "science of the nation." "Economy" means the regulation or the ordering of the household, and in this connection, on its material side. "Political economy" then really means "national house-keeping." But finally the term came to mean not merely the national house-keeping itself, but the science concerned with national house-keeping. Political economy, then, is a science which has to do with the relations existing among men in a nation, in so far as these relations arise out of the care for material goods.

But it is manifest that there is at once an opportunity for confusion when the term political economy is used to designate our science. We need a term not only to designate the science which deals with the national house-keeping, but also one to designate this house-keeping itself. A great deal of confusion has arisen from the failure to distinguish between the economic life and the science which deals with that life. In order to avoid this confusion, the termination "ics" has been substituted for the termination "y." So we have "economics," meaning merely the science, leaving "economy" to designate the life itself. This termination "ics" is one which is used to indicate a science, as for example, "mathematics." The adjective "political" has been dropped, both to avoid unfortunate associations with the word, and also to secure brevity. It is well then to do what we can to promote the use of the term economy, or national or political economy to designate a certain totality of relations and activities, and the use of the term economics as a designation for the science dealing with those relations and activities.

Bringing together what has been said about economics heretofore we may define economics as *the science of those social phenomena to which the wealth-getting and wealth-using activities of man give rise.* This can, however, be expanded somewhat. Man's life in society is, as has already been stated, a unit. Every social life-sphere conditions all other social life-spheres. When we take a full view of man's economic activities, and deal with them scientifically, we must include other social life-spheres in so far as they influence the industrial life-sphere. In economics we do not deal with education in itself, but with education in its bearings upon industrial society. These bearings, however, are so important, that they cannot be, and indeed have not been, neglected. We have then this expanded definition of economics: *Economics is the science (a) which treats of those social phenomena to which the wealth-getting and wealth-using activity of man gives rise; and (b) which deals with all other branches of his life in so far as they affect his social activity in this respect.*

We have used the expression wealth-getting and wealth-using. By wealth we mean material things of value. We mean goods and services which usually and regularly cost labor, and which are exchangeable for labor. We mean useful things of a material nature, and personal services which satisfy human wants, provided these things and services exist in quantities below the amounts desired. The idea of value is involved and we shall have more to say about this idea hereafter; but what has been said is sufficient for present purposes. Social phenomena arise out of the wealth-getting and wealth-using activity of man. These are observed, classified, studied, and conclusions are drawn from them.

Our definition makes it apparent that in economics we discuss social phenomena which are also examined by other sciences. All the sciences which deal with man

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cross each other at many points. Each science has its own point of view, and from that point of view examines social phenomena, and in that point of view finds its limitations.

Economics deals with social phenomena, and social phenomena arise out of relationships. We may then fasten our attention upon these relationships, and say economics deals with relations of economic units. These economic units are generally families, but also individuals, cities, states and nations, as well as other associations of men. The business-firm is an economic unit, and so is the private corporation. Economics deals with the relations of these units, and with their union into larger units. These units we may call economics. The efforts put forth in the acquisition and use of goods we designate as economic, and the totality of a person's efforts put forth in the acquisition and use of goods we may call his economy. Having adopted the term economics as a designation of our science, we can, without danger of confusion, thus speak of the economy of an individal, of a family, of a nation, etc.

This explanation of terms prepares us for another definition of economics, which has been given by the well-known German writer, Dr. H. von Scheel: "Economics describes the relations of private economies to one another and their union into larger economic communities (as township, city, state), taking into account their origin, their growth, and their constitution, and prescribing rules for that ordering of these relations best calculated to meet the demands of the degree of culture already attained and to be attained in the future."

When we fasten in our mind this essential feature of economics we understand better its increasing importance. The economic relations of men have increased immensely, and they are increasing in their significance daily. (1)

We can also understand better why it is, that this science is of so recent an origin when we bear in mind the fact that we are dealing with economic relations. Economic relations of men were comparatively insignificant until recently. While men have, of course, always lived associated together, economic units formerly were comparatively small and had comparatively few relations with each other. One single illustration must suffice at the present time. The revenues of a nation are discussed in that branch of economics which we call public finance. National revenues imply economic relations of many kinds. The revenue of any one of the Greek states, in the time of the greatest glory of Greece, was less than those of some private families to-day. It is said that the total revenue of Athens in the time of Pericles amounted to only about a million dollars. The revenues of a modern nation, like France, England, Germany, or the United States are counted by the hundred million. The regular national expenditures of Great Britain now amount to nearly one hundred million pounds sterling, and are increasing continually. For the fiscal year ending June 30, 1897, the expenditures of our national government amounted to over four hundred and thirty million dollars. They are now increasing rapidly on account of the war, and they are not likely to return to the old figures after it is closed. All this shows significantly the enormous increase in economic relations.

Apart from all this, we have other considerations which are more familiar. The ancients had very little respect for industrial society. They valued religion and politics, but they despised manual toil and all who were engaged in it. Problems of labor and capital existed to a less extent, and were considered less worthy of study by philosophic minds.

Something more might be added on this subject, but after all, the principal desire of the author at the present time, is to point out the increase in economic relations, and the meaning of this increase. He believes also, that he has stated the main reasons why economics is so recent in origin. It did not begin to exist as a separate and distinct science until the latter part of the last century, and it was

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then that problems of labor and problems of public finance began to be of an importance which was never before felt, and it was then that that multiplication of economic relations took place, both extensively and intensively, which is so marked a characteristic of the present century.

2. THE DEFINITION OF ECONOMICS AND ITS RECENT ORIGIN.

(1) **Periods of Economic Inquiry.**—The history of economic inquiry is most naturally divided into the three great periods of (1) the ancient, (2) the mediæval, and (3) the modern worlds. In the two former, this branch of study could exist only in a rudimentary state. It is evident that for any considerable development of social theory two conditions must be fulfilled. First, the phenomena must have exhibited themselves on a sufficiently extended scale to supply adequate matter for observation, and afford a satisfactory basis for scientific generalizations; and secondly, whilst the spectacle is thus provided, the spectator must have been trained for his task, and armed with the appropriate aids and instruments of research, that is to say, there must have been such a previous cultivation of the simpler sciences as will have both furnished the necessary data of doctrine, and prepared the proper methods of investigation.

Sociology requires to use for its purposes theorems which belong to the domains of physics and biology, and which it must borrow from their professors; and, on the logical side, the methods which it has to employ—deductive, observational, comparative—must have been previously shaped in the cultivation of mathematics, and the study of the inorganic world, or of organisms less complex than the social.

Hence it is plain that, though some laws or tendencies of society must have been forced on men's attention in every age, by practical exigencies which could not be postponed, and though the questions thus raised must have received some empirical solution, a really scientific sociology must be the product of a very advanced stage of intellectual development. And this is true of the economic, as of other branches of social theory.—"*History of Political Economy*," *by John Kells Ingram, pp. 5, 6.*

A Study of Actions.—Political economy, or economics, is a study of man's actions in the ordinary business of life; it inquires how he gets his income and how he uses it. Thus it is on the one side a study of wealth and on the other, a more important side, a part of the study of man. For man's character has been moulded by his every-day work, and by the material resources which he thereby procures, more than by any other influence unless it be that of his religious ideals. In fact the two great forming agencies of the world's history, have been the religious and the economic. Here and there the ardor of the military or the artistic spirit has been for a while predominant: but religious and economic influences have nowhere been displayed from the front rank even for a time; and they have nearly always been more important than all others put together.

Religious motives are more intense than economic; but their direct action seldom extends over so large a part of life. For the business by which a person earns his livelihood generally fills his thoughts, during by far the greater part of those hours in which his mind is at its best; during them his character is being formed by the way in which he uses his faculties in his work, by the thoughts and the feelings which it suggests, and by his relations to his associates in work, his employers or his employés.

And very often the influence exerted on a person's character by the amount of his income is hardly less, if it is less, than that exerted by the way in which it is earned. It makes indeed little real difference to the life of a family, whether its yearly income is five thousand, or twenty-five thousand dollars. But it makes a very great difference, whether the income is one hundred and fifty, or seven hundred and fifty dollars. With seven hundred and fifty, the family has, with one hundred and fifty dollars, it has not, the material conditions of a complete life. It is true that in religion, in the family affections and in friendship, even the poor may find scope for many of those faculties which are the source of the highest happiness. But the conditions which surround extreme poverty, especially in densely crowded places, tend to deaden the higher faculties. Those who have been called the "residuum" of our large towns have little opportunity for friendship; they know nothing of the decencies and the quiet, and very little even of the unity of family life, and religion seldom reaches them. No doubt their physical, mental and moral ill-health is partly due to other causes than poverty, but this is the chief cause.

And in addition to the residuum, there are vast numbers of people both in town and country, who are brought up with insufficient food, clothing and house-room, whose education is broken off early in order that they may go to work for wages, who thenceforth are engaged during long hours in exhausting toil with imperfectly nourished bodies, and have therefore no chance of developing their higher mental faculties.

Their life is not necessarily unhealthy or unhappy. Rejoicing in their affections towards God and man, and perhaps even possessing some natural refinement of feeling, they may lead lives that are far less incomplete than those of many who have more material wealth. But for all that, their poverty is a great and almost unmixed evil to them. Even when they are well their weariness often amounts to pain, while their pleasures are few; and when sickness comes, the suffering caused by poverty increases tenfold. And though a contented spirit may go far towards reconciling them to these evils, there are others to which it ought not to reconcile them. Overworked and undertaught, weary and careworn, without quiet and without leisure, they have no chance of making the best of their mental faculties.

Although then some of the evils which commonly go with poverty are not its necessary consequences; yet, broadly speaking, "the destruction of the poor is their poverty"; and the study of the causes of poverty, is the study of the causes of the degredation of a large part of mankind.—"*Principles of Economics*," *Vol. I., by Alfred Marshall, pp. 1, 2, 3.*

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3. OTHER DEFINITIONS OF ECONOMICS.

The nature of our conception and of our definition, will be brought out still more clearly, if by way of contrast we examine various definitions which have been given in the past. These definitions may be divided into three classes, and each class represents a certain stage in the evolution of economics.

The first class consists of those definitions which make economics deal with things. A typical definition is that found in Mrs. Fawcett's "Political Economy for Beginners," which is as follows: "Political Economy is the science which investigates the nature of wealth, and the laws which govern its production, exchange, and distribution."

Man is not mentioned at all in this definition, and the idea is implied in it, that man is simply an instrument *by* which wealth is created, and not the end *for* which it exists. No one would state this in so many words, and yet the idea underlies the definition and has its marked effect. Those who adopt this definition have generally failed to deal with consumption as a part of economics. The underlying idea of the definition also creeps into practical thought. It is re-echoed in legislative halls, as a protest against measures which seek the welfare of human beings, for example, of wage-earning children in cases where it is feared that the production of wealth may be affected injuriously. A conception of economics such as that which underlies this definition produces incalculable harm.

The conception of economics as a science which deals with things, can be traced back to the eighteenth century philosophy of nature, especially as elaborated in France, although by no means confined to that country. In the strong re-action against bad government, and unwise government the cry was raised: "Back to Nature!" It was felt that outside of man, and apart from him, there was a natural order of things which was beneficent. Man was regarded as a passive agent, rather than an active agent in any beneficent social order. It was held that in economic life, man's activity, especially his collective activity, was almost invariably baleful, provided he did more than study the laws which beneficent Nature had framed for his guidance. (1)

The innumerable contradictions and the opposition to facts, involved in a theory of this kind, must sooner or later become apparent. Nature was described as beneficent until in our upward progress in the natural order we reached Nature's highest product, namely, man, and then she seemed to have made a failure. As her crown, Nature had created a being who in the highest form of his activity almost invariably worked harm to himself. Man's nature could receive development only in society, man was by very nature a social being; and yet man had to look outside himself, and outside society, to learn the laws which he must passively accept in his associated efforts to gain a livelihood.

John Stuart Mill, in the middle of this century, had reached an entirely different conception of Nature. Examining Nature more critically, she seemed to him cruel and remorseless, a hard and inexorable power. The one good thing in Nature seemed to Mill and the men of his age to be man, and it was man's business by associated efforts, and otherwise to redress the inequalities and injustices of Nature. Nature is to these men a hard, cruel power, knowing neither pity nor mercy, and the progress of civilization means the progressive conquest of Nature. Celebrated are these words from John Stuart Mill's "Essay on Nature": "Nature impales men, breaks them as if on a wheel, casts them to be devoured by wild beasts, burns them to death, crushes them with stones like the first Christian martyrs, starves them with hunger, freezes them with cold, poisons them by the quick or slow venom of her exhalations, and has hundreds of other hideous deaths in reserve, such as the ingenious cruelty of a Nabis or a Domitian never surpassed. All this Nature does with the most supercilious disregard both of mercy and of justice, emptying her shafts

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upon the best and noblest, indifferently with the meanest and worst; upon those engaged in the highest and worthiest enterprises, and often as the direct consequence of the noblest acts; and it might almost be imagined as a punishment for them. . . . Anarchy and the Reign of Terror are overmatched in injustice, ruin and death, by a hurricane and a pestilence."

Mill's conception of Nature could scarcely fail to modify his definition of Political Economy, which may be taken as a type of the second class; nevertheless, he did not in his definition express the idea that economics was simply a social science; he still gave to economic goods the first place. But he did bring in the idea of man, because he said that economic goods must be considered in their relations to man. The definition found in his "Principles of Political Economy" is as follows: "Writers on Political Economy profess to teach, or to investigate, the nature of Wealth, and the laws of its production and distribution: including, directly or remotely, the operation of all the causes by which the condition of mankind, or of any society of human beings, in respect of this universal object of human desire, is made prosperous or the reverse." (2)

Mill's definition, like his entire work, was transitional. He continued to move towards modern social conceptions, but he held on to much in the older systems of thought which was quite inconsistent with the progressive features of his own work.

The third class of definitions consists of those which make economics a social science. The definitions which were given in the preceding chapter fall within this third class. The definition given by Prof. Henry C. Adams in his "Outlines of Lectures upon Political Economy" serves as another illustration of this class of definitions. It reads as follows: "Political Economy treats of Industrial Society. Its purpose as an analytic science is to explain the industrial actions of men. Its purpose as a constructive science is to discover a scientific and a rational basis for the formation and government of industrial society."

This is a significant change in the conception of economics. It brings forward at once the thought that human welfare is the chief thing in industrial society. It also emphasises the fact of human responsibility. Industrial society is not something existing over man and apart from man, but it is the expression of his wishes, and his will. It is not thereby stated that man can do just what he pleases in his economic life. Quite the contrary is the case. Man in his industrial activity has to deal with external nature, and external nature is regulated by physical powers, which he cannot alter, but can only use to a greater or less extent; in fact, however, to a very great extent, for his own purposes. But, as we have already seen, the chief thing in industrial society is man. His power, especially through collective action, increases daily, and in proportion to his power is his responsibility.

The laws of industrial society are not natural laws, in the sense that they are external to man. If we include man within nature, it is a mere truism to say that the laws of society in every one of its life-spheres must be natural laws. Very generally, however, by natural laws we mean laws external to man, and consequently those over which he has no control. The laws with which economics has to deal give expression to the regularities in man's associated efforts to gain a livelihood through the subjugation of nature, and may be regarded in a way as a compound of natural laws and the laws of human nature. They are best designated as social laws.

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3. OTHER DEFINITIONS OF ECONOMICS.

(1) **The Political Economy of Adam Smith.**—An examination of Adam Smith's philosophy enables us to trace to its foundation, the theory upon which the school in question has built its whole superstructure. We shall see that the original foundation, is in fact no other than that theory of Nature which, descending through Roman jural philosophy from the speculations of Greece, taught that there is a simple Code of Nature which hu-

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man institutions have disturbed, though its principles are distinctly visible through them, and a beneficial and harmonious natural order of things which appears wherever Nature is left to herself.

In the last century this theory assumed a variety of forms and disguises, all of them, however, involving one fundamental fallacy of reasoning à priori from assumptions obtained, not by the interrogation but by the anticipation of nature; what is assumed as Nature being at bottom a mere conjecture respecting its constitution and arrangements. The political philosophyflowing from this ideal source, presents to us sometimes an assumed state of nature or of society in its natural simplicity; sometimes an assumed natural tendency or order of events, and sometimes a law or principle of human nature; and these different aspects greatly thicken the confusion perpetually arising between the real and the ideal, between that which by the assumption ought to be, and that which actually is.

The philosophy of Adam Smith, though combining an inductive investigation of the real order of things, is pervaded throughout by this theory of Nature, in a form given to it by theology, by political history, and by the cast of his own mind. "The great and leading object of his speculations," says Dugald Stewart, by no means intending a criticism, for Mr. Maine had not then explored the fallacies lurking in the terms Nature and Natural Law, "is to illustrate the provisions made by Nature in the principles of the human mind, and in the circumstances of man's external situation, for a gradual and progressive augmentation in the means of national wealth, and to demonstrate that the most effectual means of advancing a people to greatness is to maintain that order of things which Nature has pointed out."—"*Political and Moral Philosophy*," *by T. E. Cliffe Leslie, pp. 151, 152.*

(2) **Wealth.**— Everyone has a notion, sufficiently correct for common purposes, of what is meant by wealth. The enquiries which relate to it are in no danger of being confounded with those relating to any other of the great human interests. All know that it is one thing to be rich, another thing to be enlightened, brave, or humane; that the question how a nation is made wealthy, and how it is made free, or virtuous, or eminent in literature, in the fine arts, in arms, or in polity, are totally distinct enquiries.

Those things, indeed, are all indirectly connected, and react upon one another. A people has sometimes become free, because it had first grown wealthy; or wealthy, because it had first become free. The creed and laws of a people act powerfully upon their economical condition; and this again, by its influence on their mental development and social relations, reacts upon their creed and laws. But though the subjects are in very close contact, they are essentially different, and have never been supposed to be otherwise.

It is no part of the design of this treatise to aim at metaphysical nicety of definition, where the ideas suggested by a term, are already as determinate as practical purposes require. But, little as it might be expected that any mischievous confusion of ideas could take place on a subject so simple as the questtion, what is to be considered as wealth, it is matter of history that such confusion of ideas has existed—that theorists and practical politicians have been equally, and at one period universally, infected by it, and that for many generations it gave a thoroughly false direction to the policy of Europe. I refer to the set of doctrines designated, since the time of Adam Smith, by the appellation of the Mercantile System.

While this system prevailed, it was assumed, either expressly or tacitly, in the whole policy of nations, that wealth consisted solely of money; or of the precious metals, which when not already in the state of money, are capable of being directly converted into it. According to the doctrines then prevalent, whatever tended to heap up money or bullion in a country added to its wealth. Whatever sent the precious metals out of a country impoverished it. If a country possessed no gold or silver mines, the only industry by which it could be enriched was foreign trade, being the only one which could bring in money.

Any branch of trade which was supposed to send out more money than it brought in, however ample and valuable might be the returns in another shape, was looked upon as a losing trade. Exportation of goods was favored and encouraged (even by means extremely onerous to the real resources of the country), because, the exported goods being stipulated to be paid for in money, it was hoped that the returns would actually be made in gold and silver.

Importation of anything, other than the precious metals, was regarded as a loss to the nation, of the whole price of the things imported; unless they were brought in to be re-exported at a profit, or uuless, being the materials or instruments of some industry practiced in the country itself, they gave the power of producing exportable articles at smaller cost, and thereby effecting a larger exportation.

The commerce of the world was looked upon as a struggle among nations, which could draw to itself the largest share of the gold and silver in existence; and in this competition no nation could gain anything, except by making others lose as much, or, at the least, preventing them from gaining it.

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In common discourse, wealth is always expressed in money. If you ask how rich a person is, you are answered that he has so many thousand pounds. All income and expenditure, all gains and losses, everything by which one becomes richer or poorer, are reckoned as the coming in or going out of so much money. It is true that in the inventory of a person's fortune are included, not only the money in his actual possession, or due to him, but all other articles of value.

These, however, enter, not in their own character, but in virtue of the sums of money which they would sell for; and if they would sell for less, their owner is reputed less rich, although the things themselves are precisely the same. It is true, also, that people do not grow rich by keeping their money unused, and that they must be willing to spend in order to gain. Those who enrich themselves by commerce, do so by giving money for goods as well as goods for money; and the first is as necessary a part of the process as the last.

But he who buys goods for purposes of gain, does so to sell them again for money, and in the expectation of receiving more money than he laid out; to get money, therefore, seems even to the person himself the ultimate end of the whole.—"*Principles of Political Economy*," *by John Stuart Mill, pp. 13-15.*

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4. MAIN PARTS OF ECONOMICS. ECONOMICS CONSIDERED IN ITS RELATIONS TO SOCIOLOGY AND LAW.

Economics is frequently divided into three main parts, and this division is an extremely useful one. Part I. deals with General Economics, giving us the survey of the entire field. Part II. deals with Special Economics. This part of economics is not so sharply distinguished as Part I. and Part III. It includes the treatment of special questions at considerable length, and quite generally with particular reference to some special age and country. The subject of population, treated in a broad way in General Economics, may receive further detailed treatment in Special Economics—a treatment which would be disproportionate in length in General Economics —and the needs of a particular country at a particular time with respect to population may be described, and a desirable policy pointed out. The same would hold with forestry and agriculture. Frequently the subjects in Special Economics are simply mentioned as titles, and no attempt is made at bringing them together as a distinct and separate part of economics. Professor William Röscher thus has in his complete work on economics, one volume on "Agriculture and other Branches of Industry Concerned with the Production of Raw Material"; and another on "Commerce and Manufactures". Prof. Adolph Wagner's great treatise, which in coöperation with other writers he is now engaged in preparing, has a larger number of volumes on special topics. This second part of economics used to be called in Germany, Practical Economics, not because it was in the real sense any more practical than Part I., but because it had a more immediate practical application. Part III. deals with Public Finance, that is to say, with public revenues of all sorts, with their administration and their expenditure. Part I. and Part III. are fairly well rounded out and consistent wholes, parts of a still larger whole. Part II. consists of matter of a more or less miscellaneous character, depending largely upon the needs of some particular country at some particular time.

It is the Germans especially who have worked out all three main parts of economics. Until recently, English and American writers had given themselves almost entirely to general economics. But recently they have developed public finance, some of them indeed treating it as a distinct science, which the present writer believes to be a mistake. Certainly public finance falls within the scope of economics in accordance with the definition which we have adopted, and reasons will hereafter be given why it should be regarded as one part of economics. American and English writers have produced special treatises and monographs in increasing numbers; but they have not as yet written great treatises like the Germans, which include as parts of a whole these special treatises and monographs as well as general economics and public finance.

Just a few words must be said about the relation of economics to sociology. There are two, or perhaps three, conceptions of sociology. One is that it is a fundamental science, underlying the other social sciences. According to this view, which finds its most prominent representative in this country in Prof. Franklin H. Giddings of Columbia University, sociology would be a study logically preceding economics. Sociology deals thus with the elements of society, considers that which underlies society and makes society possible, and deals with the most fundamental social laws, such as the law of imitation. The other conception is that of Mr. Herbert Spencer, who regards sociology not so much as a fundamental and underlying science, as all the social sciences together, conceiving them as one whole. According to this idea economics would be simply one of a group of social sciences. This may be called the synthetic view. Prof. Albion W. Small of the University of Chicago holds a view which seems to be somewhat different from that of either one of these two writers just mentioned. This view is a synthetic view, but its idea seems to be that each one of the separate social sciences must give its results to

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sociology, which then has to work them up into a whole. According to this view sociology would seem logically to follow economics. Certainly there are these three possible views: namely, that sociology precedes economics, that it includes economics as one of its main branches, and that it follows economics. As another writer in this volume presents sociology, nothing further need be said about the relations of economics to that study.

Finally, a few words must be added about law and economics. Law is both a cause and a result of economic activity. Law is chiefly concerned with the economic activities of men. If we remove from law everything which relates to valuable things and to those relations among men which grow up in connection with valuable things, little indeed would be left. Law, however, deals with actual present facts. It is concerned with rules of action which have received public adoption and are provided with sanctions. It does not go into the course of development which reveals their causes and their nature. This is certainly true in a high degree with the law as expounded in England and in the United States. Economics deals with industrial society and its evolution, and thus reveals the true nature of laws and legal institutions. To some extent economics might be called the "spirit of the laws". If we take up, for example, a law book on private corporations, we learn what the law is at present concerning such corporations. It is economics, however, that reveals to us the significance of corporations in industrial evolution; and when economics includes the comparative study of economic institutions, it will show us how from private corporations, the best results have been or may be secured, and how the evils which have grown up out of private corporations, have been or may be most effectively averted. So far as the writer is aware the best practical treatises on corporations viewed from the standpoint of the legislator seeking the public weal, have been written by economists. Similarly when one is called upon to frame new regulations upon taxation which will avoid present evils and secure the best results, he will not find great help in law books on taxation. These law books must be consulted to find out present legal facts concerning taxation, but they are otherwise not very helpful in the evolution of taxation.



Albion W. Small.

Economics, moreover, deals with legal institutions from the general social point of view; whereas law looks rather to the private point of view. Take the subject of franchises as an illustration. The law books will give those things, the knowledge of which is of most value to the private owner of franchises; the treatises on economics, however, present those facts and considerations which are of special importance to those who would safeguard the public interests.

Lawyers are proverbially conservative. Even a great jurist, like the late Professor Bluntschli, spoke of a country governed exclusively by lawyers as tending to the "numbness of death". The study of economics is needed to give a dynamic element to our industrial life. Economics tends to give a progressive, but not at all a radical element to industrial society. It is thus needed as a supplement to legal studies.

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5. ECONOMICS AND ETHICS.

The author deems the relation of ethics to economics both scientifically and practically of such importance that he proposes to devote special attention to it. The subject is one in regard to which there is a diversity of opinion, as well as considerable misapprehension concerning the views entertained by those who claim that the relation of ethics to economics is a close one.

There are those, first of all, who boldly claim that ethical considerations neither have, nor should have, any place within the sphere of industrial actions. They assert that man not only is governed, but should be governed, solely by considerations of self-interest. Self-interest, they would say, is, in itself and in its own sphere, an ethical motive ; or, at any rate, a motive.power, which is not anti-ethical. It is then claimed that man in his industrial activity is under no obligations except to seek his self-interest. Moreover, as it is a matter of fact, according to these writers, that man in his economic activity is controlled by his self-interest, it is necessary simply to examine the operations of self-interest. Those who take the extreme view, separate the sphere of ethical activity, from the sphere of economic activity. Probably this view has been entertained by no one of the great economists in any country. It is implied, however, in a quotation from Sir Henry Sumner Maine, to which the author has elsewhere had occasion to refer, as it illustrates the point so excellently. Sir Henry Sumner Maine asks, "What is the real origin of the feeling that it is not creditable to drive a hard bargain with a near relative or friend?" He states in his answer that "It can hardly be said that there is any rule of morality to forbid it." Hard bargaining is, according to him, economic law, and the view that there is something objectionable to it, he traces to a survival of the feelings which originated when men lived together as brothers in the same group.

While there may be no great economic light to quote in favor of the view, that ethics has nothing to do with economic practice, and consequently of course nothing to do with economic theory, it is one which is constantly creeping out here and there, in popular articles and in conversation, and is implied in conduct when it is not distinctly asserted. There are many who do not feel that they are under obligations to use all their resources for the benefit of their fellows, as well as themselves, and all the opportunities to do good which come to them by reason of their position, whatever that may be ; whether, for example, the position be that of employer or of employed.

Then there are economists like the French writer, Frederic Bastiat, who claim that the best interests of men are promoted by a rigid adherence to an industrial course prescribed by self-interest. They identify self-interest with economic conduct, and then endeavor to show that it best promotes true fraternal relations. (1)

It may be said at once in regard to this position that somehow the facts of life refuse to conform to the requirements of the theory that self-interest in itself produces fraternal relations among men and best advances the interests of all. Doubtless, as we shall see more fully hereafter, in very large measure, self-interest is identical with general interest ; but the points where an exception must be made are numerous. If self-interest alone were sufficient in industrial society, how explain the bitter animosities and actual conflicts of the industrial world ?

Writers of a third class hold that the sphere of ethics is distinct from the sphere of economics. They say that in economics we have to do simply with actual facts, and that as scientists we must concern ourselves simply with facts. "If we confine the word science," says Prof. Simon Newcomb, "to what I think should be its proper scope, it is a contradiction in terms to call a talk about what ought to be, science. In the proper sense of the term science consists of exact and systematized

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general knowledge."* These writers admit freely that in practice ethical considerations are dominant, but they say we must separate, scientifically, ethics from economics; after we have found out a line of conduct which would follow from purely economic considerations, by which is meant considerations of seif-interest, then the result may be modified by other than economic considerations. There are other things higher, they admit, than wealth-production; but we must consider these higher things by themselves. According to this view economics would reach certain results, and then these results would be modified by political, ethical and other social considerations.

* "Science," Economic Discussion, p. 61.

5. ECONOMICS AND ETHICS.

(1) **Political Economy and Ethics** —The relation between political economy and ethics may now be stated more explicitly, although this will involve little more than a repetition of what has been already indicated. We have seen that since men's economic activities are partly determined by moral considerations, it may be necessary in positive economic science to take account of the operation of moral motives. It is not, however, the function of the science to pass ethical judgments; and political economy, regarded as a positive science, may, therefore, be said to be independent of ethics.

But it is a different matter when we turn to the applications of economic science to practice, that is, to applied economics; for no solution of a practical problem relating to human conduct can be regarded as complete until its ethical aspects have been considered. It is clear, accordingly, that practical discussions of an economic character cannot be isolated from ethics, except in so far as the aim is merely to point out the practical bearing of economic facts, without any attempt to lay down absolute rules of conduct. It may be added that, although in the past there may have been a tendency with a certain school of economists to attempt the solution of practical economic questions without adequate recognition of their ethical aspects, there is at the present time no such tendency discernible amongst economists who have any claim to speak with authority.

Here, then, is the third of those subdivisions of economic inquiry in the widest sense, which we began by distinguishing from one another. In logical order this division stands intermediate between the two others—between the positive science, that is to say, and the so-called art.

It may be regarded as a branch of applied ethics, and may perhaps be called the ethics of political economy. In it the functions of the economist and the moralist are combined, the general principles of social morality being considered in their special bearing on economic activities.

In pursuing this inquiry our object is scientifically to define men's duties in their economic relations one with another, and, above all, the duties of society in so far as by its action it can control or modify economic conditions. In other words, we seek to determine standards whereby judgment may be passed on those economic activities, whose character and consequences have been established by our previous investigation of economic facts.

We seek, moreover, to determine ideals in regard to the production and the distribution of wealth, so as best to satisfy the demands of justice and morality. It is subsequently the function of applied economics, or of the so-called art of political economy, to inquire how nearly the ideal is capable of being attained, and by what means; and to determine how, subject to the above condition, the greatest aggregate happiness may be made to result from the least expenture of effort.

As an illustration, it may be pointed out that the many problems raised by mediæval moralists, in connection with the question, as to what constitutes a *just price*, belong to the ethics of political economy. For instance, is it right to sell a thing for more than it is worth? Is it right to sell a thing which is not of the substance or measure or quality it professes to be? Is the seller bound to reveal a fault in an article? Is it right in trade to buy cheap and sell dear? The modern doctrine that, under a system of thoroughgoing competition, normal value is determined by cost of production is, on the other hand, a doctrine that belongs to positive science, The true solution of the ethical question as to what constitutes a just price may of course be held to be that competitive price will be a just price, if only it can be guaranteed that the competition is really free and effective on the part of all concerned. Or it may be held that, while this is not an ideally just price, no juster price is practically attainable. But these doctrines are in no way implied in the ordinary doctrine of cost of production as the regulator of normal value.

We may conclude the present chapter by briefly pointing out the methodological importance of the distinctions that have been indicated. The main point to notice is that the endeavor to merge questions of what ought to be, with questions of what is, tends to confuse, not only economic discussions themselves, but also discussions about economic method. The relative value to be attached to different methods of investigation is very different, according as we take the ethical and practical standpoint, or the purely scientific standpoint. Thus it would be generally agreed that, in dealing with practical questions, an abstract method of treatment avails less, and carries us much less far, than when we are dealing with theoretical questions. On the other hand, we are more directly dependent upon history and inductive generalization.

Again, while some economic uniformities and economic precepts are both, in many cases, relative to particular states of society, the general relativity of the latter may be affirmed with less qualification than that of the former.—"*Political Economy and Ethics*," *by John Neville Keynes, M.A., pp. 58-62.*

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6. ETHICS AND ECONOMICS (Continued).

In beginning a presentation of the views of those who claim a close connection between ethics and economics, it must be stated at once that considerations of what ought to be, must never blind us as to what is. The student of economics examines dispassionately the facts of industrial life, whether they are pleasing to him or not. It is a mental weakness to refuse to accept the existence of a fact, because the fact is not liked. The author is willing to agree with any one in laying emphasis upon the importance of accurate positive knowledge. As a scientist one must not allow one's work to be interfered with, by feeling. About all this there cannot well be controversy. But much more than all this must be said to exhaust the subject. First of all it must be observed, that in economics we deal with industrial society, and we examine the forces which actually are at work there. These forces we must examine carefully, and we must measure them with all the accuracy possible; but we must not give our attention to some forces and overlook others. Are there then, as a matter of fact, ethical forces at work in industrial society? Have such forces been at work in the past? To ask this question is to answer it?

If we examine the history of industrial society from the earliest time to the present, we shall discover the existence of ethical aims, which, urged at first as an ideal by a few, were afterwards received by all as a part of the foundation upon which our economic transactions move. As we have already seen, what was once an industrial action falling under the head of competition, later becomes a crime, and is placed outside the economic sphere. Piracy, slavery, gambling, may be all instanced as illustrations. The whole mass of factory-legislation, which has done so much for the improvement of the wage-earning population, once existed simply as an ideal, but now through the efforts of men, like the seventh Earl of Shaftesbury, has become one of the great forces giving shape to industrial life. The past ethical ideal becomes the present reality, and gives us a higher economic plain upon which to move. We cannot then understand the society of to-day, unless we give our attention to those various forces, ethical as well as others, which have been at work in society. (1)

Just as ethical forces have worked in the past so they are at work now. The future is born out of the present. It is an outcome of present forces, and among these, are ethical forces. We have as an illustration the legal determination of prices in certain cases, in which it is supposed that the general public is unable otherwise to secure fair prices. This is especially the case with the prices of commodities and services furnished by those who enjoy monopolies. Here we have the ethical idea of fairness as conceived by legislative bodies, and also as interpreted by our courts, helping to give shape to our industrial society. So if it is unscientific to overlook forces actually at work in industrial society, we cannot remain scientific, if we neglect the examination of men's ideas of right and wrong. It is readily apparent that this is something quite different from exhortation, which, although quite proper in its place, is not science.

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6. ETHICS AND ECONOMICS (Continued).

(1) **Scope of Political Economy.**—A more fundamental divergence of opinion relates to the point of view from which Political Economy contemplates these relations. Is it concerned with "what is," or with "what ought to be"? Is its aim to establish certain general propositions, either positively or hypothetically true, respecting the coexistence and sequence of facts, or to give practical rules for guiding the public conduct of statesmen and men of business? Is it, in short—to use an old distinction recently revived in this connexion—a Science or an Art? The former view is that which has been adopted, I believe, by all writers on economic theory in England for the last thirty years.

No doubt an important part of the subject as treated by Mill and other systematic writers belongs admittedly to Art rather than to Science; viz. the discussion of the principles on which Taxation should be managed and of the general nature and limits of Governmental interference, so far as it affects the amount or the distribution of the national wealth.

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But these matters are generally handled by the writers in question under the head, not of Political Economy strictly speaking, but of its application to Politics or the Art of Government. They hold that the precepts or rules of this department of practice are properly based, in a great measure, on the generalisations or deductions of Economic Science; but they do not mean these rules of Art when they speak of the "laws of Political Economy"; and they have frequently censured as a vulgar error, the habit of thinking and speaking of economic "laws" as liable to "violation," and as needing to be realized by voluntary conformity or even enforced by public opinion. Still this habit has been found very difficult to eradicate; and, indeed, the sharp distinction, which English economists are at present disposed to draw, between Economic Theory, and its application to practice, is almost confined to themselves, and their more docile disciples: it has not worked itself into the common thought of even cultivated persons here, and it has not been generally accepted by Continental writers.—"*The Principles of Political Economy*," *by Henry Sidgwick, pp. 12, 13.*

FIRST WEEKLY REVIEW.

1. **THE NATURE OF ECONOMIC STUDY.**—Economics a Social Science.
2. **THE DEFINITION OF ECONOMICS AND ITS RECENT ORIGIN.**—The Economic Unit.
3. **OTHER DFFINITIONS OF ECONOMICS.**—The Wage-earner as Consumer. The Nature Philosophy of the Eighteenth Century.
4. **MAIN PARTS OF ECONOMICS. RELATION OF ECONOMICS TO SOCIOLOGY AND LAW.**—Different Conceptions of Sociology.
5. **ECONOMICS AND ETHICS.**—Self-interest and the General Interest.
6. **ECONOMICS AND ETHICS** (Continued).—The Ideal in Science, Present and Future.

QUESTIONS.

1. *Why should man, rather than things, be made prominent in economics? Discuss the relation of high wages to national prosperity. Are high wages a good or a bad thing for society as a whole? Why? What is meant by the statics of economics? By the dynamics of economics?*

2. *Why is the term "economics" preferable to "political economy" as a designation of our science? Define economics. What is meant by an economic unit? Discuss Von Scheel's definition of economics. Show why economics is a science of recent origin.*

3. *What is the practical objection to making things, the chief topic in economics? Discuss the nature-philosophy of the Eighteenth Century. What was its influence on the study of economics? Compare the Eighteenth Century conception of Nature with that of J. S. Mill. Which is nearer the truth? Discuss Mill's definition of economics, and compare it with the other definitions already given.*

4. *Mention the three main parts of economics, and show their relations to each other. Characterize each part as to its scope and subject-matter. Mention three different views of the relation of economics to sociology, and compare and discuss these views. Discuss the relation of economics to law.*

5. *Mention several views about the relation of ethics to economics. Is self-interest an ethical motive? Is self-interest necessarily antagonistic to the general interest? Why? Do the two ever conflict? If so, give instances of such conflict, and reasons for it; if not, show why not. Discuss Professor Newcomb's definition of science.*

6. *Show the importance of a careful distinction in scientific investigation between what is, and what ought to be. Should a consideration of what ought to be, be excluded from economic science? If so, why? If not, why not? Give instances of the working of ethical forces in economics. Discuss the merits or demerits of factory legislation.*

SUBJECTS FOR SPECIAL STUDY.

1. *The growth of the wage system of industry.*
2. *The economic unit, its significance and growth.*
3. *The nature philosophy of the Eighteenth Century.*
4. *Egoism and altruism.*
5. *The history of factory legislation in England and the United States.*
6. *The life and work of the Seventh Earl of Shaftsbury.*
7. *The life and work of John Stuart Mill.*
8. *The life and work of Herbert Spencer.*



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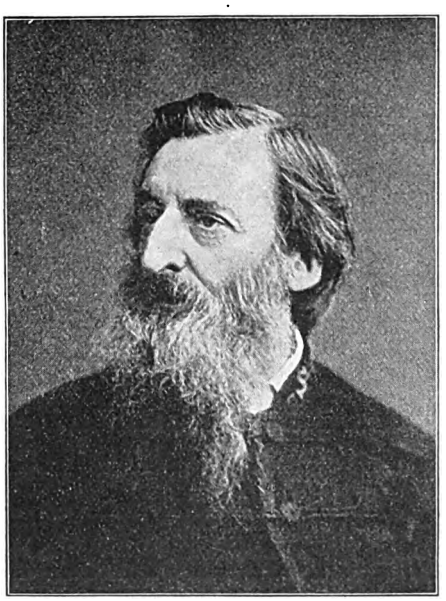
7. ECONOMICS AND ETHICS (Continued).

We may look at this question of the relation between ethics and economics, from a somewhat different point of view. We find as a matter of fact, economic problems in existence. These problems are as real as any facts of our industrial life. They find expression in industrial struggles, such as strikes, boycotts and lockouts, in congresses of arbitation, in platforms of economic reform adopted by various parties, and in numerous other ways. These economic problems become more and more pressing. Shall we claim that our treatment of industrial society is scientific, if we neglect them? But if we would understand these facts we must know their causes, and these causes are, to a not inconsiderable degree, ethical. Ethical ideals exist as a wide-spread force, and as an economic force. We find these ethical ideals all about us. They find expression in a thousand and one ways. One of them finds expression in the demand for what the Germans call "*ein menschenwürdiges Dasein.*" This phrase, meaning an existence worthy of a human being, has been ridiculed. It may be asked: What is an existence worthy of a human being? And it may not be possible to give an answer with mathematical precision. Nevertheless, at a particular time and place, it means certain specific things which can be pointed out, and these things are both positive and negative in nature Round and about these specific things, which the phrase may designate at a particular time and place, has doubtless clustered much that is vague and ill-defined; nevertheless the phrase gives us an idea which is helping to shape economic life. We are not now concerned with the discussion as to whether such an idea as that contained in the phrase should, or should not, give shape in any degree to our industrial life. As a matter of fact, it is a force, one among others, giving shape to our industrial life, and is thus, whether we like it or not, an economic force.



William Booth, Commander of the Salvation Army.

A good deal has been heard in England about the "cab-horse standard of existence" as the very minimum which may rightly be demanded for the wage-earner. It may be remembered that General Booth of the Salvation Army, in his "Darkest England and the Way Out," has much that is interesting to say about this minimum demand. This phrase is typically English, as the phrase "ein menschenwürdiges Dasein" is typically German. It also gives expression to an economic force at work in modern society. (1)

We have the demand: eight hours for work, eight hours for sleep, and eight hours for recreation. This division of the day into three equal periods for work, for sleep, and for recreation, may or may not be based upon scientific principles; however that may be, it is a fact. It is a fact that there is such a demand, and that this demand is an economic force, no one familiar with recent economic life, in this and other lands, can well deny.

We have a demand for fair wages which is in some of its particulars like the demand for "ein menschenwürdiges Dasein." With a kernel of concrete things demanded, sufficiently definite and precise at a particular time and place, fair wages include an outer circle of aspirations not clearly limited. It may be said that prob-

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ably with the progress of time, a conception of what constitutes fair wages becomes more definite. Certain it is that physiology and hygiene have been called in to help determine what is to be understood by fair.

A still more general demand is that in so far, as it may be, our economic life in all particulars should be so constituted as to promote to the fullest possible extent the development of all the faculties of all. It is especially emphasized that with increasing mastery over the forces of nature, there should go increasing participation of all in the benefits of civilization. On the other hand there is an increasing and even a strenuous demand, that all should bear a share of the burdens of economic life. We thus have many different ideals, and attention has, by no means, been called to them all. These ideals are variously formulated, and have been more or less widely accepted. That they constitute an actual economic force cannot be doubted by those who live among men, and take part in the life which is actually being lived in the civilized world.

Once more: the domain of ethics includes all human conduct. It is co-extensive with acts, in which the will plays a rôle. This is what is given us by ethical science, and by the ethical consciousness of the time. Now a large part of conduct is industrial, and this cannot be exempt from ethical claims. This conduct, like all conduct, must be ethical. It would be strange indeed, if this large part of our life were exempt from ethical rules, and the unity of life thus broken. No one accepts this view and applies it consistently. Its consistent application would leave us nothing but might, as the universal regulator of ethical relations. "Let him take who can" would be a rule to which no exception could be taken.

7. ECONOMICS AND ETHICS (Continued).

(1) **The Cab-Horse Standard.**—What, then, is the standard towards which we may venture to aim with some prospect of realization in our time? It is a very humble one, but if realized it would solve the worst problems of modern Society.

It is the standard of the London Cab Horse.

When in the streets of London a Cab Horse, weary or careless or stupid, trips and falls and lies stretched out in the midst of the traffic, there is no question of debating how he came to stumble before we try to get him on his legs again. The Cab Horse is a very real illustration of poor broken-down humanity; he usually falls down because of overwork and underfeeding. If you put him on his feet without altering his conditions, it would only be to give him another dose of agony; but first of all you will have to pick him up again. It may have have been through overwork or underfeeding, or it may have been all his own fault that he has broken his knees and smashed the shafts, but that does not matter. If not for his own sake, then merely in order to prevent an obstruction of the traffic, all attention is concentrated upon the question of how we are to get him on his legs again. The load is taken off, the harness is unbuckled, or, if need be, cut, and everything is done to help him up. Then he is put in the shafts again and once more restored to his regular round of work. That is the first point. The second is that every Cab Horse in London has three things; a shelter for the night, food for its stomach, and work allotted to it by which it can earn its corn.

These are the two points of the Cab Horse's Charter. When he is down he is helped up, and while he lives he has food, shelter and work. That, although a humble standard, is at present absolutely unattainable by millions—literally by millions—of our fellow-men and women in this country.

Can the Cab Horse Charter be gained for human beings? I answer, yes. The Cab Horse standard can be attained on the Cab Horse terms. If you get your fallen fellow on his feet again, Docility and Discipline will enable you to reach the Cab Horse ideal, otherwise it will remain unattainable. But Docility seldom fails where Discipline is intelligently maintained. Intelligence is more frequently lacking to direct, than obedience to follow direction. At any rate it is not for those who possess the intelligence to despair of obedience, until they have done their part. Some, no doubt, like the bucking horse that will never be broken in, will always refuse to submit to any guidance but their own lawless will. They will remain either the Ishmaels or the Sloths of Society. But man is naturally neither an Ishmael nor a Sloth.

The first question, then, which confronts us is, what are the dimensions of the Evil? How many of our fellow-men dwell in this Darkest England? How can we take the census of those who have fallen below the Cab Horse standard to which it is our aim to elevate the most wretched of our countrymen?

The moment you attempt to answer this question, you are confronted by the fact that the Social Problem has scarcely been studied at all scientifically. Go to Mudie's and ask for all the books that have been written on the subject, and you will be surprised to find how few there are. There are probably more scientific books treating of diabetes or of gout than there are dealing of the great social malady which eats out the vitals of such numbers of our people. Of late there has been a change for the better. The Report of the Royal Commission on the Housing of the Poor, and the Report of the Committee of the House of Lords on Sweating, represent an attempt at least to ascertain the facts which bear upon the Condition of the People question. But, after all, more minute, patient, intelligent observation has been devoted

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to the study of earthworms, than to the evolution, or rather the degradation, of the Sunken Section of our people. Here and there, in the immense field, individual workers make notes, and occasionally emit a wail of despair, but where is there any attempt even so much as to take the first preliminary step of counting those who have gone under?

One book there is, and so far as I know at present, only one, which even attempts to enumerate the destitute. In his "Life and Labor in the East of London," Mr. Charles Booth attempts to form some kind of an idea as to the numbers of those with whom we have to deal. With a large staff of assistants, and provided with all the facts in possession of the School Board Visitors, Mr. Booth took an industrial census of East London. This district, which comprises Tower Hamlets, Shoreditch, Bethnal Green and Hackney, contains a population of 908,000; that is to say, less than one-fourth of the population of London.

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"Let things alone," "the laws of supply and demand," and all the rest of the excuses by which those who stand on firm ground salve their consciences when they leave their brother to sink, how do they look when we apply them to the actual loss of life at sea? Does "Let things alone" man the lifeboat? Will the inexorable laws of political economy save the shipwrecked sailor from the boiling surf? They often enough are responsible for his disaster. Coffin ships are a direct result of the wretched policy of non-interference with the legitimate operations of commerce, but no desire to make it pay, created the National Lifeboat Institution, no law of supply and demand actuates the volunteers who risk their lives to bring the shipwrecked to shore.

What we have to do is to apply the same principle to society. We want a Social Lifeboat Institution, a Social Lifeboat Brigade, to snatch from the abyss those who, if left to themselves, will perish as miserably as the crew of a ship that founders in mid-ocean.

The moment that we take in hand this work we shall be compelled to turn our attention seriously to the question whether prevention is not better than cure. It is easier and cheaper, and in every way better, to prevent the loss of home than to have to re-create that home. It is better to keep a man out of the mire, than to let him fall in first, and then risk the chance of plucking him out.

Any Scheme, therefore, that attempts to deal with the reclamation of the lost, must tend to develop into an endless variety of ameliorative measures, of some of which I shall have somewhat to say hereafter. I only mention the subject here in order that no one may say I am blind to the necessity of going further, and adopting wider plans of operation than those which I put in forward in this book. The renovation of our Social System is a work so vast that no one of us, nor all of us put together, can define all the measures that will have to be taken before we attain even the Cab-Horse Ideal of existence for our children, and children's children. All that we can do is to attack, in a serious, practical spirit the worst and most pressing evils, knowing that if we do our duty we obey the voice of God. He is the Captain of our Salvation. If we but follow where He leads, we shall not wait for marching orders, nor need we imagine that He will narrow the field of operations.

I am laboring under no delusions as to the possibility of inaugurating the Millennium by any social specific. In the struggle of life the weakest will go to the wall, and there are so many weak. The fittest, in tooth and claw, will survive. All that we can do is to soften the lot of the unfit, and make their suffering less horrible than it is at present. No amount of assistance will give a jellyfish a backbone. No outside propping will make some men stand erect. All material help from without is useful only in so far as it develops moral strength within. And some men seem to have lost even the very faculty of self-help. There is an immense lack of common sense and of vital energy on the part of multitudes.

It is against Stupidity in every shape and form that we have to wage our eternal battle. But how can we wonder at the want of sense on the part of those who have had no advantages, when we see such plentiful absence of that commodity on the part of those who have had all the advantages?

How can we marvel if, after leaving generation after generation to grow up uneducated and underfed, there should be developed a heredity of incapacity, and that thousands of dull-witted people should be born into the world, disinherited before their birth, of their share in the average intelligence of mankind?

Besides those who are thus hereditarily wanting in the qualities necessary to enable them to hold their own, there are the weak, the disabled, the aged, and the unskilled; worse than all, there is the want of character. Those who have the best of reputation, if they lose their foothold on the ladder, find it difficult enough to regain their place. What, then, can men and women who have no character do? When a master has the choice of a hundred honest men, is it reasonable to expect that he will select a poor fellow with tarnished reputation?

All this is true, and it is one of the things that makes the problem almost insoluble. And insoluble it is, I am absolutely convinced, unless it is possible to bring new moral life into the soul of these people. This should be the first object of every social reformer, whose work will only last if it is built on the solid foundation of a new birth.

To get a man soundly saved it is not enough to put on him a pair of new breeches, to give him regular work, or even to give him a University education. These things are all outside a man, and if the inside remains unchanged, you have wasted your labor. You must in some way or other graft upon the man's nature a new nature, which has in it the element of the Divine.

The difference between the method which seeks to regenerate the man by ameliorating his circumstances, and that which ameliorates his circumstances in order to get at the regeneration of his heart, is the difference between the method of the gardener who grafts a Ribstone Pippin on a crab-apple tree, and one who merely ties apples with string upon the branches of the crab. To change the nature of the individual, to get at the heart, to save his soul is the only real, lasting method of doing him any good. In many modern schemes of social regeneration it is forgotten that "it takes a soul to move a body, e'en to a cleaner sty," and at the risk of being misunderstood and misrepresented, I must assert in the most unqualified way that it is primarily and mainly for the sake of saving the soul that I seek the salvation of the body.—"*In Darkest England*," *by General William Booth, pp. 19-21, 43-45.*

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8. ECONOMICS AND ETHICS (Concluded).

Should we consciously concern ourselves with ethical ideals for the future? Should we attempt to establish a goal for economic progress, or should we include an ethical aim? Possibly the answer has been implied in what has already been given. Man acts with purpose, and the purpose in industrial action is improvement of all kinds. Can we understand action without inquiring into the purpose of the action? Why pursue economics otherwise than with the purpose of an improvement of social conditions? Merely truth, does one say? Yes, truth is a worthy end of science, and the scientist must seek truth above all things else, whether it leads him in the one direction or the other. The desires of the scientist must not be allowed to interfere with this search for truth, and he must keep his own subjective notions well under control. Economics as a science dealing with pre-eminently practical conduct cannot, if it would, avoid practical issues. Should the economist indeed stop precisely at the point where he knows what is, and turn inquiries concerning improvement over to some one else, less familiar with the basis of improvement which must be what is? The very knowledge of what is, often suggests in itself improvement. An investigation into actual industrial conditions in England in the first half of this century, showing that the labor of young children in factories, was leading to the degradation of the wage-earning population, and lowering the efficiency of the workers in productive factories, suggested of itself a line of improvement.

We must remember that we are dealing with development, and all sciences which deal with it, naturally suggest a goal of development. Biologists have not neglected inquiries into the goal of physical evolution.

But we have this thought: the superiority of artificially controlled growth over natural evolution, that is to say, evolution apart from human action, receives demonstration daily in our practical affairs. In the case of both plants and animals, artificially controlled development, accomplishes more in two or three generations, than natural selection, which results from the struggle of existence, accomplishes in centuries. What is true of plants and animals is true of man in his social efforts, and this, too, is receiving increasing recognition. It is one of the great merits of Prof. Lester F. Ward, who, although not an old man, may nevertheless be called the Nestor among American sociologists, that he has recognized so emphatically the superiority of social selection over unaided natural selection. More and more the action of society is self-conscious action, and this holds both with regard to the economic life-sphere, and the other social life-spheres. This self-conscious social action is seen in legislation, and in private associated efforts; *e. g.*, in collective bargaining. (1) This means the necessary establishment of a goal. Society acts consciously, and this being so, it must have a goal or a purpose in action.

The goal of man's development is given by education, ethics, religion, the degree of evolution already reached, and by other forces and facts which cannot be well enumerated at present, which are indeed perhaps almost innumerable. The economist takes the thought of his time in regard to ethical ends. He finds that the general welfare is a test of social, and individual conduct, and he applies this test to economic life. He does not preach, but deals with the relations of causes and effects.

All this does not mean indulgence in utopian aspirations. Far from it. The goal which the economist has in mind is something which emerges in the evolution of a given people at a given time. It is best indeed that we should have clear recognition of the goal for which we strive. Every economist as a matter of fact, whether he acknowledges it openly or not, has some goal of social development in mind. It may be the conservation of privileges enjoyed, but which he believes are rightly enjoyed. Many an economist feels that privileges of this character are

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endangered, and the desire to contribute to their conservation, will give a key to the theories of economists of this kind. Many another has as a goal rather the uplifting of those low down, and this gives direction to his thought. The goal of industrial development which men have in their mind in large part explains the differences in economic programs.

Finally it may be asked, what is the practice of economists? Do they as a matter of fact in their writings bring ethics into connection with economics? It is asserted that they do this, whatever may be their professions to the contrary notwithstanding. It is done by Adam Smith, by Malthus, by John Stuart Mill, by Senior, by Thornton, by Marshall, and in fact by nearly if not quite every economist of repute. Marshall, in his "Economics of Industry," says: "It is not the function of any science to lay down practical precepts, or to prescribe rules of life." He says that the laws of economics "are statements in the indicative mood, of relations between causes and effects, and not precepts in the imperative mood." Nevertheless in Marshall's "Economics of Industry" the author has found that in seventeen different places at least, Marshall seems to him to bring economics into close relations with ethics.

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8. ECONOMICS AND ETHICS (Concluded).

(1) **The Method of Collective Bargaining.**—The nature of the Method of Collective Bargaining will be best understood by a series of examples.

In unorganized trades the individual workman, applying for a job, accepts or refuses the terms offered by the employer, without communication with his fellow-workmen, and without any other consideration than the exigencies of his own position. For the sale of his labor he makes, with the employer, a strictly individual bargain. But if a group of workmen concert together, and send representatives to conduct the bargaining on behalf of the whole body, the position is at once changed.

Instead of the employer making a series of separate contracts with isolated individuals, he meets with a collective will, and settles in a single agreement, the principles upon which, for the time being, all workmen of a particular group, or class, or grade, will be engaged. For instance, in a cabinet-making shop, if a new pattern is brought out, the men in the shop hold a brief and informal meeting to discuss the price at which it can be executed, the rough basis being whether, taking into account the unfamiliarity of the work, and the nature of the task, they can make no less net wages per hour, than they have been hitherto earning. The foreman has meanwhile been estimating the job in his own way, on much the same basis as the men, but probably arriving at a slightly lower figure. The men's representative talks the matter over with the foreman, and some compromise is come to, the job standing at that price for the whole shop. This process differs from that of a series of individual bargains with the separate workmen, in that the particular exigencies of each are ruled out of consideration.

If the foreman had dealt privately with each man, he might have found some in such necessity that he could have driven them to take the job practically at any price rather than be without work for even half a day. Others, again, relying on exceptional strength or endurance, would have seen their way to make the standard earnings at a piecework rate upon which the average worker could not even subsist. By the Method of Collective Bargaining the foreman is prevented from taking advantage of the competition of both these classes of men to beat down the earnings of the other workmen. The starving man gets his job at the same piecework rate as the workman who could afford to stand out for his usual earnings. The superior craftsman retains all his advantages over his fellows, but without allowing his superiority to be made the means of reducing the weekly wage of the ordinary worker.

This example of the Method of Collective Bargaining is taken from the practice of a "shop club" in a relatively unorganized trade. The skilled artisans in the building trades afford a typical instance of the second stage. The "shop bargain" of such a trade as the cabinet-makers merely rules out the exigencies of the particular workmen in a single establishment. But this establishment is exposed to the undercutting of other establishment in the same town. One employer might have to give exceptional terms to his "shop club" in a sudden rush of urgent orders, whilst the workmen in other firms might be virtually at the masters' mercy owing to bad trade.

Directly a trade union is formed in any town, an attempt is made to exclude from influence on the terms, the exigencies of particular employers no less than those of particular workmen. Thus in the building trades we find the unions of carpenters, bricklayers, stonemasons, plumbers, plasterers, and sometimes those of the painters, slaters, and builders' laborers obtaining formal "working rules," binding on all the employers and workmen of the town or district.

This Collective Bargaining, arranged at a conference between the local master builders and the local officials of the national unions, settles, for a specified term, the hours of beginning and ending work, the minimum rate of wages, etc. These elaborate codes, unalterable except by formal notice from the organizations on either side, thus place on a uniform footing as regards the hiring of labor the wealthiest contractor and the builder on the brink of bankruptcy, the firm crowded with orders and that standing practically idle.—*"Industrial Democracy," by Sidney and Beatrice Webb, pp. 173-175.*

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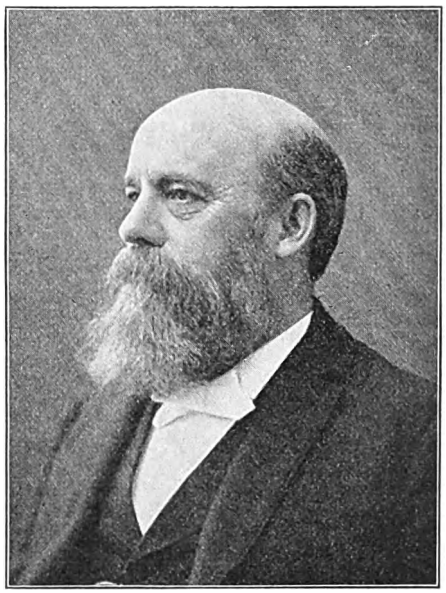
9. ECONOMICS AND RELIGION.

The question may be raised whether in the discussion of the relations of economics and religion, we are dealing with religion as a science, or as a life. It may be replied that here, as in the case of the other departments of social life, the relation of the social sciences is found in the relation existing between the materials which form their subject-matter. Economic life is connected with the religious life, and the religious life with the economic life, and the relationship between the two must show itself in the sciences which deal with these life-spheres. It is scarcely practicable, especially in a popular treatise, to separate the relations between the sciences, from the relations which exist between the subjects with which they deal.

Religion may be considered as a cause in the production of wealth. The religion which one really believes, must affect vitally one's activity, industrially as well as otherwise. This can be seen in the life of every one. Religion affects personal conditions, and personal conditions are reflected in wealth-creation.

Religion is also seen in its influence upon the distribution of wealth. The idea of fraternity among all men, which Christianity so emphasizes, is a never-ceasing force which has moulded, and is moulding, the distribution of wealth. We find its reflections in laws of property and in systems of taxation. To be quite concrete, the author believes that the laws governing the taxation of the succession of property in Great Britain can be very largely traced to the Christian idea of fraternity, which has been preached with so much force in that country, during the past two generations.



Washington Gladden.

Religion is in many particulars a conservative force. It teaches men to take long views, and to be careful and not rash in action. At the same time it is a mighty dynamic force on account of the deep ideals which it implants in men. All this holds with respect to our industrial life. (1)

Benjamin Kidd in his "Social Evolution" has advanced a somewhat startling doctrine with respect to the relations of our industrial life, and religion. He holds that our industrial life, as it is organized, is inimical to the interests of the vast majority alive at any given time although it is in the interests of the race. Socialism, he claims, is a rational system of industrial organization, inasmuch as it would promote the interests of a large majority of those now living. He holds that religion is a force which by supernatural sanctions, induces men to maintain the existing industrial order.

The conclusion of Kidd seems to the present writer undoubtedly erroneous. But his work does show very effectively the close connection between industrial life and religion. The tremendous activity of our churches in the field of applied Christianity, shows also a close connection between economics and religion. The churches of our time have been warned off the industrial field, time and time again, but these warnings have been of no avail. The great religious leaders of our day feel more and more keenly, that they have to do with industrial questions. It seems almost invidious to mention names when there are so many in all religious bodies. Among others, however, the names of Lyman Abbott, Washington Gladden, Dean Hodges, Barnett, Fremantle and Westcott will occur to every one.

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We have spoken about religion as a cause within the economic field, rather than about economic life, as a cause in the religious field. The influence of economic conditions upon religious life is most marked, and this too is something which has been very clearly perceived by those who have given any attention to the condition of the masses. More and more, do workers among the very poor, tell us that elementary human wants must first be satisfied, before religion can effectively be preached. This is only one illustration. The entire economic environment of man has an influence upon his character and upon his thought. Karl Marx went to an extreme when he made the economic processes of production, and distribution a cause of the religious beliefs, held at any particular time and place; but nevertheless there was a very real kernel of truth in his gross exaggeration.

9. ECONOMICS AND RELIGION.

(1) **Christianity and Social Science.** — The work of Christianity is chiefly done, not by pedagogic methods, nor even by furnishing men an example to study and copy, but by the communication of a subtle personal force, from one life to another, through which the sentiments are purified and the aims are elevated.

"If any man have not the spirit of Christ he is none of his," no matter how strictly he may adhere to Christian beliefs, nor how scrupulously he may follow the ethical rules of the New Testament, nor how servilely he may try to copy the life of the Son of man. And, conversely, one who has the spirit of Christ, — the central motive of whose life is in harmony with Christ, — ought to be counted as a Christian, even though his philosophy may differ somewhat from that of the Christian schools.

Christianity is, therefore, broader than any sect, — broader than all the sects. It is the name by which we describe the Kingdom of God in the world.

The work of Christianity is remedial or redemptive. "The Son of man is come to seek and to save that which was lost." It does not undertake to account for the moral disorder and suffering now existing; it recognizes their existence and provides a remedy for them.

It finds men in ignorance and seeks to enlighten them. It finds them in bondage to tyrannous appetites and riotous passions, and offers them the freedom and the peace of virtue. It finds them poor and sick and sorrowful, and it serves their needs, and cures their ills, and wipes away their tears. It finds them afraid of that Power, behind Nature, whose laws they have transgressed, and it assures them that His name is Love, and that He is ready to forgive and save them. It finds them shivering in a dark uncertainty on the threshold of the grave, and it lifts the curtain and shows them life and immortality beyond. What form the Kingdom of God in the world would have taken if there had been neither sin nor sorrow, we may not know; but since the world is what it is, the Kingdom of God is a kingdom of salvation.

Social Science is a term scarcely less comprehensive. It deals, according to Dr. Lankester, with "the social relations of man to man and the duties growing out of those relations." It proposes, according to another authority, "the systematic investigation, in various lines of research, of principles and laws affecting the welfare of mankind in society." Social Science, as well as Christianity, recognizes the fact that men are in a condition of disorder and distress. Its mainspring is the desire to relieve existing evils. The lines on which its work has run have been chiefly these:

1. The study of sanitary laws with a view to the prevention of disease.
2. The study of the conditions of social vice in the interests of public morality.
3. The study of the phenomena of crime and of the methods of restraint and reformation and prevention.
4. The study of jurisprudence in all its branches, with the hope of making the laws more simple and more just.
5. The comparison and criticism of methods of education.
6. The investigation of the causes of pauperism.
7. The examination of the whole structure of society, to discover, if possible, whether it is organized on right principles; and what hindrances, political, economical, or customary, are in the way of its welfare.

The realm of Social Science is thus seen to be a broad one, and its purpose a high one. And the close relation between Social Science and Christianity at once becomes manifest. They have a common field of operations; the lines on which they are working are parallel. Christianity takes thought for the welfare of men beyond this life, while Social Science does not; Christianity reaches out after the ignorant and degraded in other lands, while Social Science cares only for those at home; Christianity concerns itself directly and primarily with individual character, while Social Science studies men in masses. The range of the one is therefore broader than that of the other; but as far as Social Science goes, Christianity goes with it; there is no end proposed by the former which the latter is not seeking to promote.

The relation of Social Science to Christianity is, in fact, the relation of an offspring to its parent. Social Science is the child of Christianity. The national and international associations that are so diligently studying the things that make for human welfare in society, are as distinctly the products of Christianity as is the American Board of Missions. It is only in Christian nations that such associations exist. Individuals, in lands not Christian, have given thought to such matters; but the existence of associations of men meeting regularly for such studies, and expending upon them precious time and unremunerated labor, is a witness to the diffusion through society of philanthropic sentiments—an evidence that not only here and there a philosopher entertains such thoughts, but that they are the common currency of human intercourse. — *"Applied Christianity," by Washington Gladden, pp. 211, 215.*

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10. RELATION OF ECONOMICS TO HISTORY AND STATISTICS.

The fact that one great school of economists is called the Historical School suggests a close connection between history and economics. In the last century and early in this century, before the idea of evolution had made its influence felt upon economics, there seemed to be no particular connection between history and our science. The truths of economics were thought to be like the truths of mathematics; that is to say, they were believed to be absolute and applicable to all times and all places. The conception of evolution, however, changed the idea of economics. If economics was concerned with industrial society, and if industrial society was in a condition of continuous evolution, economics must change with its subject matter; economics itself must be a growth, as society was a growth. If this is so, we must consult history in order to understand the nature and the growth of economic doctrines. History must be a source of economic truth and a test of that truth. (1) Those who held this view cultivated history sedulously, in order therein to discover economic truth. They examined the history of the past, as well as the life of the present, for economic facts and principles. In an examination of present conditions they found assistance in statistics, as well as in contemporary history. Great emphasis was laid by the Historical School upon collections of facts. (2)

It is a misconception, however, to think that the adherents of the Historical School believed simply in the collection of facts. Facts yield us no truth unless they are arranged in accordance with ideas. No economist has ever advocated the collection of facts at haphazard, or has ever supposed that a bare collection of facts can mean anything, although in the reaction from this neglect, undue importance may have been attached to facts as such.

What has been said shows the close connection between economics and history and statistics. Economics is not something identical with history and statistics, but in history and statistics are found indispensable facts, from which to draw conclusions, and also by which to test theories. History and statistics furnish material and tests.

Historians are perhaps sometimes inclined to identify economic history, that is to say, the history of industrial society, with economics. But economists very generally—almost without exception—protest against any such identification, holding indeed that common observation and analysis of the principles of the action of the mind, has given to economics general principles from which more has been learned than from history. There is a prominent German economist, however, namely, Prof. Gustav Schmoller—like Professor Wagner, professor in the University of Berlin—who lays so much emphasis upon economic history that it would seem, according to him, to be the principal, if not almost the only, thing in economics. Probably among the prominent economists in this country, the one who approaches most nearly the position of Professor Schmoller, is Prof. W. J. Ashley, of Harvard University.

More will be said presently about history and economics, when we come to discuss economic methods. It is hoped that the reader has already obtained a general idea of the relations of economics to history, and statistics, and that this idea will become more precise and definite with the progress of our study.

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10. RELATION OF ECONOMICS TO HISTORY AND STATISTICS.

(1) **The Historical Method.**—The thorough application of this method will do away with a great number of controversies on important questions. Men are as far removed from being devils, as from being angels.

We meet with few who are only guided by ideal motives, but with few, also, who hearken only to the voice of egotism, and care for nothing but themselves. It may, therefore, be assumed, that any view current on certain tangible interests which concern man very nearly, and which has been shared by great parties and even by whole peoples for generations, is not based only on ignorance or a perverse love of wrong. The error consists more frequently in applying measures whole-

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some, and even absolutely necessary, under certain circumstances, to circumstances entirely different.

And here, a thorough insight into the conditions of the measure suffices to compose the differences between the two parties. Once the natural laws of Political Economy are sufficiently known and recognized, all that is needed, in any given instance, is more exact and reliable statistics of the fact involved, to reconcile all party controversies on questions of the politics of public economy, so far, at least, as these controversies arise from a difference of opinion.

It may be that science may never attain to this, in consequence of the new problems which are ever arising and demanding a solution. It may be, too, that in the greater number of party controversies, the opposed purposes of the parties play a more important part even than the opposed views.

Be this as it may, it is necessary, especially in an age as deeply agitated as our own, when every good citizen is in duty bound to ally himself to party, that every honest party-man should seek to secure, amid the ocean of ephemeral opinions, a firm island of scientific truth, as universally recognized as truth, as are the principles of mathematical physics by physicians of the most various schools.

Another characteristic feature of the historical method is that it does away with the feeling of self-sufficiency, and the braggadocio which cause most men to ridicule what they do not understand, and the higher to look down with contempt on lower civilizations. Whoever is acquainted with the laws or the development of the plant, cannot fail to see in the seed the germ of its growth, and in its flower, the herald of decay.

If there were inhabitants of the moon, and one of them should visit our earth, and find children and grown people side by side, while ignorant of the laws of human development, would he not look upon the most beautiful child as a mere monster, with an enormous head, with arms and legs of stunted growth, useless genitals, and destitute of reason? The folly of such a judgment would be obvious to every one; and yet we meet with thousands like it on the state and the public economy of nations when in lower stages of civilization, and this, even among the most distinguished writers.

We may, indeed, make a critical comparison of different forms, each of which answers perfectly to its object or contents; but such a comparison can possess historical objectivity, only when it is based on a correct view of the peculiar course of development followed by the people in question.

The forms of the period of maturity may be considered the most perfect; earlier forms as the immature, and the later as those of the age of decline. But it is a matter of the greatest difficulty, accurately to determine the culminating point of a people's civilization. The old man believes, as a rule, that the times are growing worse, because he is no longer in a way to utilize them; the young man, as a rule, that they are growing better, because he hopes to turn them to account. It is, however, always a purely empirical question; and in the solution of it, the observer's eye may acquire a singular acuteness by the comparative study of as many nations as possible, especially of those which have already passed away.

Could anyone contemplate the history of mankind as a whole, of which the histories of individual nations are but the parts, the successive steps in the evolution of humanity, would of course afford him a similar objective rule for all these points in which whole peoples permanently differ from one another.

Before I close, I must refer to a possible objection which may be made to historical, or physiological Political Economy: that it may indeed be taught, but that it cannot be a practical science. If it be assumed that those principles only are practical, which may be applied immediately by every reader, in practice, this work must disclaim all pretensions to that title I doubt very much if, in this sense, there is a single science susceptible of a practical exposition. Genuine practitioners, who know life with its thousands of relations by experience, will be the first to grant that such a collection of prescriptions, when the question is the knowledge and guidance of men, would be misleading and dangerous in proportion as such prescriptions were positive and apodictic, that is non-practical and doctrinarian.

Our endeavor has been, not to write a practical book, but to train our readers to be practical. To this end, we have sought to describe the laws of nature which man cannot control, but, at most, only utilize. We call the attention of the reader to the different points of view, from which every economic fact must be observed, to do justice to every claim. We would like to accustom the reader, when he is examining the most insignificant politico-economical fact, never to lose sight of the whole, not only of public economy but of national life. We are very strongly of the opinion, that only he can form a correct judgment, and defend his views against all objections, on such questions as to where, how and when certain liens and charges, monopolies, privileges, services, etc., should be abolished, who fully understands why they were once imposed or introduced. Especially, do we not desire to impress a certain number of rules of action on those who have confided themselves to our guidance, after having first demonstrated their excellence. Our highest ambition is to put our readers in a way to discover such rules of direction for themselves, after they have conscientiously weighed all the facts, untrammeled by any earthly authority whatever.—"*Principles of Political Economy*," *by William Röscher, pp. 112-116.*

(2) **Necessity of Facts.**—Not until a sufficient number of facts have been observed, and the sequences of cause and effect in political life remarked, is the formation of adequate philosophical conceptions possible. When formed, however, these conceptions serve to explain and harmonize the facts that have before appeared confused and contradictory. This same contradiction between the *logical* and *historical* order of evolution is observable as well in fields of knowledge other than Political Science.

Thus in Ethics, the practical recognition and definition of the moral attributes of man, have preceded the formation of the abstract idea of his moral personality upon which such attributes are logically founded. The same is observable in the history of jurisprudence, the establishment of legal rights and duties long antedating the conception of a legal personality, which is necessarily the subject of these rights and duties. Thus also, finally, Sociology, in its strictest sense as that special differentiated branch of physiology, that attempts to determine the fundamental psychic elements upon which all the special social sciences are founded, is of but recent development.—"*The Nature of the State*," *by Westel Woodbury Willoughby, Ph.D., pp. 382, 383.*

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11. ECONOMIC METHODS.

The Century Dictionary defines method in logic as "a general plan for setting forth any branch of knowledge whatever; that branch of logic which teaches us how to arrange thoughts for investigation or exposition." The following quotation is given in the same place from Bacon's "Advancement of Learning": "Method hath been placed, and that not amiss in logic, as a part of judgment; . . . the doctrine of method containeth the results of judgment upon that which is to be delivered." And from Kant's "Critique of Pure Reason" this quotation is given: "Method is procedure according to principles."

Method thus signifies the means which we employ to gain knowledge, and is in reality a part of logic. The student of economics, however, cannot read extensively without coming upon a great deal of controversy concerning the method to be followed in the discovery of economic truth. Our treatment would therefore seem to be incomplete without, at least, a few words upon economic methods.



Francis Bacon.

The classical English economists of the early part of this century insisted strongly upon the deductive method. The deductive method means reasoning from general principles to particular conclusions. A familiar text-book illustration is this: All men are mortal; John is a man; therefore John is mortal. The general principles from which we reason are called premises. The classical economists generally thought that a few general principles, derived from common observation, or from other sciences, were sufficient to enable us by a deductive process to reason out a system of economics.

One of these economists, Prof. Nassau Senior, stated concisely the general propositions which served as the premises of political economy. The first was the domination of self-interest; the second, the tendency of population to increase faster than the means of subsistence; the third, that capital adds to the productivity of labor; and the fourth, that a law of diminishing returns existed; this law signifying that after a certain point has been reached in the application of labor and capital to agricultural land, returns will not increase as rapidly as heretofore, if additional increments of labor and capital are applied. It may pay, for example, to go through Indian corn with a cultivator eight or ten times, but not twenty or thirty times; the additional cultivation may add to the yield of corn per acre, but not in proportion to the additional expenditure of labor and capital. Economists of this school sometimes went so far as to say that economics did not care especially for facts. The more cautious among them, however, were willing to admit at least the importance of verification, and there were many among them who did go outside their studies and examine the world about them. The tendency, however, of the school as a whole was not favorable to the examination of the economic life which men had lived in the past, or were living in the present.

Even in England, the home of the classical school of economists, there was an occasional protest raised against the domination of deductive or *a priori* economics. Richard Jones, who lived in the early part of this century and was a professor of economics and an author of some note, took as his motto "Look and see." This,

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although insufficient as a guide, is a motto which summed up a good deal of truth, and which the reader will do well to bear in mind. Study your text-books, reason carefully from general principles, but with it all open your eyes, "look and see."

But the first protest against deductive economics which produced a profound impression was made by the Historical School of Germany in the middle of this century. This Historical School has already been mentioned, and it has been stated that its founders were Professors Röscher, Hildebrand and Knies.

As these men laid so much emphasis upon history, their procedure has often been called the historical method. This does not appear to be an accurate designation, and probably Professor Knies felt this when he changed the title of his work from "Political Economy from the Standpoint of the Historical Method" to "Political Economy from the Historical Standpoint," as he did when his second edition appeared in 1883, the first having appeared in 1853. The "Historical School" is a more accurate designation than "Historical Method." The Historical School did not use any one method, nor did the adherents of this school abandon the use of deduction. But what the historical economists objected to is a too exclusive use of the deductive method, and a neglect of others. The Historical School laid emphasis upon the inductive method, and the statistical method. At first there was a tendency to treat the inductive, and the statistical methods together as one; they seem, however, to be two distinct logical methods.



Karl Menger.

The inductive method is the reverse of the deductive. It argues from particular cases to general propositions. Finding that John was mortal, that James and Robert have likewise died, and that all men in the past, so far as we know, have died; it is concluded that these men who have died are typical men; that in them the race of men is represented; and thence the general conclusion is drawn that all men are mortal. It has, however, been pointed out that in inductive reasoning, which is used so largely in physics, we seek simply for a typical case. To reach the conclusion that heat expands iron, we do not keep on indefinitely expanding one piece of iron after another by heat, in order to extend our experimentation to the largest possible number of cases. As soon as we are convinced that the piece which we have expanded is typical, that is sufficient.

The statistical method is different. That is a method of mass-observation. We collect together vast numbers of cases and then discover regularities which furnish us with general propositions. A very familiar illustration is afforded by mortality, and perhaps no better illustration can be adduced. When we take a single man death appears to be something irregular and uncertain. When we collect together, however, vast numbers of cases surprising regularities appear. With a high degree of accuracy it can be told how many of a multitude of men of a given age in a given country will be alive five years from now, how many ten years from now, and so on

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indefinitely. This is not all. Observation of a large number of cases enables us to frame propositions even concerning the mode of death.

The use of the statistical method or the method of mass-observation extends our field of knowledge very greatly. Through statistics we are deriving additional information concerning wages, concerning strikes, lockouts, and a multitude of other classes of social phenomena. This method is one which the increasing attention given to the collection of statistics by civilized governments of the world, both national and local, is rendering of increasing importance. Our statistical bureaus may not altogether inappropriately be styled social observatories. (1)

The method of the Historical School has sometimes also been called realistic, because, as the term would imply, special attention is given to facts.

It is well to say a word at this point about the alleged difficulty of gathering facts. It has been objected against the Historical School that facts are infinite in number. Furthermore, that facts in themselves tell us little. First of all it may be replied that no one maintains that a mere isolated fact means much, and no one proposes or has proposed to gather facts at haphazard. One must have, it would be admitted by everybody, some preliminary knowledge, some preliminary ideas, before facts can be gathered with advantage. We have, first of all, in a collection of facts to distinguish between those which we desire and those which do not apparently, immediately concern us. Then the facts gathered are classified in accordance with some preliminary notions. The facts must be suitably arranged and classified in order to tell their story.



Dr. Eugen von Böhm-Bawerk.

Attention should be directed, furthermore, to the way in which facts are gathered. Some argue about the use of the statistical method, as if it were proposed that we should go into a bank, and learn the processes of banking, by watching people enter and leave the bank. No one proposes anything of the sort. There are multitudes of men, who for various reasons collect and arrange facts, and these are the raw material, or at least a part of the raw material for the study of economic life. The vast private corporations keep records of their facts, and then publish them. The same may be said of the various governments of the world, both national and local. Thus it is that there are hundreds and thousands of men, whose entire time is occupied in the collection and arrangement of economic facts.

A part of scientific work, especially when science deals with life, is concerned with description, and it may not be inappropriate to speak of the method of description. Description of productive processes, description of labor organizations, description of railway corporations, all give information. In a description it cannot perhaps always be said, that use is made either of the deductive, inductive or of the statistical method, although in any descriptive work, embracing a considerable proportion of the industrial field, all these methods will doubtless be employed.

We hear also of analysis as a method. Analysis is of the utmost importance, as it separates complex processes and phenomena, into their simple elements, but it can hardly be regarded as a distinct method. One of the most frequent causes of mistakes made in practical, and perhaps also theoretical economics is imperfect analysis. There is a great deal of talk, but comparatively little accurate knowledge

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about monopoly, and the principal reason is that monopolies are not analyzed sufficiently, and subdivided into classes. It is hoped that later on, when we come to deal with monopoly, it will be clearly seen that monopoly may mean and does mean many different things.



Prof. Friedrich von Wieser.

Recently much has been said about the Austrian School of Economists founded by the three Austrians: Karl Menger, Dr. Eugen von Böhm-Bawerk, and Friedrich von Wieser. The Austrians and their adherents have corrected certain exaggerations of the historical economists, laying emphasis again upon deduction. The Austrians claim that deduction is the proper economic method, but that a broader basis of deduction is needed than that laid by the older English economists. Recently special emphasis has been laid upon psychology, as a source of premises in deductive reasoning in economics.

This reaction in favor of deduction, has in many quarters gone too far. Our subject is so large a one that no one method is sufficient. All methods must be employed, although in one portion of our field the deductive method will be found specially helpful, while in other portions, the inductive or statistical may be more fruitful of results.

11. ECONOMIC METHODS.

(1) **Value of Statistics.** — Judgments . . . may be made more trustworthy, if they can be based on statistical measures of the benefits, and the injuries, which different courses of public action are likely to cause. Much of the failure and much of the injustice in which the economic policies of governments have resulted, have been due to the want of statistical measurement. A few people who have been strongly interested on one side have raised their voices loudly, persistently and all together; while little has been heard from the great mass of people whose interests have lain in the opposite direction; for, even if their attention has been fairly called to the matter, few have cared to exert themselves much for a cause in which no one of them has more than a small stake.

The few therefore get their way, although if statistical measures of the interests involved, were available, it might prove that the aggregate of the interests of the few, was only a tenth or a hundredth part of the aggregate of the interests of the silent many.

No doubt statistics can be easily misinterpreted, and are often very misleading when first applied to new problems. But many of the worst fallacies involved in the misapplications of statistics are definite and can be definitely exposed, till at last no one ventures to repeat them even when addressing an uninstructed audience, and on the whole, arguments which can be reduced to statistical forms, though still in a backward condition, are making more sure and more rapid advances than any others, towards obtaining the general acceptance of all who have studied the subjects to which they refer.

The rapid growth of collective interests, and the growing tendency towards collective action in economic affairs, make it every day more important that we should know what quantitative measures of public interests are most needed, and what statistics are required for them, and that we should set ourselves to obtain these statistics.

It is perhaps not unreasonable to hope that as time goes on, the statistics of consumption will be so organized as to afford demand schedules sufficiently trustworthy, to show in diagrams that will appeal to the eye, the quantities of consumers' rent that will result from different courses of public and private action.

By the study of these pictures, the mind may be gradually trained to get juster notions of the relative magnitudes of the interests which the community has in various schemes of public and private enterprise; and sounder doctrines may replace those traditions of an earlier generation, which had perhaps a wholesome influence in their time, but which damped social enthusiasm, by throwing suspicion on all projects for undertakings by the public, on its own behalf, which would not show a balance of direct pecuniary profit.

The practical bearings of many of the abstract reasonings in which we have recently been engaged will not be fully apparent till we approach the end of this treatise.

But there seemed to be advantages in introducing them thus early, partly because of their close connection with the main theory of equilibrium of demand and supply, and partly because they throw side lights on the character, and the purposes of that investigation of the causes which determine distribution and exchange. — "*Principles of Economics*," *by Alfred Marshall, Vol. I., pp. 470-472.*

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12. THE UTILITY OF ECONOMICS AND ITS CLAIMS.

Economics is useful as a mental discipline. It affords scope for the employment of all one's mental resources, however rich one's store may be. Imagination, so important in all scientific work, is useful in framing hypotheses which serve as a basis of scientific work. All one's powers of observation may be employed in economics, and the study tends to quicken powers of observation along new lines. The most important economic phenomena are constantly occuring about us, and yet few have learned to "look and see". One's keenest powers of analysis find employment in economics and careful economic study in turn develops these powers.

It has already been stated that the study of truth is in itself a worthy end, and it is impossible to tell what benefits of the most practical nature may at any moment be derived from scientific work. This general statement applies to economics as well as to every other branch of science.

The practical man is frequently inclined to question the claims of economics. It seems strange to him that a student should know more about business than he who is all the time engaged in business. It is true that the student should approach business questions with proper diffidence and caution. It is true that of many details, he cannot have the knowledge which those have, who are continually engaged in the practical operations of business. It must be remembered, however, that economics does not profess to deal with private business as such. Economics does undoubtedly deal with banking, to take a concrete illustration, but not with the private aspects of banking. Economics professes to teach the banker much that it is extremely valuable for him to know, but it does not claim that it can take a boy and train him to be a practical banker. Economics deals with social relations and social phenomena; and it is with the general public aspects of business that we are concerned in economics.

Strange as it may seem at first, social phenomena are found to be of greater simplicity than the phenomena of a private business. When we get together masses of facts, or when we deal with large collections of men, the elements of chance and caprice play a comparatively small rôle. What can be more difficult than to point out an infallible road to prosperity for any one of the individuals in the United States? If I undertake to tell A how he may become wealthy, I must employ a multitude of "ifs." I may say, if you have capacity, if you have health, if you meet with no serious accidents, etc., etc., then such and such results will follow from such and such lines of conduct. We may see all about us, in the lives of those who have been successful, and of those who have not, in the economic sense, how important a rôle is played by contingencies which no one could have foretold. When, however, we take the United States as a whole, it is not difficult to describe that line of conduct which will lead to national prosperity, because the elements of chance and caprice are so nearly obliterated in large masses.

After all, when one thinks about it, why should not a careful study of social phenomena, lead to a valuable scientific result, as well as a careful study of natural phenomena? And when it comes to the study of social phenomena, the student has advantages over the business man. The business man frequently sees clearly, things within a narrow limit, and he is apt to draw conclusions from his own range of experience which is too narrow, to warrant reliable conclusions of general application. The manufacturer in Manchester, England, will state certain general principles based upon his experience, in regard to which he has no doubt. The manufacturer in Pittsburgh, Pa., will, however, be very likely to lay down general principles of a very different kind, because they are based upon his experience. A merchant in New York City, has from his experience derived conclusions unlike those either of the manufacturer in Manchester, or the one in Pittsburgh. The trained economist

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has at his command a larger range of experience. Each one in truth needs the other.

It must be remembered, furthermore, that economics has received contributions from many different sources. Among economists have been business men of unusual powers, philosophers of profound learning, statesmen of large grasp, as well as those primarily students. Economics is still a young science, scarcely a hundred years old. (1) Economists differ among themselves in many most important particulars, but, notwithstanding it all, it is believed by the author that valuable results have already been attained, and that in the future we may expect still larger scientific truths from sounder methods, and more careful investigations. It must always be remembered that in any science we hear more about differences of opinion than about those things, concerning which, there is substantial agreement. For as soon as agreement is reached, the search for truth presses on to new fields. It is always the unsettled question which interests the scientist.

All that has been said, puts us in better position to understand still further, the benefits which economics confers upon us. It puts us in a better position for the solution of questions which arise. It seldom solves questions before they arise, but it gives a training which is helpful in their solution. It is something to be familiar even with the terms and conceptions employed in the discussions of the problems of the day. How can we discuss the Single Tax, if we do not know what economic rent is? How can we have an intelligent opinion concerning socialism unless we can define socialism accurately? Yet not one in a hundred of those who talk so glibly about socialism could define it. How can we cast an intelligent vote on the money-question unless we understand what money means, what national bi-metalism is, what international bi-metalism is, etc.?

A knowledge of economics helps us to avoid mistakes of the past. It shows the impossibility of some things which are proposed, and frequently keeps us from a wrong road. This negative service is something, because if we keep out of wrong roads, we are likely sooner or later to reach the right road.

Economics as an evolutionary science gives us an idea of the direction in which we are moving. All this, the author may remark, presupposes that the science is taught in the right spirit. If economics is taught as something which will furnish ready-made solutions for all economic questions, which can arise at any time or in any place; if the absolutism which has too often characterized the older economists is cultivated, then the study may do as much harm as good, and possibly a good deal more.

Economics, rightly taught, has an excellent effect upon character, as it diverts attention from individual to general interests. It leads men to think about those things which will promote the general prosperity. It thus is an aid to good citizenship.

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12. THE UTILITY OF ECONOMICS AND ITS CLAIMS.

(1) **Economic Conditions.**—Are constantly changing, and each generation looks at its own problems in its own way. In England, as well as on the continent and in America, economic studies are being more vigorously pursued now than ever before; but all this activity has only shown the more clearly that economic science is, and must be, one of slow and continuous growth.

Some of the best work of the present generation has indeed appeared at first sight to be antagonistic to that of earlier writers; but when it has had time to settle down into its proper place, and its rough edges have been worn away, it has been found to involve no real breach of continuity in the development of the science. The new doctrines have supplemented the older, have extended, developed, and sometimes corrected them, and often have given them a different tone by a new distribution of emphasis; but very seldom have subverted them.

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But ethical forces are among those of which the economist has to take account. Attempts have indeed been made to construct an abstract science with regard to the actions of an "economic man," who is under no ethical influences, and who pursues pecuniary gain, warily and energetically, but mechanically and selfishly. But they have not been successful, nor even thoroughly carried out. For they have never really treated the economic man as perfectly selfish; no one could be relied

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on better, to endure toil and sacrifice with the unselfish desire to make provision for his family; and his normal motives have always been tacitly assumed to include the family affections.

But if they include these, why should they not include all other altruistic motives. the action of which, is so far uniform in any class, at any time and place that it can be reduced to general rule?

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This principle is applied not only to the ethical quality of the motives by which a man may be influenced in choosing his ends, but also to the sagacity, the energy and the enterprise with which he pursues those ends. Thus stress is laid on the fact that there is a continuous gradation from the actions of "city men," which are based on deliberate and far-reaching calculations, and are executed with vigor and ability, to those of ordinary people who have neither the power nor the will to conduct their affairs in a business-like way.

The normal willingness to save, the normal willingness to undergo a certain exertion for a certain pecuniary reward, or the normal alertness to seek the best markets in which to buy and sell, or to search out the most advantageous occupation for oneself or for one's children—all these and similar phrases must be relative to the members of a particular class, at a given place and time: but when that is once understood, the theory of normal value is applicable to the actions of the unbusiness-like classes in the same way, though not with the same precision of detail, as to those of the merchant or banker.

And as there is no sharp line of division between conduct which is normal, and that which has to be provisionally neglected as abnormal, so there is none between normal values and "current" or "market" or "occasional" values.—"*Principles of Economics*," *by Alfred Marshall, pp. 5-7.*

SECOND WEEKLY REVIEW.

7. **ECONOMICS AND ETHICS—Continued.**—The Cab-Horse Standard. The Eight-Hour Movement. Fair Wages, Industrial Conduct is Ethical.
8. **ECONOMICS AND ETHICS—Concluded.**—The Human Factor in Evolution, The Goal of Industrial Evolution.
9. **ECONOMICS AND RELIGION.**—Religion and Wealth-Production, Religion and Wealth-Distribution, Conservatism of Religion
10. **RELATION OF ECONOMICS TO HISTORY AND STATISTICS.**—The Historical School.
11. **ECONOMIC METHODS.**—The Deductive, the Inductive, the Statistical, and the Analytic Method, Psychology in Economics, The Austrian School.
12. **THE UTILITY OF ECONOMICS, AND ITS CLAIMS.**—Truth for its Own Sake, Positive and Negative Services of Economics.

QUESTIONS.

7. *Explain and discuss the phrases: "ein menschenwurdiges Dasein," "cab-horse standard of existence," "fair wages." Discuss the eight-hour movement. Discuss the work of the Salvation Army, and its influence on the lives of working-men.*

8. *Should the economist confine his attention to what is, as contrasted with what ought to be? What is meant by social selection, as distinguished from natural selection? How do the two differ? Is either of them purposive? What do you consider to be the goal of social evolution, the ultimate form of society? What reasons are there for supposing that any future form will be more "ultimate" than past and present forms have been?*

9. *Show the influence of religion on industrial life. Compare in this respect Asia with Europe. Is the influence of religion on industrial life growing or waning? Is this a good or an evil? Trace the influence of religion on art.*

10. *What is the relation of economics to history? Name some prominent representatives of the historical school of economics, and tell what you know of their work. What is meant by the historical method?*

11. *Mention the various methods employed in economics, and characterize each. Why should the economist be familiar with psychology? Who were the founders of the historical school of economics? Mention some prominent representatives of the Austrian school. What is meant by the "law of diminishing returns?"*

12. *What can you say about the utility of economics? Mention some positive and some negative benefits resulting from a study of economics. Show why a study of economics should result in better citizenship. Why do we hear more of differences than of agreements in science?*

SUBJECTS FOR SPECIAL STUDY.

1. *The growth of the Salvation Army.*
2. *The eight-hour movement.*
3. *Natural selection among plants and animals.*
4. *The place of ideals in science.*
5. *The Austrian school of economics.*
6. *The life and work of General Booth of the Salvation Army.*
7. *The influence of religion on the national life.*

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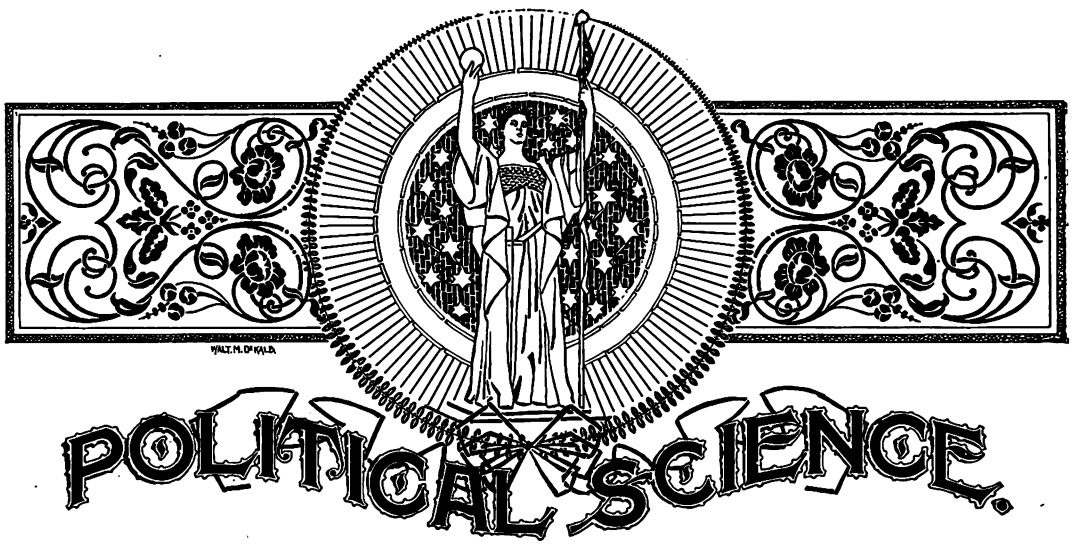

BY

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13. SWITZERLAND—THE COUNTRY AND PEOPLE.

FOR various reasons Switzerland is selected as the first illustration of the embodiment of the principles, and forces, described in the previous lessons. It is to-day the best illustration of a democratic state. In its history and development, there are striking similarities between Switzerland, and the two other leading democracies, England and the United States. (1) Switzerland is small, and it therefore furnishes an opportunity for the study of state-building in miniature. From its position it throws light upon the play of forces which operated in the formation of the great states of western Europe. Switzerland is of special interest because it has preserved to the present day, traces of the primitive family state.

"As the mountains are round about Jerusalem" so are the lakes, the forests, the snow, the ice and the mountains round about the valleys of Switzerland. From these heights, water flows to the North Sea through the Rhine, to the Gulf of Genoa through the Rhone, to the Adriatic through the Po, and to the Black Sea through the Danube. Not only has this land furnished life-giving water, it has furnished soil to the adjacent countries, ground out by the mighty glaciers of the past, of which there are still hundreds of remnants. Not less important in the making of Europe, are the water and the soil, which Switzerland has furnished, than are the principles of liberty and coöperation which its history has illustrated.

Pre-historic Switzerland was occupied by Lake-dwellers. (2) Tradition also gives to the land, people from Rome, and from Scandinavia. But in the time of Julius Cæsar, the land was occupied by Gallic tribes, chief of which was the Helvetians. These were made subject to the Romans, and the country received the name of Helvetia. Early in the fifth century northeastern Helvetia became a part of Alamannia. Later in the century western Helvetia became a part of Burgundy.

The Alamannians were still heathens, and remained such for two hundred years after the conquest. In this respect there is a striking resemblance between the experiences of England, and Switzerland. Both countries were made Christian under the Roman Empire. Both were in the fifth century, made partially subject to Teutonic heathen tribes. In both, there were several generations of heathen rulers, and both received Christianity, at the hand of missionaries sent to them for their

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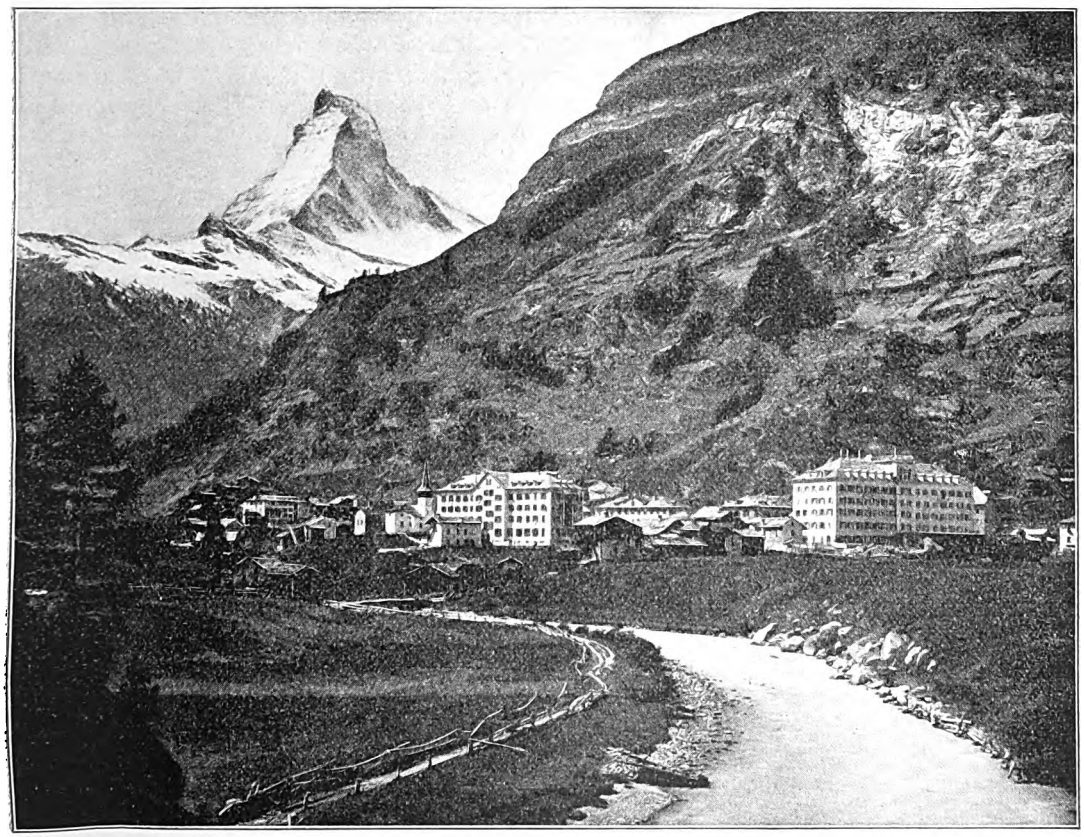
conversion. In both England and Switzerland, the language of the heathen conquerors was retained. The German part of Switzerland has, therefore, in the circumstances of its origin, much to remind one of England. It is in these two countries, where Celts subject to Roman Christian rule, were displaced by several generations of German heathenism, that there is a manifest connection between primitive German institutions, and the highest power in the state.

In France the case is wholly different. Here, too, Germans conquered Celts subject to Roman rule. But in France the conquerors adopted at once the religion of their subjects. Not only so, but they adopted also the language of Rome.



Zermat and Matterhorn, Switzerland. In Switzerland the towns are mostly located in fertile valleys between lofty mountains, as here shown.

Nearly all that was distinctly German, disappeared and the country remained dominantly Latin.

The Burgundians who conquered the western part of Switzerland were already Christian. The Alamannians who conquered eastern Switzerland, made slaves of the Helvetians, and as a recognizable part of the state, destroyed them root and branch. In Burgundy, on the other hand, the Helvetians were left in possession of a part of their lands and goods. They were made a tributary people, but were not enslaved.

By these conquests in the fifth century, all of what is now Switzerland, north of the Alps, became undistinguishable parts of the two large provinces of Alamannia and Burgundy; one of them Christian and the other heathen. It was many centuries, before there was any vestige of a separate Swiss state. When the Frankish Empire was founded, these two provinces were included in it. When the Empire was divided in 843 Alamannia went to Germany, and Burgundy went to France. When

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the conquest of Helvetia was made, in the fifth century, there was no feudal system in Europe. When the partition of the Empire occurred, in 843, the feudal system was in process of development.

Many things combined to render the feudal system less perfect in Switzerland, than in France or Germany. This was especially true in the Forest Cantons. North of the Alps, Switzerland was on the border-land between those two warring states. The inhabitants of Switzerland were always noted for the vigor of their fighting qualities. Kings and Emperors found it more convenient to conciliate, than to conquer them. That portion of Switzerland lying south of the Alps was an undistinguishable part of Italy, until late in the middle ages. It is in large part the nature of the country and its geographical position, that have given to the land its peculiar history. The country was poor. At no time was there a large surplus to tempt the rapacity of robber armies. This, together with the fact that the Swiss knew how to protect the little they possessed, and the other fact, that they lived in a country easily defended, gave them peculiar exemption from heavy-handed tyranny. (3)

Switzerland is abundantly supplied with natural boundaries. From the St. Gotthard, which is the apex of the land, the Alps fork to the east, and to the southwest. Between the two eastern prongs of the fork, is included the large canton of the Grisons. Between the western prongs is the canton of Valais. The only canton to the south without natural boundary is Ticino, which is Italian in its essential characteristics. Three-fourths of the land and nearly all the characteristic history is connected with the cantons north of the Alps. Many of these cantons have for boundaries mountains, lakes or rivers.

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13. SWITZERLAND — THE COUNTRY AND PEOPLE.

(1) **Points of Resemblance.**—But what are the points of resemblance which can be traced between those Thirteen Swiss States, and the Thirteen American Colonies before their growth into an independent nation?

In both countries the states were practically self-governing, owing only nominal allegiance to a distant supreme ruler. In both countries there was the same absence of a central controlling organization, although the national spirit was vigorous and assertive. The American colonies, however, were fortunate in not possessing subject lands to debauch their governments.

It is true that the Western territory for a while proved a dangerous bone of contention amongst them, but the wisdom shown by Congress in carving new states out of that territory soon removed all causes for jealousy.

Indeed, the process of absorbing the Western lands into the Union has been admirable in its simplicity and success. Switzerland had no vast area of virgin soil to assimilate; its growth was strictly circumscribed to the few states it could attract within its orbit or to those it could conquer outright. The American colonies naturally expanded westward, away from the narrow strip of sea-coast, but the Swiss states had no such storehouse of well-nigh unlimited resources to draw upon.—"*Rise of the Swiss Republic*," *by W. D. McCrackan, M.A., p. 246.*

(2) **The Lake Dwellers.**—The discovery of these lake dwellings in Switzerland ranks amongst the most notable achievements of modern antiquarian science. From time to time during the first part of this century, and even earlier, ancient wooden stakes and stone implements of finished workmanship had been noticed along the shores of the lakes of Zurich and Constance. They were objects of wonder for a while, but were soon forgotten.

Finally, during the severe winter of 1853-54, a peculiar circumstance forced the whole subject upon public attention. In that year the lakes and rivers of Switzerland were unusually low, and the receding waters left great stretches of bottom-land exposed to view.

The inhabitants of Obermeilen, a village on the lake of Zurich, profiting by this rare opportunity, set to work reclaiming as much as possible of the uncovered ground for gardens and quays. In the course of their labors they came upon piles driven deep into the soil, and presenting every appearance of great age, while scattered about in the immediate vicinity lay stags' horns and stone utensils.—*Ibid., p. 14.*

(3) **Primary Causes of Civilization.**—These considerations clearly prove that of the two primary causes of civilization, the fertility of the soil is the one which in the ancient world exercised most influence. But in European civilization, the other great cause, that is to say, climate, has been the most powerful; and this, as we have seen, produces an effect partly on the capacity of the laborer for work, partly on the regularity or irregularity of his habits. The difference in the result has curiously corresponded with the difference in the cause. For although all civilization must have for its antecedent the accumulation of wealth, still what subsequently occurs will be in no small degree determined by the conditions under which the accumulation took place. In Asia, and in Africa, the condition was a fertile soil, causing an abundant return: in Europe, it was a happier climate, causing more successful labor.—"*History of Civilization in England*," *by Henry Thomas Buckle, pp. 36, 37.*

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14. THE BEGINNING OF THE CONFEDERACY.

Until late in the thirteenth century there was nothing that could be recognized as the beginning of the independent Swiss State. It should be borne in mind that what we know as Switzerland, was then simply parts of Austria, France and Italy. The name comes from Schwyz or Schwytz, a Forest Canton between the Lake Zurich and Lake Lucerne. At the time of the conquest of the Helvetians by the Alamannians these forest regions were almost wholly unoccupied. In course of time German families made their way into the forests and established homes. At first they were probably unmolested, and there was a sort of reversion to the primitive family state. Later, the people of Schwyz were subject to German princes or to religious houses.



Alamanni Crossing a River.

But in this canton the feudal system gained but a feeble hold; the majority of the people remained free. (1) They paid tribute, but rendered no feudal service. Some of the lands, however, were attached to religious houses through the forms of feudal tenure. In the free communes, or villages, there were lands held in common, and between the freemen and the feudal claimants, there were long and bitter struggles as to the disposition of the common lands, (2) through such strife the Swiss were trained to politics and taught to guard their rights.

South of Schwyz and extending to the St. Gotthard, bounded by a triangle of mountain ranges, is the canton of Uri, while to the west of Uri, and also bounded by mountains and Lake Lucerne, is the canton of Unterwalden. These three cantons are known as the Forest Cantons, and by their union in 1291 we have the beginning of the Swiss Confederation. Each canton had a long and peculiar training for its mission. In Schwyz we have seen that freemen contended against feudal lords who would wrest from them their lands. In Uri, a majority of the people occupied feudal estates. Part of the time the chief feudal master was a religious house, and part of the time a prince. The feudal burdens of Uri were light. A large part of the canton being subject to one feudal lord, all the people, bond and free, were members of the ancient German assembly. Uri therefore furnishes the best illustration of the persistence of the primitive democratic assembly from the earliest times to the present day. (3) Through this assembly the rights of the citizens have been regained and preserved.

In Unterwalden, as in Uri, a majority of the people were subject to feudal rule,

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but instead of one chief lord there were a number of local estates, and for each estate there was a separate assembly. Progress towards a union of cantons was consequently much retarded. The three cantons were alike, in that in each, there were both freemen and serfs, and in each, both freemen and serfs contended for common rights and privileges.

It is not known when the men of the Forest Cantons began to consult together for the common good, and to agree upon terms for mutual aid. Upon the death of Rudolf, Emperor of Austria, in 1291, a written compact was drawn up and signed by representatives of the three cantons. This famous document begins with the words "*In nomine Domini, Amen.*" Our Pilgrim Fathers on board the Mayflower rendered these words: "In the name of God Amen." This perpetual league did not create a Swiss state, any more than the Triple Alliance to-day between Germany, Austria and Italy, creates one state. The cantons remained independent, but were bound to assist each other in their wars. The separate cantons were not independent states. They had always been, however, as nearly independent as was possible. They intended through coöperation to render themselves still more independent. It required many centuries after the formation of the alliance to unite the cantons into one state.

The allied cantons through vigorous coöperation made themselves independent of Austrian rule. A decisive battle was fought at Morgarten 1315. It is in connection with this war of independence that the legend of William Tell appears. (4) This legend is a part of the folk-lore of the Teutonic race and it appears in many places and in diverse forms. The story embodies the detestation of tyranny which is characteristic of the race. An important lesson may be gathered from the fact that only in the Forest Cantons of Switzerland, the place above all others where the particular form of tyranny which the story illustrates, was least of all experienced, is the story preserved and believed in, as true history. The people who most abhor tyranny are those into whose souls the iron of tyranny has least entered. The Swiss believe in William Tell, because they have never been compelled to submit to a tyrant who amused himself by requiring a fond father to shoot apples from the head of his son. Andros and Berkley were not great tyrants as tyrants go. But they had the misfortune to be placed over peoples who were unspoiled by oppression.

The Forest Cantons formed the nucleus for the Swiss state because by race and habit they were a liberty loving people; because of the poverty of their country where there was little to tempt the rapacity of a tyrant; because nature defended their boundaries; because they were on the outskirts of a great state whose rulers were interested in securing their good will.

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14. THE BEGINNING OF THE CONFEDERACY.

(1) **Schwyz.** — In the meantime Schwyz was pushing toward the same goal, but by a different road. Here it was the freemen who formed the majority of the inhabitants, and who took the lead in the work of emancipation.

The name of this district appears for the first time as *Suuites*, in a document dated 970, which deals with an exchange of land between the monasteries of Pfäffers and Einsiedeln. *Suuit* is apparently the name of a person, and *es* the genitive ending, but nothing is known of the meaning of this name.—*McCrackan's "Rise of the Swiss Republic," p. 78.*

(2) **The Alamanni.**—The Alamanni undoubtedly also founded open villages and hamlets, surrounded by wide-reaching, unused land, but avoided until much later the ruined towns which they found studding the country. It is impossible to follow out in every detail the manner in which they parcelled out the land amongst themselves, but there can be no question that there grew up in their midst in very early times the peculiar system of the Almend, a system which it will be necessary to notice particularly on account of its transcending importance in the life of the Swiss people. Briefly stated, the Almend was the undivided land which surrounded a settlement. It consisted, according the nature of the ground, of meadow, pasture and forest, and also of swamp, lake, river or mountain. As long as the country remained thinly populated, the supply of undivided land between the settlements remained practically unlimited, and there was of course no need of defining any one's rights to that land, but when in course of time the population increased and the settlements expanded, the want of more land naturally made itself felt, and regulations were adopted for the management of this undivided land.—*Ibid., pp. 33, 34.*

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(3) **Community of Uri.**—The inhabitants of the lower valley of the Reuss formed the "Community of the People of Uri," and regulated for themselves all matters pertaining to their common pastures and woodlands. In Schwyz also, along with some manorial subjects, there had been preserved from earlier times a *Markgenossenschaft*, owning its own land and making its own local laws. Their external political status, however, was not so desirable as that of Uri, since they were under the protection of neighboring magnates and only distantly attached to the empire. The same may be said of Unterwalden, except that ownership of land was more divided up among monasteries and nobles, and there were fewer free farmers than in Schwyz. In both the constant menace was that their overlords would assume not only the feudal protection of the districts, but the territorial ownership as well, and gradually deprive the small owners of their remaining rights.

We must not put too large an estimate upon the legislative powers of these communities at this time. The scope of law-making doubtless went little beyond the concerns of their common farming and pasturage. Popular rights found expression rather in the application of law, in attendance upon court and in sitting upon juries in local trials. Here they would jealously guard ancient usages and resent foreign interference and arbitrary interpretation. It is important to note, however, that their common interests and occasional assemblies kept alive the sense of mutual dependence, and when political matters were in the air, the *Markgenossenschaft* became the center of action. In this local agricultural freedom lay the germ of larger political liberty, and when the time came for action, the instinct and the instrumentalities were at hand. — *Vincent's "State and Federal Government in Switzerland," pp. 5, 6.*

(4) **The Legend of William Tell.**—Some years ago the announcement went abroad that the familiar story of William Tell was not historically true; that such a person never existed, or, if he did, could never have played the rôle ascribed to him as founder of the Swiss Confederation. It was discovered that when the methods of research which Niebuhr had used with so much skill to elucidate the origin of Rome were applied also to the early days of the Confederation, the episode of William Tell became a fireside tale, a bit of folk-lore; valuable from a literary standpoint, but without historical significance.

Unfortunately, he had long been regarded as a universal household friend, a prime favorite with the children, and one who appealed also to their elders as a singularly picturesque representative of Liberty, striving successfully against Tyranny. He had, moreover, called forth the best powers of at least one great poet, Schiller, and one famous musician, Rossini, so that his claim seemed to the world, established beyond question by the sanction of genius.

It was natural, therefore, that this adverse report should be received with incredulity and indignation. At first people preferred to cling to their belief in William Tell, rather than to sacrifice another illusion of their childhood to the all-devouring, investigating spirit of the age; the more so because they knew little or nothing about the history of Switzerland beyond this episode. But when the best authorities, one by one, declared themselves against the truth of the tradition, the conviction gradually gained ground that the old hero must be classified as a legendary personage.

The truth is, there have always been a certain number of objectors to the accuracy of the tradition which based Swiss liberty upon the shot of a skillful archer, but their words have made no lasting impression upon the public mind. As early as the beginning of the Sixteenth Century, Joachim von Watt, the reformer of St. Gallen, better known under his Latinized name of Vadianus, had spoken of the subject in his *Chronicles of the Abbots of the Monastery of St. Gallen:* "Of these three lands" [meaning the present Cantons of Uri, Schwyz and Unterwalden] "they tell strange things in regard to their age and origin. . . . I suspect that much is fabled, and some again may not be likened to the truth."

In 1607, the writer, Francois Guilliman, of Fribourg, who added some new details to the story of William Tell in his history *De Rebus Helvetiorum*, makes this surprising confession in a letter to a friend: "After having maturely pondered the matter, I consider the whole thing a mere fable, especially as I have not yet been able to discover a writer or chronicler, more than a century old, who mentions it. All this seems to have been invented to nourish hatred against Austria. The people of Uri are not agreed amongst themselves in regard to the place where William Tell lived; they can give no information in regard to his family or his descendants."

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To understand the commotion produced in Switzerland by Kopp's *exposé* we must try to imagine what would be the result in the United States if George Washington were suddenly declared to be a legendary character. Every one sided for or against the truth of the tradition; no one could remain neutral; but from that day to this the impression has gradually forced itself upon the minds of all who have looked into the question that Kopp was in the main right, and that, whatever modifications new discoveries may make necessary, in the sweeping judgment which that historian pronounced, William Tell can never again be looked upon as the founder of the Swiss Confederation.

Our confidence in the accuracy of the tradition is first shaken by the fact that the great archer is not mentioned by a single writer of the period in which he is supposed to have lived, or even the faintest allusion made to him in the records of that day. To begin with, therefore, we are warranted in doubting his historical importance, if he could be so completely ignored by his contemporaries.

The battle of Morgarten, in 1315, was the baptismal day of the young confederation, but none of the chroniclers who describe this event and the incidents attending it have a word to say of a William Tell, or of any one who could be mistaken for him. On the other hand, the whole tenor of these writings and of the documents of the period is opposed to the tradition.

The impression we derive from them is, that the Swiss gained their independence after a long-continued struggle, not by a sudden rising, and through the efforts of the whole people, not at the instigation of one man. In 1420, Konrad Justinger, of Bern, in writing the annals of his native city, touched upon the origin of the Confederation, but even he says nothing about William Tell, nor does Felix Hemmerlin, of Zurich, writing upon the same subject in 1450.—*"The Rise of the Swiss Republic," by W. D. McCrackan, M.A., pp. 92-95.*

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15. THE CONFEDERACY.

At the time when the Forest Cantons formed an alliance against the German Empire the feudal system was already giving way throughout Europe. In France the king was gaining the ascendancy over feudal lords, and a centralized state was being built out of the ruins of the feudal state. In Germany the central government was being weakened by the formation within its borders of free cities, and by encroachments of local princes upon the power of the king. The history of Switzerland follows closely the history of Germany. Before the league of the cantons there had been formed a confederation of cities in Northern Germany known as the Hanseatic League. (1) The weakness of the central government favored the success of the league. For centuries the Swiss Confederation maintained a nominal connection with the German Empire, yet this did not prevent the cantons from being virtually independent.

The success of the three Forest Cantons in maintaining their liberties caused neighboring cantons to seek admission to the league. During the sixty-two years following the alliance of 1291, five cantons joined the confederacy. The last of these was the large canton of Bern, or Berne, admitted in 1353. These are known as "the eight old cantons," and they remained without numerical change for more than a hundred years. Each canton was an independent state. The league was for war and not for government. In 1431 two cantons were admitted to the league, and they all bound themselves by treaty not only to assist each other in foreign wars, but to render aid in case of threatened revolution. That is, the confederates agreed to assist the government in each state to maintain its existence against its own citizens.

Early in the sixteenth century the league was increased to include twelve cantons, and in 1573 Appenzell was added, making thirteen. There were no additions to this number for two hundred and thirty years.

While the number of cantons did not increase the territory increased. The confederates, always successful in defending their own liberties, were led to make conquest of adjacent territory. In this way the country, now composing the nine additional cantons of modern Switzerland, was made subject to the confederated cantons. It was by the process of conquering and governing adjacent territory, that the league learned its first important lessons in the formation of a united state. To rule the subject cantons, and to collect and disburse tribute, an official class representing the united cantons came into existence.

Yet, notwithstanding the common interests, the growth of the union was slow and irregular. Many times the confederacy was brought to the verge of ruin. There was from the beginning, a feud between the Forest Cantons, in which agriculture was almost the sole industry, and the commercial, or city cantons. It was seldom true that the confederacy was composed of members united under the same conditions. Special cantons enjoyed special privileges, and individual members of the league made separate treaties and alliances.

Switzerland, as we have seen, was formed out of territory belonging to Germany. As an incident to the rivalry between France and Germany an alliance sprang up between the allied cantons and France. This alliance began early in the sixteenth century. It was greatly to the advantage of the federated cantons to have so powerful a friend. At the end of the Thirty Years' War, in 1643, through the influence of France, Switzerland was recognized as entirely independent of the German Empire.

The Swiss acted as a sort of balance of power between the rival nations of Europe. As it became evident that they could not be conquered it was clearly to the interest of neighboring nations to conciliate them. Swiss soldiers were much in demand by rival princes and kings. Not having battles of their own to fight

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they were hired to fight the battles of others. This mercenary warfare tended to corrupt the Swiss states.

The French Revolution found Switzerland still a loose confederation of thirteen states ruling over nine other adjacent states, or provinces. France, in spite of having for centuries befriended Switzerland, conquered the country in 1798, and set up over the whole land, a foreign rule under the historic name of the Helvetic Republic. No distinction was made between the subject and the ruling cantons. All were ruled by a government from France. This gave to the Swiss a fresh realization of the value of liberty. The people were treated with great brutality. At the earliest opportunity, in 1802, the cantons rose in rebellion; but again they were overrun by a French army. Napoleon was, however, convinced that it was more advantageous to conciliate them than to rule the Swiss. So he appeared as the mediator and protector.



Napoleon Bonaparte.

It is at the close of the Napoleonic wars that the history of modern Switzerland begins. Waterloo delivered Switzerland, as it delivered Europe, from the dread of the despot. The Swiss proposed to revert to their former Confederation. The thirteen cantons intended still to rule over the subject provinces. But to the honor of the eight European Powers represented in the Congress of Vienna, the Confederacy was compelled, or induced to admit the whole of the twenty-two cantons on equal terms. At the same Congress provision was also made for the peace of Switzerland, as well as for the peace of Europe, by making the soil of Switzerland neutral territory. By this compact a country which had been for centuries a natural battle-ground between Germany, France and Italy was set apart for the ministry of peace.

Throughout all these centuries the Swiss had, in their own cantons and communes, had a large share in the management of their own affairs. They had had a taste of tyranny but they never got used to it. The officers of Napoleon testified that each man fought like a Cæsar. These little cantons were no larger than a county, yet they made treaties on equal terms with great states and empires. Their importance is not measured by their size or by their wealth, but by the desperation with which the people clung to their liberties.

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15. THE CONFEDERACY.

(1) **The Hanseatic League.**—A medieval confederation of cities of northern Germany and adjacent countries, called the Hanse towns, at one time numbering about ninety, with affiliated cities in nearly all parts of Europe, for the promotion of commerce by sea and land, and for its protection against pirates, robbers, and hostile governments.

At the height of its prosperity it exercised sovereign power, made treaties and often enforced its claims by arms in Scandinavia, England, Portugal, and elsewhere. Its origin is commonly dated from a compact between Hamburg and Lübeck in 1241, although commercial unions of German towns had existed previously.

The league held triennial general assemblies, and after a long period of decline, and attempts at resuscitation, the last general assembly, representing six cities, was held in 1669. The name was retained, however, by the union of the free cities of Lübeck, Hamburg, and Bremen, which are now members of the German Empire.—*"Century Dictionary."*

The First Perpetual League.—Rudolf of Habsburg died on the 15th of July, 1291, and seventeen days after, on the 1st of August, the three Forest States concluded a perpetual league

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and signed what may be styled the first federal constitution of the Swiss Confederation.

The promptness with which this great act was consummated, seems to suggest that the text of the perpetual pact had been drawn up previously and held in abeyance to be ratified after the King's death.

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On the whole the agreement is just what would be suggested to men working entirely by experience and not upon any definite theory. It is neither complete nor altogether satisfactory, when viewed in the light of modern statecraft; but it served its purpose admirably, and showed the touch of what we call practical men.

Indeed, this first perpetual pact of the Forest States is distinctly a conservative utterance—a sort of compromise between a declaration of independence from the nobles, and an oath of allegiance to the feudal system itself, as befitting a people conscious of a grievance and yet unwilling to break with the past. The pact was enacted "for the proper establishment of quiet and peace"

Moreover, the third provision expressly states that "every man, according to his rank, shall obey and serve his overlord, as it behooves him." Here is direct evidence from the people of the Forest States themselves that they did not aspire as yet to be free, in the sense in which the nineteenth century understands that term.

As far as can be judged from the document itself, there was no intention of cutting adrift from all previous enactments to found a new state, although this was the actual result of the league. The struggle seems to have been directed more particularly against corrupt judges, as is shown by the emphatic declaration in regard to them. Especially noteworthy is the provision made for settling quarrels between the States by arbitration, a method which thereafter received wide application in the public affairs of the young Confederation.

History has recorded no words in which childlike faith in the justice of a cause, and prophetic insight into its inevitable triumph have been better expressed than in the closing lines: "The above written statutes, decreed for the commonweal and health, shall endure forever, God willing."

Succeeding centuries have practically verified the naïve declaration of this group of unpretentious patriots, for the perpetual pact remained the fundamental statute-law of the growing Confederation for centuries, and was only superseded by enactments of a more modern date, when it had, as a matter of fact, died of old age.

The name of the place where this historic document was signed is not revealed in the text, but in any case it must have been somewhere in the incomparable environment of the Lake of Lucern. It is also to be regretted that the names of the signers have not been handed down to us. We can only speculate as to who those patriots were, but a fortunate circumstance has put us in possession of a list of men who, if they were not the actual signers of the first league, were at all events leading personages in two of the Forest States at the time under consideration.

A little more than two months after the conclusion of this league, Uri and Schwyz entered into a separate alliance for three years with Zurich, and the names of their representatives are mentioned in the document then drawn up. For Uri there was the Landammann Arnold, Mayor of Silenen, besides Knight Werner von Attinghausen, Burkart, the late Landammann, and Conrad, Mayor of Erstfeld; and for Schwyz there was the Landammann Conrad Ab Iberg, Rudolf Stauffacher and Conrad Hunn—representatives of all the classes in the community, from noblemen to the descendants of serfs.

The conclusion is legitimate that the abovementioned men were typical leaders, and it is quite probable that they, or at least some of their number, were also the signers of the first perpetual league. If this be the case, we may infer that these early leagues were in reality the combined work of the common people and of the native aristocracy, coöperating in the great cause which lay so near their hearts.

Moreover, it is not too much to say that the patriots, whose names appear in the alliance with Zurich, with perhaps the addition of the unknown Landammann of Unterwalden, may be proclaimed the real founders of the Swiss Confederation.—"*The Rise of the Swiss Republic*," *by W. D. McCrackan, M.A., pp. 87, 89-91.*

Other Swiss Leagues.—At the end of the fourteenth and beginning of the fifteenth centuries, three well-defined centres of government made their appearance; three separate leagues, which were known by the somewhat extraordinary titles of "The League of the House of God," "The Upper" or "Grey League," and "The League of the Ten Jurisdictions."

In 1367, the chapter of the cathedral at Chur with the subjects of the Bishop in the Valleys of Bergell, Oberhalbstein, the Engadin and Domleschg, and the burghers of Chur itself, concluded an alliance against the Bishop of Chur, the most powerful ruler of the whole country, because he threatened to compromise their interest, in an alliance which he had made with the Duke of Austria.

This is the foundation of the so-called "League of the House of God," and here, also, as elsewhere in Switzerland, Austria was instrumental in forcing the people to build up free states. While this league was formed almost entirely by subjects, *i.e.* by ecclesiastical serfs, the Upper, or Grey League, was the result of the combined action of serfs, freemen and nobles.

In 1395, the Abbot of Dissentis, the Lords of Räzüns and of Sax, with their subjects, and the communities between the source of the Rhine, and the forest of Flims, solemnly agreed to protect one another, and to settle all disputes by means of a board of arbitration of three men. It was a union of elements which elsewhere could not live at peace with each other, and was evidently the result of a mutual agreement to put a stop to the endless and useless quarrels which had devastated the upper Rhine Valley. The League of the Ten Jurisdictions arose from the fact that certain communities, at the extinction of the house of Toggenburg, of which they formed a feudal dependence, suddenly found themselves without an overlord, and consequently determined to govern themselves. In 1436, their representatives united in a league which was purely democratic, inasmuch as no ecclesiastical or secular nobles at all were to be found amongst the contracting parties—a league, therefore, which more nearly resembled that of the Forest States than the others in Rætia. The real connection with any member of the Swiss Confederation occurred in 1400, when the Grey League entered into a perpetual pact with the community of Glarus.—*Ibid., pp. 206, 207.*

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16. PREPARATION FOR THE DEMOCRATIC STATE.

From the formation of the leagues of the three Forest Cantons, in 1291, to the French Revolution is a period of five hundred years. Yet in those five centuries, no united Swiss state had been formed. Instead, there was a loose confederation of independent cantons or states. The formation of the Swiss state could not take place until after the French Revolution, and the coming in of modern democracy.

A government which is not Democratic in its spirit and practice, that is, a government which does not concern itself chiefly, with the business of educating and training all the people to habits of virtue and self-control is, in the very nature of the case, a conspiracy against the people. Between a repressive government and the individual subject there is an irrepressible conflict. Between a perfect democratic state and the citizen there can be no conflict. A perfect state assumes that the people are already trained to habits of righteous public conduct, through agents of their own choice and approval.



John Calvin, Protestant Reformer, 1509-1564.

Democracy does not mean a form of government merely; it means a principle which may find expression in any or all forms of government. The democratic principle requires that at all times and places, the form of government which will most rapidly and effectively, educate and train the people to habits of self-government, both in their individual and in their public concerns, shall be adopted. A mere union of the people on terms of equality does not create a democracy. The most hopeless and enduring slavery may be the result of tying people together on terms of perfect equality. Under the caste system of India the people are thus enslaved. The members of the caste are slaves of themselves. We apply the term democracy to the primitive Teutonic state, where the families were united on terms of equality, but as we learn more about them, we are led to believe that they were not at all democratic in the modern sense. They were held together by instinct, by ignorance, by superstition: they were victims of conditions which they could not control. Left to themselves they might have drifted into the slavery of caste.

There can be no doubt, however, that both in Switzerland, and in England the primitive democracy of the German village was of immense importance in the evolution of the modern democratic principle. The American, from his youth up, breathes the spirit of the Declaration of Independence. The American, therefore, experiences peculiar difficulty in reading primitive political institutions. To the record that the families owned land in common, and composed their difficulties in town meeting, the American adds the erroneous view that these people were believers in equality. The people of the Canton of Uri had no clearly defined conviction of the rights of man. They believed in the fact that they had certain clearly defined rights in their land. Their ancestors had long been accustomed to the management of land by means of an assembly. The people of Uri contended successfully for their rights against foreign intruders, and the assembled inhabitants of the canton formed the only agency for effective resistance. When the warriors of Uri conquered the province of Ticino, south of the Alps, they governed it as would any other conqueror. As did Uri, so did other conquering cantons; so did the Confed-

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eracy. We do the Swiss injustice when we accuse them of inconsistency, in that they availed themselves of the advantages of democracy and denied these advantages to their conquered provinces. They had not learned to think the thoughts, or to speak the language of democracy. There is a long road from the doing of a thing to the forming and holding of a consistent theory as to the doing. The cantons played the tyrant over conquered territory, because that was a leading motive in the conquest. The age furnished no other customary motive. They themselves resisted conquest because they could. They made conquests because they could, and they ruled in accord with the spirit of the age.

In the cantons themselves there grew up an official class. Power was more and more assumed by the magistrates. The divine right of the magistrates to rule was taught and practiced with as much sincerity, and consistency, as was the divine right of Stuart kings in England. The people of the cantons were stripped of power in their assemblies, and were oppressed by local tyrants. The magistrates were in conscious conspiracy against the peasants. The government in each canton was bound by treaty, to assist neighboring cantons to put down rebellion. In 1653 a peasant's war arose, and spread throughout the land. It was effectively crushed out, and the leaders were punished with the usual barbarities of the age. The sense of a common oppression and a common helplessness under their own rulers is a fact of immense consequence in accounting for the modern Swiss state.



Zwingli, co-founder with Calvin of the Reform Church

Switzerland was over-sensitive to the leading movements of Europe. Refugees from neighboring nations were always present. Huguenots, driven from France, found homes in Switzerland, as they did in England and America. A large proportion of the leaders of thought lived in the little republic. Germany produced a Luther, but Switzerland produced both a Calvin and a Zwingli. Especially during the latter part of the eighteenth century was Switzerland the home of the great and the influential. Here lived and wrote Gibbon, and Rousseau. Pestalozzi and Froebel were first teachers of the Swiss.

Switzerland was peculiarly fitted to drink in all the lessons of the French Revolution. The teaching which led to the Revolution first appeared in Switzerland. The peasants were restive under their rulers. When the French army entered the land in 1798 it was greatly assisted by a rising of the Swiss people. The brutal treatment at the hands of French soldiers, caused both rulers and people in Switzerland to compose their difficulties and unite against a common enemy. (1) In many ways the long subjection to the French rule was favorable to the closer union which was to follow. (2) Napoleon adopted the policy of conciliation toward the Swiss. (3)

16. PREPARATION FOR THE DEMOCRATIC STATE.

(1) **Napoleon's Act of Mediation.**—The conviction had now forced itself upon the nation that the Helvetic constitution was not suited to the requirements of Switzerland. It did not take into consideration the ingrained genius of the people for local self-government; it made no allowance for that principal of federalism, upon which the country had been organized for more than five centuries, and, as a superimposed foreign product, it was doomed to prove a failure.

The people had submitted to its disturbing provisions, because they were powerless to resist the French bayonets, but they were ready to overthrow the odious Helvetic government, as soon as the soldiers, upon whom it relied for support, were withdrawn.

In fact, so sure were the Swiss people that a change was bound to come, that they already fell to quarrelling over the form which the next constitution was to assume. Two great parties arose, the Federalists and the Centralists, representing respectively the principles of States rights, and of centralization.

In point of fact, every federated state, from its very nature, must at all times contain parties advocating these opposite tendencies. It is only in moments of great national excitement, however, that they take up bitterly antagonistic positions. A great political crisis was at hand in Switzerland. The general dissatisfaction with the Helvetic constitution may be inferred from the fact that between the 30th of April, 1801, and the 28th of April, 1802, *e.g.*, in one year only, no less than four drafts of constitutions were proposed or promulgated.

When finally the French troops left Swiss soil, in

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July and August of 1802, the people everywhere arose to restore the old order of things. There were armed conflicts in Unterwalden, in Zurich, and in Aargau, between the insurgents and the Helvetic forces, in which the former were uniformly successful. Bern itself surrendered to a poorly equipped and disorganized mob of peasants. The members of the Helvetic government fled to Lausanne, while an old-time Diet of the Confederated States was held in Schwyz, under the direction of Alois Reding. A victorious army of the Confederates then marched upon Lausanne. The cause of the Helvetic Republic seemed indeed lost, and the restoration of the ancient Confederation assured, when suddenly both sides laid down their arms and disbanded as though struck by a magic wand.

It appears that a plenipotentiary had unexpectedly arrived in Lausanne, from Paris, bearing an offer of mediation from Napoleon himself, now enjoying the title of First Consul. The Swiss people were invited to send delegates to consult with him regarding a new constitution, which should establish the political status of the country upon a sure basis.

In his proclamation Napoleon expressed himself with brutal and characteristic frankness concerning Switzerland's helpless condition:

"You have been presenting a sad spectacle for the last two years; opposing factions have one after the other seized the supreme power, they have marked their temporary rule with partisan systems which afforded proof of their unfitness and weakness.

"In the course of the tenth year (1799) your government desired to have withdrawn the small number of French troops which were in Helvetia. The French government willingly took this occasion to honor your independence; but soon after your parties set themselves in motion with renewed fury; Swiss blood has been shed by Swiss hands.

"You have quarreled amongst yourselves for three years without arriving at an understanding. If you are left any longer to your own devices, you will slay yourselves for another three years, and then be no better off. Your history also proves that your internal wars cannot be ended except through the efficacious intervention of France.

"It is true, I had resolved not to interfere again in your affairs. I saw your government constantly asking my advice and then not following it, and several times misusing my name, according to their interests and passions.

"But I cannot, I must not, remain impassive under the misfortune to which you are prey. I withdraw my resolution; I will be the mediator in your quarrel, and my mediation shall be efficacious, as is worthy of the great nation in whose name I speak."—*"The Rise of the Swiss Republic," by W. D. McCrackan, M.A., pp. 313-315.*

(2) **Napoleon's Policy.**—September, 1802, he addressed to the Swiss people themselves a proclamation, in which he expressed his willingness to save them by means of mediation. He then ordered a general dispersion of all armed assemblages, a convocation of the Senate at Berne, a meeting at Paris under the title of consultative assembly of the deputies of the Senate and all the citizens who had held public offices under the central government during the last three years; then he added—"Inhabitants of Helvetia, let your hopes revive! Your country is on the brink of a precipice; it will now be saved. . . . There is not a single man of sense who does not perceive that the mediation I undertake is a blessing of Providence . . .; it is time that you recognize, in short, that if the patriotism and union of your ancestors founded your republic, the bad spirit of your factions will infallibly cause its ruin." This is almost word for word the same speech that he made to the Spanish in 1808, when, after still more odious machinations, he invaded their territory: "Spaniards, your nation was expiring; I saw your calamities, I am going to heal them . . . I wish to earn an eternal title to your love and gratitude. . . . Spaniards, be full of hope and confidence; remember what your fathers were." We see that the policy varied little; in both cases it was the same violence and the same hypocrisy; but the Swiss in 1802 had not unfortunately the same means of resistance as the Spanish in 1808—*"History of Napoleon," by P. Lanfrey, Vol. II., pp. 255, 256.*



Jean Jacques Rousseau.

(3) **Results of Napoleon's Proclamation.**—In obedience to this proclamation, some sixty Swiss emissaries arrived in Paris, in the month of December, forming a *Consulta*, to draw up a new constitution. On the 10th of that month, Napoleon sent them a writing, setting forth the points to be deliberated upon, and indicating clearly what he insisted upon their fulfilling. On the 12th, he addressed a committee from their midst, in the castle of St. Cloud.

On this occasion, the First Consul displayed so accurate a knowledge of the internal affairs of Switzerland, and showed so marvelous an appreciation of its needs, that his hearers were dumbfounded. In fact, never have the peculiar problems of that country been explained with more unfailing penetration. If the manner of the address was calculated to wound the pride of the Swiss emissaries, the advice which was given, was sound and to the point.

"The more I thought over the nature of your country," said Napoleon, "the stronger became my conviction that it was impossible to subject it to any uniform system on account of the diversity of its component parts; everything drives you to federalism.

"Switzerland can no longer play an important part amongst the States of Europe, as in the days when no great neighbors stood beside her, when France was divided into sixty principalities, Italy into forty."—*"The Rise of the Swiss Republic," by W. D. McCrackan, M.A., pp. 315, 316.*

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17. UNION UNDER THE DEMOCRATIC CONSTITUTION.

Napoleon is said to have prophesied that in fifty years Europe would be Cossack or Democrat. This is supposed to mean that Europe would become despotic or democratic. Chronology is a weak point with all prophets. Switzerland, however, is Europe in miniature, and within fifty years of the triumph of Napoleon, Switzerland did become a democratic state.

We have seen that Switzerland shares, the fate and reflects the life of Europe. It incurred the barbarian invasion. When feudalism dominated Europe it tended also to dominate Switzerland. The Swiss furnished a splendid illustration of popular resistance to feudalism. The Reformation came to the Swiss, as it came to western Europe. While Europe was engaged in religious wars on a grand scale, the cantons of Switzerland were waging religious wars on a small scale. The feelings and sentiments which created the French Revolution were experienced by the Swiss in an intensified form. To fully appreciate the analogy between the politics of Switzerland, and the politics of Europe, it must be borne in mind that each little canton was a separate, independent state, making treaties and, some of them, conquering and ruling provinces on their own account. Many of them were in perpetual alliance with each other as have often been the great states of Europe. There was no united state of Switzerland until there was a united democracy. When there is a united democracy of Europe, there may be a united state of Europe.

The Swiss came out of the French Revolution, and out of their subjection to French rule with the masses of the people, believers in democracy. Yet these same people were still subject to the rule of old aristocratic families. In many of the cantons the few ruled the many. For centuries these people had been trained to a sense of injustice on the part of their rulers. In 1653 the whole peasantry had united in a formidable rebellion. The sense of injustice had been a growing factor. And now that the people had become convinced democrats, an effective method of escape became more and more clearly defined. The Swiss, ever sensitive to the pulse of Europe, made decided gains in the direction of democracy during the revolutionary era of 1830. (1) The sentiments which expressed themselves in Europe by the Revolutions of 1848 found expression in Switzerland through a civil war, a few months earlier. And upon the full tide of the fateful revolutions, the Swiss were prepared to sit down in deliberative council and frame their Constitution of 1848.

In the making of their Constitution, the Swiss drew upon the experience of the United States; yet they were careful not to break with their own experience. By the adoption of this Constitution, the nation was enfranchised. Power passed suddenly from the privileged few to the inexperienced many. In many cantons it was a long time before members of the old ruling families could be chosen to office. For centuries the peasant had studied politics from the stand-point of a subject and an outside observer. The ancient ruling class now became students of politics from the same vantage ground. In course of time the brighter intellects frankly accepted the democracy and began to devise ways and means for winning the confidence of the people. These old families had in the past, lorded it over their fellowmen through the coincidence of wealth and political power. Under the democracy, they still found themselves in possession of superior industrial power over their poorer neighbors, though they were stripped of political power. They proposed to regain political influence by genuine reforms in taxation. Since superior wealth gives superior industrial power, they held that it was but simple justice that the wealthy should pay a higher rate of taxation.

I have found difficulty in getting Americans to believe that the progressive income taxes, in the Swiss cantons, and the progressive property taxes, whereby the rate of taxation rapidly increases, as the value of estates increases, were actually

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introduced into Switzerland through the leadership of bankers and manufacturers who are themselves the payers of the high rates. In 1895 I was introduced to a Genevese banker, an Ex-President of the Confederacy, whose friends claim for him the honor of initiating these reforms. These laws have not been introduced as a mere political device to gain votes. They have been enacted under a conviction that they are just, with the full intention that the property will be assessed and the taxes collected as the law directs. Our Consul at Zurich expressed to me his surprise, at the spirit and manner, of the execution of these laws. He gave an incident which had just occurred. In the settlement of an estate it transpired that the decedent had, for many years, eluded a part of the taxes due the state. In such a case the law exacts double tax. The full amount for all the years of the delinquency was taken with no breath of dissent.

From the adoption of the Constitution of 1848, democracy has become more triumphant and efficient. A more liberal Constitution was issued in 1874. The Referendum, (2) practiced in some of the cantons before the Constitution of 1848, has been extended to nearly all the cantons, and is embodied in the Constitution of 1874 for the Confederacy. Some sort of popular initiative (3) in law-making has from the beginning existed in some of the cantons. By recent amendment of the Constitution, fifty thousand petitioners may propose changes in Confederate laws. More recently still, Proportional Representation has been adopted in a few of the cantons. All these and many other measures, have as their object and effect, the placing of the people in more complete control of all the affairs of state.

Important among causes contributing to the success of the democracy, have been the public works undertaken by cantons and by the Confederate government. With the subjection to France, trade restrictions between the cantons ceased. A period of road-building by the joint action of cantons and Confederacy ensued. These highways are the pride of the land, and the admiration of the world. The State has been actively identified with railway enterprises until finally measures are taken to make the entire business a state function. There has grown up an efficient postal system, including express business and postal telegraphy. Upon the advent of the telephone it was, as a matter of course, made a part of the postal system. For nine dollars a year the citizen is supplied with the use of a phone with connections in city and country. Without these and many other public enterprises undertaken by cities, cantons, and Confederacy, the democracy would have been foredoomed to failure. Perhaps, however, most important of all, is a system of state schools for the education of all the people. (4)

17. UNION UNDER THE DEMOCRATIC CONSTITUTION.

(1) **Democratic Reforms in the Cantons.**—It was a French revolution which, in 1798, caused the old Swiss Confederation to collapse, and it was another French Revolution which, in 1830, gave the signal for political regeneration in Switzerland on democratic lines.

In true Teutonic fashion the people came together in open-air assemblies, to formulate their demands for further rights, and, when necessary, to make arrangements for enforcing them. It was a magnificent movement, bearing a striking likeness to the revival of political thought amongst the farmers of the United States in the Grange and the Alliance. There were the same wrongs of special privilege to redress, the same organized oppression from the middle class, living as non-producers on their interest, and the same political tyranny of the politicians to break. In Switzerland, however, the struggle had first to be directed against the reactionary, almost feudal administrations in the various cantons, and was not carried on so much against plutocracy, as the industrial uprising of recent years in the United States has been conducted.

It was a French revolution which, in 1798, caused the old Swiss Confederation to collapse, and it was another French revolution which, in 1830, gave the signal for political regeneration in Switzerland on democratic lines. From her very position, Switzerland has always been particularly sensitive to the tendencies manifesting themselves about her, reflecting in her long career every phase of European history. It was only natural, therefore, that she should feel the exhilaration of new aspirations, when the reactionary cloud, which had brooded over Europe, began to lift, as the breeze of liberty blew fresh from the streets of Paris.

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The first of these patriotic meetings of protest against the aristocratic governments, was held in the canton of Thurgau on the 22d of October, 1830. A petition for the revision of the constitution was drawn up, and pressed upon the authorities with so much vigor, that the desired changes were soon after carried into effect.

An assembly, held at Uster, in the canton of Zurich, likewise sent a memorial to the government with clearly expressed demands. The form of address to the authorities which had become compulsory during the period of reaction, shows in what abject submission the people were held.

"Right Honorable, Highly esteemed, Squire Bürgermeister! Highly esteemed, Highly honored Sirs and Masters!" Then followed a list of desired reforms. Amongst them was a new electoral system with fair representation; the constitution was to be declared valid only after it had been sanctioned by the people voting in popular assemblies; a demand was made for freedom of the press; for publicity of the sessions and minutes of the Cantonal Council; the right of petition; also a reduction of specified taxes; the introduction of a general income tax, and the improvement of the schools.

It will be seen that the patriots clamored for some of the most elementary rights of freemen, as well as for other reforms of more modern aspect. The people in other cantons, encouraged by this example, met to bring pressure upon their governments, and, by the middle of December, nine cantons had revised their constitutions in a liberal sense. In general, these popular feelings were dignified and peaceful, such disturbances as did occur being due to an insane attempt of the authorities to resist the express will of the people.—*"The Rise of the Swiss Republic," by W. D. McCrackan, M.A., pp. 325, 326.*

(2) **The Referendum** —Bills which have been passed by both houses are promulgated by the Federal Council. In most other countries such acts become laws at once on the date appointed in the publication, but in Switzerland there is another power to be heard from, before a measure can be truly said to have been enacted. For ninety days the law may be said to be on probation, for if within that time a sufficiently representative body of citizens so demand, a popular vote must be ordered and acceptance or rejection decided by that.

This procedure, known as the *referendum*, is peculiar to Switzerland.

All laws, "not of an urgent nature," are published immediately after passage, a sufficient number of copies sent to the government of each canton, and for ninety days submitted to inspection. The question as to whether a bill is urgent or not, is decided by the Federal Legislature itself, and if it is, the Federal Council is ordered to put the same in force at once. But if it is an ordinary law, and during this period of probation 30,000 citizens petition for a popular vote, the bill must be submitted to that ordeal. It will be observed that again both the democratic and the federal idea may be represented in this expression of opinion. The thirty thousand citizens, being about one-hundredth part of the whole population, or about one-twentieth of the voters, stand for the democratic principle; but if the request come from the legislatures of eight cantons, the effect is the same. No canton, however, has as yet used this privilege, the demand always arising from popular agitation.—*"State and Federal Government in Switzerland," by John Martin Vincent, Ph.D., pp. 46, 47.*

(3) **Imperative Petition.**—By means of the Initiative or Imperative Petition, the order of legislation just described is reversed, since the impulse to make law, is received from below instead of above. The method of procedure is about as follows: Those who are interested in the passage of a new law, prepare either a full draft of such a bill or a petition containing the points desired to be covered, with the reasons for its enactment, and then bring the matter before the public for the purpose of obtaining signatures. Endorsement may be given either by actually signing the petition or by verbal assent to it. The latter form of consent is indicated either in the town meetings of the communes, or by appearing before the official in charge of the petition, and openly asking that his vote be given for it. If in the various town meetings of the canton taken together, a stated number of affirmative votes are given for the petition, the effect is the same as if the names of voters had been signed. When the signature method is adopted, all those who desire to endorse the petition are required to go to the office of the person in charge of the bill. This is always a public officer, either the head man of the town or some precinct official specially designated. Here signers must prove their right to vote as in any other election No fees are to be drawn from voters for witnessing their signatures. The number of names required is about the same in proportion to the whole body of voters as for the Optional Referendum.—*Ibid., pp. 123, 124.*

(4) **Education.**—In the matter of education, the part played by the central government does not exhibit to advantage what is done by the Swiss people as a whole. Schools and universities are nearly all maintained by the cantons, and the work done by them is treated more fully under the head of State Government, yet the confederation contributes a respectable amount to the advancement of learning and supplements in many ways, the efforts of the states.

The constitution of 1848 authorized the federal government to erect and maintain a polytechnic school and a university. The first was founded in 1855, but the university has never been realized The revision of 1874 went further in its provisions for education, by declaring that in addition to the existing *Polytechnicum* the confederation was authorized to establish a university and other institutions of higher education or to aid such institutions. Furthermore, the obligation was laid upon the cantons to maintain primary education, which throughout the whole country must be compulsary, free of cost, open to children of all religious beliefs, and under the supervision of the state. If any canton does not fulfill these obligations, the federal government may take the necessary steps to compel it.—*Ibid., pp. 90, 91.*

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18. SPECIAL LESSONS FROM SWISS EXPERIENCE.

Many important lessons may be drawn from the Swiss experience. In Italy one sees a rich country and a starving people. In Switzerland the country is poor and the people comparatively rich. These are not isolated facts. It is a common observation that it is in a rich country that the people starve. There is also a relation of cause and effect. The Swiss are rich partly because their country is poor. The Italians are poor partly because their country is rich. In our account of the feudal system, the statement was made, that often a hierarchy of five or six grades of warriors and clergymen were supported from the same estate. This could only be true of the richer soils. In Switzerland the land was so poor that it could be made to support only one lord at a time. If a religious house had the feudal rights there was usually no competitor. In any event there was no complicated hierarchy of lay and clerical rulers in conspiracy to take from the people their living. The poverty of the land kept the people next to nature; kept them in the constant practice of coöperative support for the common weal. On the other hand, in the rich countries of France and Italy the surplus products have been built into complicated institutions capable of holding together in the face of the actual starvation of the masses of the people. Louis XIV. could starve his subjects (1) while he was bribing the King of England, and was hiring Swiss soldiers to fight his battles.

Swiss experience illustrates the importance of local government in the formation and maintenance of a democracy. In many parts of the land, the people have never departed far from the primitive village state, in which families and kinsfolk owned their lands in common and composed their difficulties in a common assembly. As stated above, this did not of itself create a democracy, but it gave to the great body of the people that training in the management of affairs in common, without which, democracy is impossible. The common ownership of land is the key to the early political training of the Swiss. This fact, more than all others, accounts for the perpetuation of those popular assemblies so essential to the training of the people. Not all the lands were held in common, only a part were thus held. Hence, at the same time the people enjoyed the advantages and experiences derived from a private ownership of homes.

Small as the cantons were, they were not so small as not to contain important local governments. In many of them the communes or townships into which they are divided, have always been important local governments. In fact the care of common lands has been in the communes, rather than in the larger area of the canton. The people of the cantons, therefore, during the long period in which these were virtually independent states, lived in a state which was so small that all could understand it, while at the same time they had control of local matters in still smaller communities. This intense devotion to the little state made a united Switzerland impossible, yet it saved Switzerland to democracy. (2) Had there been a united State much earlier it would probably not have been democratic. The Holy Alliance was intensely monarchical in its preferences. Yet the members were forced to concede that monarchy in the Alps was impossible. All the training in local government made for ultimate democracy. In France there is seen to-day, an example of an attempt to establish a democracy in a state, with a thoroughly centralized government. This is difficult, but not impossible. The people may with difficulty regain the lost art of managing their own local affairs. England is less centralized than France, yet as democracy progresses, local democratic institutions are demanded in counties, cities and parishes.

Another important lesson from the Swiss experience is the illustration which it furnishes of the power of democracy, to fuse into a united state, people of diverse races and tongues. German, Italian and French Switzerland have been, within a marvelously short time, fused into one compact nation, with intense national feeling

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and national patriotism. The three separate languages are retained, yet on all questions touching the interests of Switzerland there is one voice. There is a crude notion that the Latin races are not adapted to democracy. Yet Italian Ticino is as consistently democratic as German Zurich. It is even more remarkable that Catholic and Protestant Switzerland should be so thoroughly united. Religious controversy was as intense and bitter in Switzerland as anywhere else. The last civil war just preceding the adoption of the Constitution of 1848, was a religious war. Catholic cantons arose in rebellion, and were put down by force of arms. Yet under the democratic Constitution all questions growing out of diversity of religion are settled by mutual concession. (3)

18. SPECIAL LESSONS FROM SWISS EXPERIENCE.

(1) **Extracts From a Letter Written by the Mother-Superior of a Convent at Blois, 1662.**—"There is nothing more true than that in Blaisois, Sologne, Vendomois, Perche, the region of Chartrain, Maine, Touraine, Besey, part of Champagne and other places, where wheat and money are lacking, there are more than thirty thousand poor reduced to the last extremity, and most of them are dying of hunger. . . . The poor are without beds, without clothing, without linen, without furniture, in short deprived of everything: they are as black as Moors, most of them looking like skeletons, and the children all swollen. . . . Many women and children have been found dead in the roads and fields, their mouths filled with grass. . . . M. Boullon, the Vicar of St. Sauveur at Blois, declares that he has seen children eating excrements; and, what is stranger that he has seen two of them in the graveyard sucking the bones of the dead thrown out in digging a grave."

Fenlon wrote to the king: "Your people are dying of hunger. Cultivation of the fields is almost abandoned, the towns and the country are depopulated; all trades languish and no longer support the workmen. . . . Instead of taking money from these poor people, alms should be given them, and they should be fed. The whole of France is nothing but a great hospital stripped and without provisions."—*Quoted in "The Growth of a People," by Paul Lacombe, pages 188 and 191.*

(2) **The New Confederation.**—Revision of the constitution could no longer be delayed. The Diet went busily to work upon a new project, and on the 12th of September, 1848, the organic law which at the present day forms the foundation of the confederation was adopted by a large majority of the Swiss people. Amendments have been made from time to time, especially in 1874, but these have all been enlargements of powers already existing, and adaptations of inherent principles to the advances of time.

Switzerland obtained its federal government sixty years later than the United States, but had five centuries of prejudice to overcome. During that long period the great aim and end of all political strife was local independence, and in consideration of the race origin of the people, their national instincts, national experiences, and political education, it is no wonder that the phrase "sovereign state" should be conspicuous in the constitution. All the elevating memories of the national history, all the inspiring traditions which had been bred into national sentiment, generation after generation, were connected with a league of states of almost insulated independence. The darker periods, when fraternal feeling lost its hold and when disunion received its just reward, were enveloped in motives, religious, ambitious, or pecuniary, which are so deeply wrought into human nature that isolation, once engendered, easily perpetuated itself, grew deeper, and fastened itself into the national habit of thought.

Then, when solidarity was first offered, the form of it was so historically crude and so rudely forced upon the country, that, although common misery broke down many old prejudices, love for unity could hardly come out of it. Yet local independence has been a vital element in the evolution of the Swiss nation.

By confederation this people became strong, but, after all, the motive of union, the mainspring of political combination, was desire for local independence. Without this the Swiss republic would not have existed.

At the beginning there would have been nothing else to fight for. Later on there would have been no reasons for wider combinations, and, although it was at times sadly abused, the Swiss people, as they look back over the history of their neighbors who fell under the power of dynasties, may thank fortune that individuality was maintained.

The value of unity has been learned by hard experience, but through it all a vigorous local self-reliance has been cultivated, than which there is no surer foundation for safe political activity in larger fields.—"*State and Federal Government in Switzerland," by John Martin Vincent, Ph.D., pp. 28, 29.*

(3) **Toleration.**—From a religious standpoint, Glarus occupies a unique position. Being in close communication with the Protestant canton of Zurich, and with Catholic Uri and Schwyz by the Klausen and Pragel Passes, it has ever been unusually tolerant towards either faith. The Reformation made less bad blood here than elsewhere in Switzerland, and that, too, in spite of the fact that Zwingli labored ten years as pastor of Glarus, from 1506 to 1516. The Reformer twice accompanied Swiss troops of mercenarie son their expeditions into Italy. As army chaplain he learned to know intimately all the evils which resulted from this system of foreign hire. It became a national curse; and he set his face resolutely against it. Some of his best work as a reformer was done in combating this secular, military corruption.

Zwingli also established a Latin school. Among his scholars were three boys of the Tschudi family,—Ægidius (Giles), later the historian, known as the "Herodotus of Switzerland," who remained a Catholic, but retained the friendship of both parties on account of his moderation; his brother, Peter, followed Zwingli; and a cousin,

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Valentin, became Zwingli's successor as pastor of Glarus. Valentin Tschudi went so far in his religious toleration, as to say mass early in the morning to his Catholic parishioners, and later to preach an evangelical sermon to the Protestants. To this day, the parish church in the town of Glarus is used jointly by both religious bodies, each having its own clergy and its own hours. Zwingli's church was burned down in 1861; the new one is Romanesque, and rather fine.

Another native of this valley was Heinrich Loreti, better known to the world by his Latinized name of Glareanus. He was born in the village of Mollis, became a Humanist and a friend of Zwingli, was crowned poet-laureate by Emperor Maximilian in 1512, and in his old age reverted to Catholicism. He died somewhat of a pessimist, leaving thirty works, chiefly upon philological and musical subjects. — *"Teutonic Switzerland," by W. D. McCrackan, pp. 282-284.*

THIRD WEEKLY REVIEW.

13. **THE COUNTRY AND THE PEOPLE.**—It is at the roof of Western Europe whence rivers flow into four seas. The people are Celt, German and mixed races. The history is greatly affected by the location and character of the country.
14. **THE BEGINNING OF THE CONFEDERACY.**—The three Forest Cantons of Schwyz, Uri and Unterwalden unite in 1291. The legend of William Tell.
15. **THE CONFEDERACY.**—Coincidence of Swiss alliance and the decline of feudalism. Allied Cantons were increased to eight in 1353 and to thirteen in 1573. No further increase for two hundred and thirty years. They rule conquered provinces. Alliance with France in sixteenth century, Independence, 1648. A forced union under the French.
16. **PREPARATION FOR THE DEMOCRATIC STATE.**—Democracy essential to union. Training to habits of virtue and self-control essential to democracy. Democracy represents a principle, not simply a form of government. Democracy not simply political equality. The Swiss became subject to aristocratic rule. The French Revolution prepared the way for Democracy.
17. **UNION UNDER THE DEMOCRATIC CONSTITUTION.**—Switzerland a miniature Europe. Democratic conviction found expression in the Constitution of 1848. The ruling class thrust out of politics and return through the advocacy of popular reforms. New Constitution of 1874. Relation of public works to success of Democracy.
18. **SPECIAL LESSONS FROM SWISS EXPERIENCE.**—A poor country may contain a rich people and a rich country a starving people. Local government important to successful democracy. Democracy has great power to unite people of diverse race and religion.

QUESTIONS.

13. *What are the chief peculiarities of the geography of Switzerland? How has the geography affected the history? What peoples have inhabited the land? What is the difference between German and French Switzerland?*
14. *What are the chief features of land tenures in the three Forest Cantons? Why did they form an alliance? Explain the story of William Tell.*
15. *At the time of the alliance what was the condition of the feudal system in Europe? What was the effect of the alliance on adjacent peoples? Give the number of cantons at different dates. When did the European nations recognize the independence of Switzerland? Was Switzerland then a united State? What was the effect of the French Revolution on Switzerland?*
16. *What is the chief business of a democratic State? What is the difference between democracy and equality as illustrated in the caste system? Were the early Swiss believers in democracy? How did they govern their provinces? Name some of the great reformers of Switzerland.*
17. *How does Switzerland reflect the life of Europe? When and how did Switzerland become a united state? Why was democracy necessary to the union of Switzerland? How did the aristocracy regain political influence under the constitution of 1848? Name some of the public works which have contributed to the success of Swiss democracy.*
18. *How may the poverty of a country contribute to the wealth of a people and the richness of a country contribute to their starvation? How does local government favor democracy? Why is democracy peculiarly adapted to the fusion of diverse races into a united State?*

SUBJECTS FOR SPECIAL STUDY.

1. *The effect of geography on the history of peoples.*
2. *The history of Switzerland.*
3. *Contemporaneous history of Europe.*
4. *The special relations of Switzerland to Germany and to France.*
5. *The writings of Rousseau.*
6. *The works of Pestalozzi and Froebel.*

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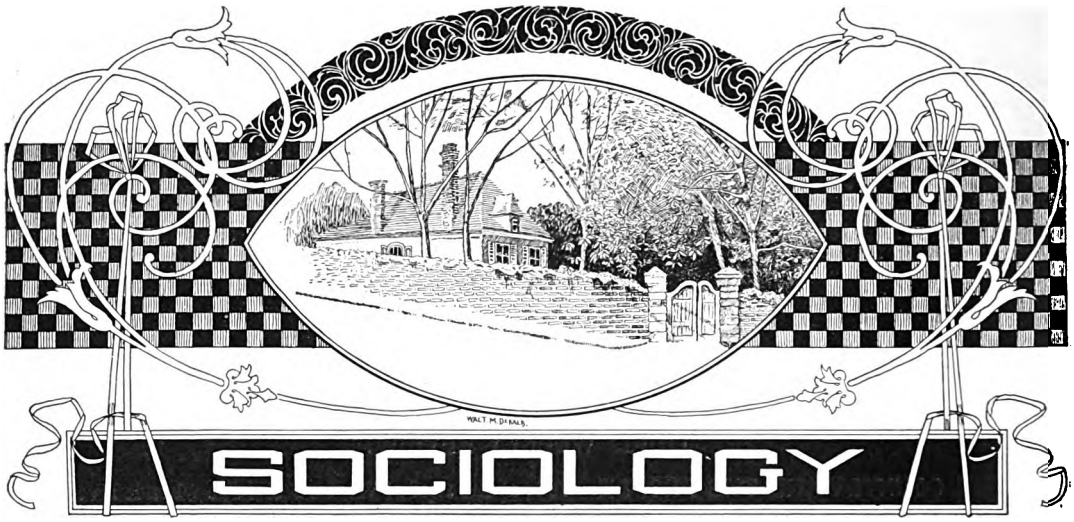

SOCIOLOGY AND EVOLUTION.

BY

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19. COSMIC EVOLUTION.

ACCEPTING the principle of evolution as applying to all nature, (1) we have first to get a clear idea of evolution (2) in general before taking up in detail, the evolution of society. For it must be remembered that all nature's processes are essentially united, and that the successive phases of evolution are, in the strictest sense, parts of one great process, no part of which can be understood without reference to that which has gone before.

The first phase of this great process is cosmic evolution, or the evolution of worlds. (3) It is plain that before life could exist, an immense preparation was necessary in the formation of solar systems and planets, the raising and drying of continents, the disintegration of rock, etc. The details of this process we can only infer from the results, and from observing such phases of it, as are still going on about us.

The beginning, so far as we can find one, was a condition of highly diffused matter *unevenly* distributed through space and mutually attractive, as matter everywhere is. Hence came condensation, with something of a turmoil of movement in the separating masses, which could not but become dense and round, as their particles gathered more closely about the common center. It is demonstrable, too, if not quite so obvious, that the motions of these masses, yielding to the pull of countless unequal attractions, must assume circular and more and more regular orbits, and as a result of endless disturbances and clashings, become most orderly and learn to keep out of one another's way. The most of this schooling of the universe was long since accomplished, and now the movements of the heavenly bodies, some of them at least, are the most exact of anything we know. Still they have reached only an approximate equilibrium. The "fixed" stars are not fixed; orbits of revolution are neither perfectly regular nor perfectly constant, comets return at regular intervals for a while and then disappear altogether; and the blaze of the meteor which we may see on any starlight night, reminds us that the planets are still raking the heavens and gathering in stragglers which, after ages of independence, have at last strayed within reach of their powerful attraction. (4)

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The condensation of matter generates heat still visible in the sun, and less conspicuously in our crusted earth. The cooling and shrinking, wrinkle the crust, and divide the dry land from the sea. Rain and waves wear the rock, and pad them comfortably with sediment, and glaciers help from time to time with the heavier ploughing. Life slowly becomes possible and in turn helps to prepare its own habitat. Everywhere there is a toning down of nature's angularities, and a growth of more genial aspects. (5)

If we were to describe this whole process by a single word we should perhaps call it equilibration, the change from a less stable, to a more stable equilibrium. The indefinite becomes definite, the irregular becomes regular, and order comes out of chaos. Erratic movements fall into circular orbits, scattered atoms group themselves into spheres, wrinkles and other irregularities are pared down and hollows filled. Reflection will convince us that it must inevitably have been so, that it is a necessary phase of the passage from unequilibrium to equilibrium. Turn loose a lot of unequal forces within reach of each other's power, and it inheres in their very nature that there will be conflict, combination and compromise, as among the subtler human forces with which we are familiar. The well-known principles of mechanics and physics, that the product of two converging forces is a resultant between them, that the resultant of varying forces is a curved line, etc., these, if adequately applied, explain all the phenomena of cosmic evolution.

19. COSMIC EVOLUTION.

(1) **Evolution in Physical and Mental Science.**—The study of geology today assumes evolution as its foundation. Whether a right or wrong method of study, it has proved to be a necessity, and will at all events serve to indicate how firmly the theory has become rooted in modern science. Unless there is a marked change in the tendency of thought, it is a safe prediction that a few years more will see it a universal conclusion of science. The question is, however, still open to investigation, and, as we shall see, there are still many difficulties which have not been cleared away. There are still obstacles to be overcome before the theory can be regarded as positively settled.

Among students of mental science the term evolution seldom has the same meaning that has been indicated above. Their whole line of thought is different, and they cannot, therefore, consider the question as a purely scientific subject. In their minds, evolution has more meaning than it has among natural scientists. It is frequently made to include certain metaphysical conceptions of the meaning of the individual life; the significance of reproduction in general, as well as of the origin of matter and force; all questions of the greatest significance, and perhaps rightly included in a philosophical definition of evolution.—"*Evolution of To-Day*," *by H. W. Conn, Ph.D., p. 19.*

(2) **What Is Evolution?**—When first used, the word had a very different significance from that which now is attached to it. It was believed by certain naturalists of last century that there then existed in the egg an individual precisely like the adult, except that it was too small to be visible. The development of the egg was simply the *growth* of this minute individual, a growth precisely similar to that taking place in animals after birth. This theory was called evolution. Very soon, however, it was disproved, for a few observations served to show that no such simple growth took place. But the word evolution was still retained to apply to development in general, and thus for a long time it simply referred to the development of the individual from the egg.—*Ibid., p. 3.*

The word evolution is, unfortunately, ambiguous, partly on account of this earlier use, partly because of its etymology. The word means unrolling, and a favorite inference has been that since no more could be unrolled than had before been rolled up, the real creation was predetermined by a personal agency. This may be true, but science tells us nothing of any rolling up, and all arguments drawn from the etymology of an ill-chosen word had better be abandoned.

Another assumption is that evolution is synonymous with progress. But evolution may as easily be retrogressive as progressive, as these words are commonly understood. Nor is it legitimate to assume that "humanity is the goal of evolution." Humanity is one of the *products* of evolution up to date. Our interest in these questions is sure to begin by vast speculations, and sweeping conclusions regarding ultimate destiny and pervasive purpose. Long and patient study is sure to make us feel our ignorance on such questions. Whatever may be the truth about the purpose and goal of evolution, none of these inferences are included in, or warranted by, the theory of evolution simply because they all transcend our knowledge. Evolution in its largest sense is a synonym for *change*, as it proceeds in the universe. In its narrower and commoner sense, which we have designated as organic evolution, the word means simply *adaptation*.

(3) **Speculative and Hypothetical.**—Few works on evolution treat this earlier phase of the subject. It is by its very nature more speculative and hypothetical than the evolution of species, because its processes are remote, and so slow that to our momentary existence the change seems quite invisible. We can not experiment with the universe, and can only infer its workings from its imperfectly known results.

(4) **The Rhythm of Motion.**—We have again that which is perpetually furnished by the surface of the sea: every large wave bearing smaller ones on its sides, and these still smaller ones;

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with the result that each flake of foam, along with the portion of water bearing it, undergoes minor ascents and descents of several orders while it is being raised and lowered by the greater billows. A quite different, and very interesting example of compound rhythm occurs in the little rills which at low tide run over the sand out of the shingle banks above. Where the channel of one of these is narrow, and the stream runs strongly, the sand at the bott m is raised into a series of ridges corresponding to the ripple of the water. On watching for a short time it will be seen that these ridges are being raised higher and the ripple growing stronger, until at length, the action becoming violent, the whole series of ridges is snddenly swept away, the str am runs smoothly and the process commences afresh,—"*First Principles*," *by Herbert Spencer, p. 254.*

(5) **Why was Evolution the Method Chosen.**—One seldom-raised yet not merely curious question of Evolution is, why the process should be an evolution at all? If Evolution is simply a method of Creation, why was this very extraordinary method chosen? Creation *tout d'un coup* might have produced the same result; an instantaneous act or an age-long process would both have given us the world as it is? The answer of modern natural theology has been that the evolutionary method is the infinitely nobler scheme.

A spectacular act, it is said, savors of the magician. As a mere exhibition of power it appeals to the lower nature; but a process of growth suggests to the reason the work of an intelligent Mind. No doubt this intellectual gain is real. While a catastrophe puts the universe to confusion at the start, a gradual rise makes the beginning of Nature harmonious with its end. How the surpassing grandeur of the new conception has filled the imagination and kindled to enthusiasm the soberest scientific minds, from Darwin downwards, is known to every one. As the memorable words which close the "*Origin of Species*" recall:

"*There is a grandeur in this view of life, with its several powers, having been originally breathed by the Creator into a few forms or into one; and that whilst this planet has gone cycling on, according to the fixed law of gravity, from so simple a beginning, endless forms most beautiful, and most wonderful, have been, and are being evolved.*"

But can an intellectual answer satisfy us any more than the mechanical answer which it replaced? As there was clearly a moral purpose in the end to be achieved by Evolution, should we not expect to find some similar purpose in the means? Can we perceive no high design in selecting this particular design, no worthy ethical result which should justify the conception as well as the execution of Evolution?

We go too far, perhaps, in expecting answers to questions so transcendent. But one at least suggests itself, whose practical value is apology enough for venturing to advance it. Whenever the scheme was planned, it must have been foreseen that the time would come when the directing of part of the course of Evolution would pass into the hands of Man.

A spectator of the drama for ages, too ignorant to see that it was a drama, and too impotent to do more than play his little part, the discovery must sooner or later break upon him that Nature meant him to become a partner in her task, and share the responsibility of the closing acts. It is not given to him as yet to bind the sweet influences of Pleiades, or to unloose the bands of Orion. In part only can he make the winds and waves obey him, or control the falling rain. But in larger part he holds the dominion of the world of lower life.

He exterminates what he pleases; he creates and he destroys; he changes; he evolves; his selection replaces natural selection; he replenishes the earth with plants and animals according to his will. But in a far grander sphere, and in an infinitely profounder sense, has the sovereignty passed to him. For, by the same decree, he finds himself the guardian and the arbiter of his personal destiny, and that of his fellow-men.

The moulding of his life and of his children's children, in measure lie with him. Through institutions of his creation, through Parliaments, Churches, Societies, Schools, he shapes the path of progress for his country and his time. The evils of the world are combated by his remedies; its passions are stayed, its wrongs redressed, its energies for good or evil directed by his hand. For unnumbered millions he opens or shuts the gates of happiness, and paves the way for misery or social health. Never before was it known and felt with the same solemn certainty that Man, within bounds which none can pass, must be his own maker and the maker of the world.

For the first time in history not individuals only, but multitudes of the wisest and the noblest in every land take home to themselves, and unceasingly concern themselves with the problem of the Evolution of Mankind. Multitudes more, philanthropists, statesmen, missionaries, humble men and patient women, devote themselves daily to its practical solution, and everywhere some, in a God-like culmination of Altruism, give their very lives for their fellow-men.

Who is to help these Practical Evolutionists—for those who read the book of Nature can call them by no other name, and those who know its spirit can call them by no higher—who is to help them in their tremendous task? There is the will—where is the wisdom?

Where but in Nature herself. Nature may have entrusted the further building to Mankind, but the plan has never left her hands. The lines of the future are to be learned from her past, and her fellow-helpers can most easily, most loyally, and most perfectly do their part by studying closely the architecture of the earlier world, and continuing the half-finished structure symmetrically to the top. The information necessary to complete the work with architectural consistency lies in Nature. We might expect that it should be there. When a business is transferred, or a partner assumed, the books are shown, the methods of the business explained, its future developments pointed out. All this is now done for the Evolution of Mankind. In Evolution, Creation has shown her hand. To have kept the secret from Man would have imperilled the further evolution. To have revealed it sooner had been premature. Love must come before knowledge, for knowledge is the instrument of Love, and useless till it arrives. But now that there is Altruism enough in the world to begin the new era, there must be wisdom enough to direct it. To make Nature spell out her own career, to embody the key to the development in the very development itself, so that the key might be handed over, along with the work, was to make the transference of responsibility possible and rational.—"*The Ascent of Man*," *by Henry Drummond, pp. 36-40.*

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20. ORGANIC EVOLUTION.

At some stage in the process of cosmic evolution, life appears upon the scene. How or why it appears we need not inquire. All we know is that it appears in connection with certain definite forms of matter, and under considerations which are pretty narrowly defined. Only a few chemical elements can be associated with life, and these only in certain combinations and definite proportions, and within narrow limits of heat, moisture, etc. Whether life is a property of matter under these delicate conditions, or something that is only associated with matter, is a question that has been much discussed and never settled. (1) Perhaps, after all, when we get to the bottom of the question we shall find that the two alternatives mean the same thing.

The most conspicuous characteristic of living things, is that they grow, assimilating matter of the proper kind, and making it a part of themselves. Assimilation, however, does not always result in growth, since life involves action, and loss of energy which can only be made good by assimilation. This process of assimilation and nutrition appears in a more complicated form in reproduction or multiplication, an equally universal characteristic of life. At its simplest, this is merely growth and division, as in the amœba. More frequently, there is division with rejection of some of the matter of the organism. Slowly the division becomes unequal with distinction between parent and offspring, and unequal duration of life in the two. As manifested in the higher forms of life, this process is a prodigious modification of the simple nutrition, but it is only a modification of it.

These living beings have their own problems of conflict and equilibration. These we may divide into two, though there is no fundamental distinction between them. The first is the problem of adjustment to nature. We have seen that the physical conditions of life are rather exacting. If it gets too hot or too cold, too wet or too dry, life is restricted or destroyed. These conditions appear at certain stages of cosmic evolution, but they are variable and inconstant. Life has to fit into these conditions as best it can, moving as they move, changing as they change. This is a problem in equilibration: but as the vast mass of nature is but slowly modified by contact with life, the latter is compelled to meet it more than half way to make the necessary adjustment. Such an adjustment is better described by the word adaptation. This is the appropriate name for that part of the process of evolution which is most familiar, and perhaps most significant.

The second problem is that of adjustment between organisms. Since life involves growth and multiplication, as it does and must, (2) it is bound, sooner or later, to crowd hard against the limits of space and food, which are allotted to it. In a sense, each organism is a natural enemy of other organisms, which eat its food if they live, and which become its food if they do not. Organisms are thus forced by the most elementary law of their being into a competition, active or passive, for the means of existence. Inequality makes the struggle decisive and progressive. If all organisms were equal in vitality and opportunity, the result would be the same as though all matter had been evenly and symmetrically distributed through space, that is, equilibrium, deadlock, no advance. But the forces that govern organic development are not thus balanced. Organisms are variable and unequal. and the deadlock is broken.

This competitive struggle necessarily results in the "survival of the fittest." (3) This expression, however, does not mean that the most ideal or meritorious survive, but those that are best adapted to the conditions.

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20. ORGANIC EVOLUTION.

(1) **No Evidence.**—There is not yet the slightest evidence that living matter could arise from non-living matter. All of the most recent experiments have certified this conclusion. Scientists, perceiving it a logical necessity of these views to believe that life could have arisen from inorganic

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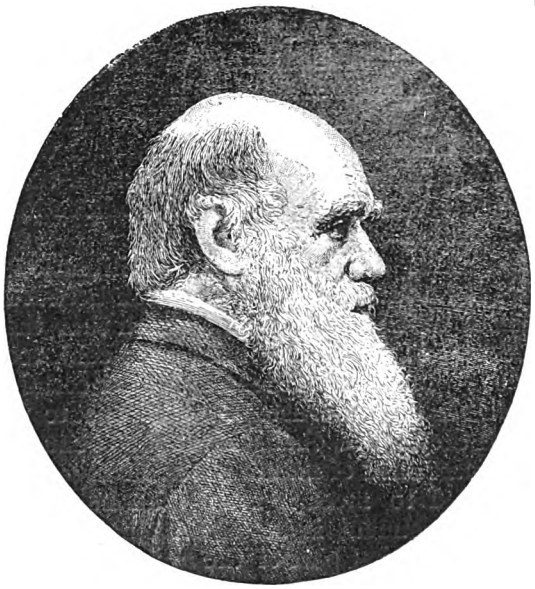
matter, have had naturally a great desire to prove this possibility. The fact that spontaneous generation is universally given up is therefore a testimony to the cogency of the conclusion, and the honesty of the investigators.

But, on the other hand, it is evident enough that while the experiments of Tyndall and others prove that life cannot arise spontaneously in the conditions under which they have performed their experiments — *i.e.*, in closed flasks containing boiled solutions, they by no means prove that spontaneous generation could not have taken place under other different circumstances. We can know nothing as to what may have taken place under different conditions. It is equally possible for one side to claim that the experiments teach that life cannot arise spontaneously, and for the other side to claim that while it does not do so



Charles R. Darwin, author of "The Origin of Species."

now, it might have been possible under very different circumstances in times past.

In short, the question is not open to investigation. It is impossible to prove that spontaneous generation could never have occurred; and it is extremely improbable that the opposite view will ever be demonstrated. All that can be done is to discuss the question from theoretical grounds.—*"Evolution of To-Day," by H. W. Conn, Ph.D., pp. 7, 8.*

(2) **Geometrical Ratio of Increase.**—There is no exception to the rule that every organic being naturally increases at so high a rate, that, if not destroyed, the earth would soon be covered by the progeny of a single pair. Even slow-breeding man has doubled in twenty-five years, and at this rate, in less than a thousand years, there would literally not be standing-room for his progeny.

Linnæus has calculated that if an annual plant produced only two seeds—and there is no plant so unproductive as this—and their seedlings next year produced two, and so on, then in twenty years there would be a million plants. The elephant is reckoned the slowest breeder of all known animals, and I have taken some pains to estimate its probable minimum rate of natural increase; it will be safest to assume that it begins breeding when thirty years old, and goes on breeding till ninety years old, bringing forth six young in the interval, and surviving till one hundred years old; if this be so, after a period of from seven hundred and forty to seven hundred and fifty years there would be nearly nineteen million elephants alive, descended from the first pair.—*"The Origin of Species," by Charles Darwin, M.A., pp. 79, 80.*

Darwin's observations prove conclusively that the geometrical rate of increase in all species is a fact. It may be well to note that it is also a necessity. Suppose that a pair produce two, and only two, thus exactly reproducing themselves from generation to generation. Accidents will certainly interrupt the chain at some point and the species will disappear. Only those species can persist which reproduce themselves *and more*. No matter what the factor of multiplication may be, a species that *multiplies* from generation to generation must eventually bury the earth if not restricted. The unavoidable destructive agencies therefore necessitate multiplication, and multiplication in turn necessitates destructive action.

(3) **Individual Differences.**—If under changing conditions of life, organic beings present individual differences in almost every part of their structure, and this cannot be disputed; if there be, owing to their geometrical rate of increase, a severe struggle for life at some age, season, or year, and this certainly cannot be disputed; then, considering the infinite complexity of the relations of all organic beings to each other, and to their conditions of life, causing an infinite diversity in structure, constitution, and habits, to be advantageous to them, it would be a most extraordinary fact if no variations had ever occurred useful to each being's own welfare, in the same manner as so many variations have occurred useful to man.

But if variations useful to any organic being ever do occur, assuredly individuals thus characterized will have the best chance of being preserved in the struggle for life; and from the strong principle of inheritance, these will tend to produce offspring similarly characterized. This principle of preservation, or the survival of the fittest, I have called Natural Selection. It leads to the improvement of each creature in relation to its organic and inorganic conditions of life; and consequently, in most cases, to what must be regarded as an advance in organization. Nevertheless, low and simple forms will long endure if well fitted for their simple conditions of life.—*Ibid., pp. 159, 160.*

Metaphorical View. — It may metaphorically be said that natural selection is daily and hourly scrutinizing, throughout the world, the slightest variations; rejecting those that are bad, preserving and adding up all that are good; silently and insensibly working, *whenever and wherever opportunity offers*, at the improvement of each organic being in relation to its organic and inorganic conditons of life. We see nothing of these slow changes in progress, until the hand of time has marked the lapse of ages, and then so imperfect is our view into long-past geological ages, that we see only that the forms of life are now different from what they formerly were.—*Ibid., pp. 102, 103.*

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21. SENTIENT EVOLUTION.

We are about as much in the dark regarding the origin of feeling and consciousness, with all their products, as we are regarding the origin of life. All we know, and fortunately, all we need to know is that somewhere in the course of the development of life, organisms become conscious of their environment, and ultimately of their own existence. The consciousness is dim at first but becomes more vivid in the higher forms equipped with organs of special sense. Following upon sensation, we have comparison, and judgment, and reason, and all the psychic life of which we are so proud.

It is impossible to tell how far down in the order of development consciousness goes, but it is safe to assume that plants, and some of the lowest animals, know little or nothing of what is going on, and that where consciousness and feeling are plainly present they are often very imperfect.

More important than the origin of consciousness is its function in evolution. We are quite too apt to assume that consciousness and intelligence, are self-explanatory, and that they exist to give us the pleasure of knowing about things and enjoying them. However this may be, it is certain that a very different consideration determines their evolution, namely the advantage which they give in the struggle for life. We are quite aware that a shrewd man is apt to get ahead of a dull one, but this advantage of the higher psychic qualities could never have come about, had it not been for the advantage of psychic life in lower forms, particularly that of enjoyment.

The function of pleasure in the struggle for existence is to stimulate the organism to adaptive or profitable actions. The things that are profitable to the organism became pleasurable and the things that injure his life chances, become painful. (1) This may sound strange to us who have so often found that pleasures are dangerous and painful things profitable, (2) but as we shall see later, for man this simple principle is greatly complicated by another, which sometimes seems to quite overshadow it. For the lower forms of life it holds with comparatively little limitation. Not that profitable things are inherently pleasurable and injurious things painful, even for the brutes, but they inevitably become so by the action of selection.

Suppose that a flock of sheep find in their migrations a poisonous herb, entirely unlike anything else they know. If they all dislike the smell of it and avoid it, no harm will come of it. If they all like it, and eat it all will die. But neither of these results is very probable. Sheep like other organisms are unlike except where nature has compelled them to be similar. Where they have no experience to guide them their tastes will differ. Some will like the herb, and eat it, and die, and others will dislike it, and avoid it, and live. And so the flock of sheep will come to unanimous agreement on the question, not by previous knowledge or even by observation of the effects of eating, but simply because the herb has selected for survival those whose pleasure it was to abstain. Their offspring are likely to inherit their tastes. If not, the process continues till they do. If the herb had been profitable instead of poisonous the process, would have worked just the same, but with an opposite result.

The power to feel is the simplest form of psychic life. From it are developed the power to compare, to judge, think and reason. (3) All these amount to nothing more, as regards our present purpose, than the power to feel more minutely, and at a greater distance, to anticipate conditions farther ahead and more perfectly adjust ourselves to them. This advantage is so great, that intelligence has more and more tended to become the decisive factor in evolution. The huge reptiles that once ruled the earth, have long ago succumbed to the shrewder mammals, and the mammoth and mastodon have had their day. Man has grown neither fur, nor blubber, but the powerful bear, and the bulky whale, find him a redoubtable competitor. As

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between men themselves the same struggle goes on remorselessly, and far more unerringly than is generally supposed. Even without the use of fire and sword the races of superior sentiency,—not necessarily the most sensitive, but those whose likes, and dislikes, and perceptions, best fit the conditions that now govern life—these silently, resistlessly, it may be unconsciously and unwillingly, supplant the less fit and enter into their birthright. (4)

21. SENTIENT EVOLUTION.

(1) **Pleasures and Pains** are concomitants of certain states. . . . Pains are the correlatives of actions injurious to the organism, while pleasures are the correlatives of actions conducive to its welfare; . . . for it is an inevitable deduction from the hypothesis of evolution, that races of sentient creatures could have come into existence under no other conditions.

Pleasures and Pains are concomitants of certain states, local or general--certain actions, I was about to say, but since pains of one class accompany what we distinguish as inactions (though these can never be absolute, while the life, general or local, continues) it is better to use the word states. Not that all living states, either of the whole organism or of any organ, are accompanied by pleasures or pains; for many of them, as those of the viscera during the normal discharge of their functions, yield to consciousness no feelings of any kind; and there are also feelings yielded by higher organs that are neither pleasurable nor painful, as an ordinary sensation of touch. But while certain states cause no feelings, and other states cause indifferent feelings, the feelings distinguished as pleasurable and painful manifestly result from states of some kind; and the question is—What are the states which yield Pains and what are the states which yield Pleasures?

(2) **Physical Effects.**—If we substitute for the word Pleasure the equivalent phrase—a feeling which we seek to bring into consciousness and retain there, and if we substitute for the word Pain the equivalent phrase—a feeling which we seek to get out of consciousness and to keep out; we see at once that, if the states of consciousness which a creature endeavors to maintain are the correlatives of injurious actions, and if the states of consciousness which it endeavors to expel are the correlatives of beneficial actions, it must quickly disappear through persistence in the injurious and avoidance of the beneficial. In other words, those races of beings only can have survived in which, on the average, agreeable or desired feelings went along with activities conducive to the maintenance of life, while disagreeable and habitually-avoided feelings went along with activities directly or indirectly destructive of life; and there must ever have been, other things equal, the most numerous and long-continued survivals among races in which these adjustments of feelings to actions were the best, tending ever to bring about perfect adjustment.—"*The Principles of Psychology*," *by Herbert Spencer, Vol. I., pp. 273, 280.*

(3) **Correlative Forces.**—Common Sense asserts the existence of a reality; Objective Science proves that this reality cannot be what we think it; Subjective Science shows why we cannot think of it as it is, and yet are compelled to think of it as existing; and in this assertion of a Reality utterly inscrutable in nature, Religion finds an assertion essentially coinciding with her own. We are obliged to regard every phenomenon as a manifestation of some Power by which we are acted upon; though Omnipresence is unthinkable, yet, as experience discloses no bounds to the diffusion of phenomena, we are unable to think of limits to the presence of this Power; while the criticisms of Science teach us that this Power is Incomprehensible. And this consciousness of an Incomprehensible Power, called Omnipresent from inability to assign its limits, is just that consciousness on which Religion dwells.

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Religion and Science are therefore necessary correlatives. As already hinted, they stand respectively for those two antithetical modes of consciousness which cannot exist asunder. A known cannot be thought of apart from an unknown; nor can an unknown be thought of apart from a known. And by consequence neither can become more distinct without giving greater distinctness to the other. To carry further a metaphor before used—they are the positive and negative poles of thought; of which neither can gain in intensity without increasing the intensity of the other.

Thus the consciousness of an Inscrutable Power manifested to us through all phenomena, has been growing ever clearer; and must eventually be freed from its imperfections. The certainty that on the one hand such Power exists, while on the other hand its nature transcends intuition and is beyond imagination, is the certainty towards which intelligence has from the first been progressing. To this conclusion Science inevitably arrives as it reaches its confines; while to this conclusion Religion is irresistibly driven by criticism. And satisfying as it does the demands of the most rigorous logic at the same time that it gives the religious sentiment the widest possible sphere of action, it is the conclusion we are bound to accept without reserve or qualification.—"*First Principles*," *by Herbert Spencer, pp. 99, 107, 108.*

(4) **Natural Restiveness.**—The great restiveness shown by many peoples at present is to be explained largely by this silent and unconscious but irresistible encroachment. The irritation of the French and others at the Jews, is not strange when we are told that in a country where they constitute one five-hundredth of the population, they own one-fourth of the active capital. The war between Spain and the United States has made plain what those who have lived on the continent of Europe have long known, namely, that we are hated by exactly those, and only those nations of Europe, who are being beaten in the modern industrial struggle. Against this remorseless encroachment of superior vitality, navies and forts offer but a temporary and ineffectual resistance. Capital and enterprise invade all territories and eventually control what they invade.

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22. SOCIAL EVOLUTION.

Evolution as manifested in the realm of organic life, takes the form of the struggle for existence. Life, which at this particular stage of cosmic evolution, is so conspicuous among the forces of nature, produces organisms of almost inconceivable number and variety, and these in their endless clash and struggle, are continually put to the test, and sacrificed, or preserved, according to their power to meet the requirements. This struggle is so universal that all organisms are adjusted to it. They not only can not progress, they usually can not even live without it. Life feeds on life, and the most ingenious of all the devices which evolution has laboriously produced, are mechanisms for mastering and utilizing other forms of life.

In the struggle for existence all means are utilized that will help. The dog's scent, the greyhound's speed, the fox's cunning, the lion's strength, the elephant's bulk, and so on indefinitely. And these devices, like the animals that possess them, are tested and selected according to their efficiency. Two lines of advantage may seem for a time, not to come into competition at all, and each may go on developing by itself, but eventually the most diverse lines cross, and the two types join issue to see which shall inherit the earth. Thus there results an elimination, not of individuals merely, but of types which have been built on an impracticable or less effective plan. Geology has plenty of illustrations. The reptilian scheme of organization has failed, and given way to the more efficient hot-blood type. The ganoid fishes, the heavy armored battle-ship type, has given way to the fast cruisers. Most significant of all, we have noticed the slow but certain triumph of intelligence, in competition with all the other advantages which are pitted against it. Man has neither sharp teeth nor strong claws, nor great strength nor fleetness of limb—none of the physical advantages with which he has had to compete on every side, but for all that, we are rapidly approaching a time when all other forms of life will live only by his suffrance.

We have now to deal with a new principle so far-reaching in its scope, and so revolutionary in its influence, that it seems at times to subvert the whole process of organic evolution. This principle is combination or association. In reality this is not a subversion of competition, but merely a new competitive device as we shall see. If a large dog quarrels with a small one, the latter will hardly hold his own in an even fight. He may save himself by running away, by ruse, by submission, or finally, by getting another dog to help him. This is just as natural a device as the others, and is hit upon for precisely the same reason, because it helps in the struggle. This may seem an inadequate and even an ignoble explanation of the origin of society, to us, who have become so completely incorporated in it, that it has become the source of all our pleasures, and the goal of all our efforts. But this simply means that the useful arrangement has at last become a very agreeable arrangement, as it must. At first it is not so. Combination begins low down in organic evolution where anything like sociability or enjoyment of one another's company is out of the question. There is something of it almost from the beginning of life, earlier perhaps than consciousness itself. Combination for such organisms is essentially unconscious, and is preserved because it preserves them. Even in the human species, combination seems to have been at first uncongenial. Instead of being a social animal, at the start, man seems to have begun as a rather ferociously solitary one. He has become social, as he has acquired all other characteristics, by the triumph of the more social, over the less social, in the great struggle. We have come to like society as the sheep have come to like good herbs, by the extermination of those whose tastes were unfortunate. (1) And every farther step in association, meets the same obstacle, the unsocial temper. Progress always stands waiting for people to die, whose social instincts are too feeble for the closer union. (2)

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We shall see later that a multitude of subtle influences are always at work to eliminate such unsocial spirits.

The growth of association, and the development of the social temper, thus becomes a harmonious part of the great process which rules all nature, from the ordering of the stars down to the smallest terrestrial affairs. (3) The greater forces everywhere overcome and engulf the less. If we learn to love the resulting order it is because love, too, is a force, and fortifies those who possess it.

And now to the struggle between individuals, is added the struggle between groups, which more and more becomes all-embracing and decisive, while the struggle between individuals is increasingly subordinated, and modified to meet the requirements of the group. These modifications we have now to consider.

22. SOCIAL EVOLUTION.

(1) **Different Types.**—From the first those that were more fond of fighting than of peaceful pursuits have found the chances against them. This has been especially the case ever since the peaceful have been spared and protected in war. The elimination of the fighting temper is a certain result of continued fighting. On the other hand the hermit type, however peaceable, has always tended to eliminate itself by celibacy and neglect of reproduction. Other minor tendencies further the same end.

(2) **Serious Obstacle.**—The serious nature of this obstacle is seldom appreciated. It is one of the constant delusions of reformers, that society can be organized on theoretical principles without reference to the existing instincts of men. If it can be demonstrated that a large and complicated system of coöperation would be profitable, it is at once proposed that such a scheme be adopted and is apparently assumed that all that is needed for the purpose is to prove to men that it would be a good thing. But such an intellectual demonstration has almost nothing to do with preparing men for such a system. It can work (if at all) only as the result of a radical change in men's feelings. Inasmuch as men's feelings are determined mostly by the conditions under which they actually live, and very little by arguments and imaginations, men who have once grown up, and successfully adjusted themselves and their feelings to the conditions of life, are usually incapable of extensive emotional readjustment. How contemptuously the practical and successful man, regards all propositions for extensive improvement in society. This is partly because experience has taught him the impracticability of such proposals, partly because he has spent his life in adapting himself to existing conditions, and he dislikes to have these conditions changed so that he would lose the fruits of his effort. This is not a matter of reproach but a matter of stern and constant fact. But eventually such men die and their children, however much reared under their influence, have slightly different feelings which reflect the tendency of social evolution.

One of the most suggestive facts which the study of life reveals to us is the absolute dependence of progress upon death. There is no form of progress of which we know anything in which death has not played a necessary and usually the most important part.—*Powers.*

(3) **Especial Value of Scientific Discipline.**—Lastly we have to assert that the discipline of science is superior to that of our ordinary education, because of the religious culture which it gives. Of course we do not here use the words scientific and religious in their ordinary limited acceptations, but in their widest and highest acceptations. Doubtless to the superstitions which pass under the name of religion, science is antagonistic, but not to the essential religion which these superstitions merely hide. Doubtless, too, in much of the science that is current, there is a pervading spirit of irreligion, *but not in that true science which has passed beyond the superficial into the profound.*

"True science and true religion," says Professor Huxley, at the close of a recent course of lectures, "are twin sisters, and the separation of either from the other is sure to prove the death of both. Science prospers exactly in proportion as it is religious, and religion flourishes in exact proportion to the scientific depth and firmness of its basis. The great deeds of philosophers have been less the fruit of their intellect than of the direction of that intellect by an eminently religious tone of mind."

So far from science being irreligious, it is the neglect of science that is irreligious; it is the refusal to study the surrounding creation that is irreligious. Take a humble simile. Suppose a writer were daily saluted with praises couched in superlative language. Suppose those who unceasingly uttered these eulogies on his works were content with looking at the outsides of them, and had never opened them, much less tried to understand. What value should we put upon their praises? What should we think of their sincerity? Yet, comparing small things with great, such is the conduct of mankind in general in reference to the Universe and its Cause.

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Not by dogmatic assertion does it teach the impossibility of comprehending the ultimate cause of things; but it leads us clearly to recognize this impossibility by bringing us in every direction, to boundaries we cannot cross. *It realizes to us in a way which nothing else can, the littleness of human intelligence in the face of that which transcends human intelligence.*

While towards the traditions and authorities of men its attitude may be proud, before the impenetrable veil which hides the Absolute, its attitude is humble—a true pride and a true humility.

Only the sincere man of science (and by this title we do not mean the mere calculator of distances, or analyser of compounds, but him who through lower truths, seeks higher, and eventually the highest)—only the *genuine* man of science, we say, can truly know how utterly beyond, not only human knowledge, but human conception, is the Universal Power of which Nature, and Life, and Thought are manifestations.—"*Education,*" *by Herbert Spencer, pp. 90-93.*

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23. THE GREAT ANTITHESIS; COMPETITION AND COMBINATION.

It will be apparent at once that if individuals are to unite into groups they must modify somewhat their competition with one another. Combination implies coöperation for a common end, and coöperation means mutual forbearance and the restriction of competition. If two merchants who have been vigorously competing decide to go into partnership for their common advantage, all rivalry, cutting of prices, etc., is at an end between them in all those branches of business which are covered by the partnership. Eventually, too, such partnerships, if long continued, develop strong friendships, which solidify the combination and make the necessary forbearance and coöperation spontaneous and easy.

Something like this happens in every combination that is formed from the least unto the greatest. Wolves that hunt in packs must restrain their ferocity toward one another, must learn even to suppress rivalries and obey orders. Human societies, beginning with little more than wolf organization, become ever more exacting as their organization increases in complexity. We may not kill, nor rob nor slander one another, nor offend our neighbor's senses with indecorous behavior We may not look cross in company or be impolite without suffering some penalty inflicted in the interest of unity and coöperation. To these things that we may not do there is added an equally long list of things that we must do, all in the interest of this same coöperation. As combination is extended the list increases of necessity. Eventually of course we learn to like it all. If we do not we are sure to be displaced by those who do.

This constant increase of coöperation with its restriction of competition has led many to the conclusion that coöperation was destined to displace competition (1) entirely, and that when association was complete there would no longer be any struggle (2) or rejection of the unfit. This most important of all social questions involves three main considerations, which can only be suggested at present, and which must be kept in mind throughout all our study.

First, societies are themselves in competition. We are apt to think of a society as quite independent and omnipotent and able to take care of us all if it were only a mind to. (3) The fact is, that society is always hard pressed and works on the narrowest margin. The danger that a society more vigilant and enterprising and less hampered by effete matter will beat us, not in war, perhaps, but in the subtler ways that are now in vogue to divert the life currents into other channels, this danger is always with us.

Second, the requirements of the individual member of society become daily more exacting. We must know how to read and write and figure, must have accomplishments and pleasing ways, moral and æsthetic instincts, must have no end of things of which the solitary animal knows nothing. (4) Notice the change that takes place in a generation in the requirements for success in business or in society.

Finally, these requirements like all other requirements are secured primarily by selection. The more delicate the organization of society becomes, the more impossible it is to use indifferent and unfit material in building it. Imagine what would happen to a college, or a corporation, or a church, if they took in men just as they came without regard to fitness. The society that incorporates unselected material if left to itself must inevitably degenerate into a lower and weaker form of life. The vitality of a society is determined primarily by the precision and ease with which it sorts over the human material that is born into it or brought to it, eliminating the unfit, and sorting and grading the rest for its uses. (5)

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23. THE GREAT ANTITHESIS; COMPETITION AND COMBINATION.

(1) **Competition.** — Such statements are frequently made by socialists, but, so far as the writer is aware, they are never consistently adhered to. All the constructive socialist proposals make a very large use of competition, though they re-

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ject the *form* of competition now in vogue in society. It is an excellent exercise in social analysis to and amount of competition involved examine such proposals with reference to the form and its probable efficiency.

(2) **Importance of Rivalry.**—It is absolutely certain that without rivalry and struggle the progress already attained could not be maintained, and rapid degeneration would have brought us a long way toward chaos and desolation. This is usually conceded, but it is urged that as societies develop humane and fraternal sentiments they outgrow the need of rivalry. Not until they outgrow the need of improvement. The highest societies are the most competitive, everywhere and always. Their humanity consists in making the competitive process as rapid, efficient and painless as possible, not in eliminating it.

(3) **Disastrous Idea.**—No more disastrous notion can take possession of any people than the subtle feeling that the nation or society to which they belong can take care of them, can save them from the natural consequences of their weakness or folly. The failing nations to-day are almost without exception those that have assumed to an undue extent the responsibilities of such preservation. Spencer's remark that "the net result of saving people from the consequence of their folly is to fill the world with fools," is a brutal and one-sided statement, a statement which by no means contains the whole of social philosophy, but it contains a truth never to be forgotten. Germany has beaten France far more effectually since the war of 1870-'71 than during the famous struggle.

(4) **Association.**—But when we come to human beings, endowed with reason and speech, the influence of a tribal sense of duty in strengthening the tribe takes a more varied form. It is true that in the ruder stages of human life many of the services rendered by the individual to others are nearly as much due to hereditary habit and unreasoning impulse, as are those of the bees and ants. But deliberate, and therefore moral, self-sacrifice soon makes its appearance; it is fostered by the far-seeing guidance of prophets and priests and legislators, and is inculcated by parable and legend.

Gradually the unreasoning sympathy, of which there are germs in the lower animals, extends its area and gets to be deliberately adopted as a basis of action: tribal affection, starting from a level hardly higher than that which prevails in a pack of wolves or a horde of banditti, gradually grows into a noble patriotism, and religious ideals are raised and purified.

The races in which these qualities are the most highly developed are sure, other things being equal, to be stronger than others in war, in contests with famine and disease, and to prevail in the long run. Thus the struggle for existence causes in the long run those races of men to survive in which the individual is most willing to sacrifice himself for the benefit of his environment; and which are consequently the best adapted collectively to make use of their environment.

Unfortunately however not all the qualities which enable one race to prevail over another, benefit mankind as a whole. It would no doubt be wrong to lay very much stress on the fact that warlike habits have often enabled half-savage races to reduce to submission others who were their superiors in every peaceful virtue; for such conquests have in the long run, increased the physical vigor of the world and its capacity for great things, and ultimately perhaps have done more good than harm.

But there is no such qualification to the statement that a race does not establish its claim to deserve well of the world, by the mere fact that it flourishes in the midst or on the surface of another race; for it may do so by having merely the parasitic power of turning the peculiarities of that race to good account for its own purposes.

The fact that there is an economic demand for the service of Jewish and Armenian money-dealers in Eastern Europe and Asia, or for Chinese labor in California, is not by itself a proof, nor even a very strong ground for believing, that such arrangements would tend to raise the quality of human life as a whole. For, though a race entirely dependent on its own resources can scarcely prosper unless it is fairly endowed all the most important social virtues, it is possible for a race which has not these virtues and which is not capable of independent greatness, yet to thrive on its relations with another race.

But such cases are exceptional: and on the whole, heredity softens the harshest features of the struggle for existence among the races of men, and causes those races to survive and predominate in which the best qualities are most strongly developed.

This influence of heredity shows itself nowhere more markedly than in social organization. For that must necessarily be a slow growth, the product of many generations; it must be based on those customs and aptitudes of the great mass of the people which are incapable of quick change.

In early times, when religious, ceremonial, political, military, and industrial organization were intimately connected, and were indeed but different sides of the same thing, nearly all those nations which were leading the van of the world's progress were found to agree in having adopted a more or less strict system of caste: and this fact by itself proved that the distinction of castes was well suited to its environment, and that on the whole it strengthened the races or nations which adopted it. For since it was a controlling factor of life, the nations which adopted it, could not have generally prevailed over others if the influence exerted by it had not been in the main beneficial. Thus the struggle for existence has kept alive many qualities and habits in the human race which were in themselves of no advantage, but which are associated by a more or less permanent bond with others that are great sources of strength. Such instances are found in the tendency to an overbearing demeanor and a scorn for patient industry among nations that owe their advance chiefly to military victories; and again in the tendency among commercial nations to think too much of wealth and to use it for the purposes of display.—"*Principles of Economics*," *by Alfred Marshall, pp. 303, 304.*

(5) **Education.**—It is sure to occur to the thoughtful reader that no account is here made of education. It is usual to assume that society gets its suitable material not by selecting it but by educating it, and those who wish to eliminate the struggle for existence consistently lay great stress on the importance of education as fitting men for society. The importance of education as a social factor can hardly be overestimated and will receive full attention later, but it is in no wise a substitute for selection. On the contrary, it rests on selection. The more we require of education the more careful we must be to select the educatable.

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24. THE IRRESISTIBILITY AND PERMANENCE OF EVOLUTION.

From time to time proposals are made looking to a termination or radical modification of some part of this process. Sometimes the modification proposed is only apparent, and involves no real contradiction of principle.(1) In other cases the contradiction is real, more real than the proposer himself perceives. Even those who quite concede the resistlessness of evolution as an abstract proposition, often quite fail to appreciate it in practical connections. It is important, therefore, to thoroughly appreciate the nature of the process with which we have to deal, in all our study of the formation, growth, and functions of human society. The point for us to emphasize is that evolution not only has been, but that it *must* have been, matter and force being what they are. Matter *attracts*, and being unevenly distributed through space must collect into balls, and these in turn must pull upon one another. If one of these is attracted by two distant ones, it will not move toward either, but toward a point between the two, and having reached this point and with nothing to stop it, its momentum must carry it on bending in a curve toward the body that attracts the most. And so on through the rest of the story. The whole is a series of *musts* from beginning to end.

Organic evolution is a little harder to picture but not less inevitable, starting with the inscrutable fact of life, as before we started with the fact of attraction, of which it is perhaps only a special form, a kind of selective attraction resulting in growth or assimilation. These little clots of assimilating matter may be of any shape or size, but not all will work equally well, just as the lumps of star dust will not all pull equally hard. But assimilation depends, other things being equal, not upon size but upon surface. Hence organisms that divide and thus increase their assimilating surface, must increase faster than those that do not, and by appropriating the limited supply of food must starve the others out.

But soon other differences appear which quite outweigh the advantage of minuteness. Regular apparatus for catching and assimilating food now makes size possible and advantageous. Life, crowded ever outward by its inner law of growth, sooner or later must find and fill every nook in its vast habitat, with those forms that can best exist in each. In all this there is nothing arbitrary or capricious, nothing that could have been essentially different from what it has been. (2)

Social evolution is no exception to this rule of necessity. The present societies which include mankind, are the product of a struggle in which countless less efficient groups have perished.

Suppose one of these societies deliberately sets aside the laws of evolution by which it has become what it is. It decides to take equal care of all individuals, artificially equalizing their chances of existence; or it concludes to leave the primitive struggle between individuals unchecked, ignoring the feelings that cement society together. Such things have happened thousands of times, (3) but nature has relaxed nothing of her rigor. She is careless of time and material. Not only individuals but whole species and genera, whole societies and civilizations, are cast aside for the slightest failure to meet the conditions. (4) The notion prevails that man is a sort of favored child toward whom nature is less inexorable, that he can *control* nature. He can control nature only by understanding and obeying her. There are an infinity of ways of going wrong, but only a few of going right. Out of a multitude of failures come a few successes and these are always on probation. Only a certain type of society can exist at a given time or place. To be too brutal or too humane, too peaceful or too warlike, too artistic and ideal, or too gross and materialistic, any one of these is fatal. (5) The inexorable process pushes aside the error with the erring and goes its way. (6)

And the process is as endless as it is irresistible. The organism is ever adapting itself to an ever changing environment, ever perfecting and never perfect. There

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is no stopping. If society can not be more to-day it must be more to-morrow. If nature can not use us for her progressive purpose she will use others. The man who lives in intimacy with nature never hopes for speedy millenniums or talks of the good old times. The radical and the reactionary she laughs equally to scorn, knowing that past and present and future are alike justified unto themselves, as the necessary and the possible must always be.

Our task is not to ambitiously revolutionize society, but to discuss what society is, and must inevitably become.

Our profit must be the broader outlook soon, and our wisdom will confine itself to the more modest task of adapting ourselves more speedily and perfectly, to the mighty reality thus revealed to us.

24. THE IRRESISTIBILITY AND PERMANENCE OF EVOLUTION.

(1) **Various Propositions.**—Socialist proposals in general fall into two classes, those which contemplate an enforced equalization of enjoyment and maintenance among men, and those which contemplate only a larger centralization and coördination of industrial activities.

The first class remove the premium which from the first nature has put on excellence and thus controvert the principle of evolution. The second are perfectly in harmony with the principle of evolution so far as their goal is concerned. Whether their proposed means are wise is quite another question.

(2) **Life.**—If we are to get at the fundamental character of life we must consider it in its simplest form, simple protoplasm. Such life does no thinking, or wishing, or seeking. It cannot attract food from a distance. But it can move, apparently in a random manner, and can assimilate food which comes in contact with it. Assimilation is therefore apparently a kind of attraction acting at short range. When the higher forms of life appear bringing memory, imagination, reasoning and volition, the attraction simply works at longer range through many intervening media.

When life has risen to a point where food is systematically sought and protection provided for, assimilation becomes a subordinate condition of survival. Size and all other characteristics now adjust themselves to the needs of food catching, and protection rather than to simple assimilation, a condition often favoring size rather than division.

(3) **National Mistakes.**—They are happening now. We need not mention names, but nations are apparently making both mistakes before our very eyes, are being too careful and too careless and risking their existence.

(4) **Loss.**—It is easy, however, to overestimate this loss. For the most part those who find no place in society are persons who would in any case add little to its strength. They scarcely earn their keep at best. Nor are they dangerous by *direct* antagonism. They plan little and execute less. The real danger of rejecting them is from the disturbance they create, the sympathies they evoke, and above all the reaction produced upon the sentiments of society by the spectacle of their fate.

Thus it is that society in self protection is obliged to protect those who are not useful to it. But woe to us if that protection is so ample as to efface the distinction between worth and worthlessness.

(5) **Rejection.**—It is the great antithesis of nature, organisms must be separated for purposes of selection and yet united for purposes of coöperation. The two grow together. The finer the coöperation the more minute and exacting must be the selection. No other balance of power is so difficult. To reject too many weakens the group by decimation and antagonism. To include too much weakens it by degeneration. And the limited exclusion that society will bear must be most discriminating lest strength be sacrificed and weakness kept; must be most skilful lest it weaken the sentiments that cement the whole together.

Combination requires the same prudence. If the instinct of association is excessive or perverted, selection is balked by sentimentality. Effete matter accumulates till the group decays, or till nature removes the morbid growth by the more drastic methods which she has ever in readiness.

(6) **National Policies.**—When after a long period of the most frightful chaos Julius Caesar reduced the Roman Empire to order and prosperity he yielded to his instincts of humanity and pardoned all his enemies. They did not pardon him but murdered him, in an ill-considered attempt to restore liberties, which Rome had demonstrated to be impracticable.

Augustus succeeded to the control and relentlessly destroyed those whom he regarded as a menace to himself and the empire. In his reign of forty-four years, he proved himself one of the wisest and kindest of men, and advanced Rome farther toward the highest prosperity, and humanity than any other, before or after. But what would have happened if he had ignored the harsh necessities of the age in which he lived, and had failed to prepare the way for a great and prosperous peace, by a necessary preliminary severity?

England has been constantly accused of cruelty to her colonies in India, Africa, etc. During the Sepoy rebellion, rebels were tied before cannon and shot to pieces. It seldom occurs to such critics to inquire for a possible reason for this action. In fact it was a carefully chosen means, to wholesomely impress the imagination of men who had no fear of death, but a superstitious dread of bodily mutilation.

To such well chosen severity, is due the fact that there has been no farther rebellion, and the country has enjoyed a prosperity never known before. A higher nation must deal with a lower people, by methods adapted to their intelligence, if she is to be effectively humane.

If it is a mistake to be unseasonably humane it is perhaps a greater mistake to be unnecessarily and wantonly severe, as one nation at least has recently had reason to discover.—*Powers.*

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FOURTH WEEKLY REVIEW.

19. **SOCIOLOGY AND EVOLUTION.**—Various suggestions.
20. **ORGANIC EVOLUTION.**—Assimilation and growth.
21. **SENTIENT EVOLUTION.**—Pleasures and pains.
22. **SOCIAL EVOLUTION.**—Struggles of life.
23. **COMPETITION AND COMBINATION.**—The great antithesis.
24. **PERMANENCE OF EVOLUTION.**—Growth and development.

QUESTIONS.

19. *What is supposed to be the first phase of evolution? What is the result of the condensation of matter? How do rain and waves affect the rock? What do you think has been God's process in preparing the earth for the habitation of man? What is a well known principle of mechanics? Give an illustration of the rhythm of motion.*

20. *What can you say of the number of the chemical elements which are associated with life? Give a brief synopsis of speculations concerning the origin of life. What was Prof. Tyndall's statement after repeated experiments concerning the impossibility of a spontaneous life? What is the most conspicuous characteristic of living things? Mention some of the problems of humanity. In what sense is each organism an enemy of other organisms. What effect does inequality have upon the struggle if all organisms were equal?*

21. *Where are we in the dark? What do we know concerning the time of life's origin? Does nature alone furnish any key concerning the source of life? What is the function of pleasure? What can you say of the things which are profitable to the organism? What can you say of the lower forms of life in this connection? Give a simple illustration. What is the simplest form of psychic life? What powers are apparently developed from it? How has intelligence become a factor in development? What can you say of the races of superior sentiency? Which will be the ruling race? What can you say of pleasures and pains as concomitants? Give some illustrations of natural restiveness.*

22. *What form does evolution take in the realm of organic life? What can you say of the struggle between various organisms? What does life usually feed upon? Mention some of the especial traits of different animals which conduce to longevity. What can you say of combination and association? What can you say of a new competitive device? Give a familiar illustration. When does combination begin? How is humanity supposed to have become social? What does Herbert Spencer say that common sense asserts? What does objective science prove? How are we obliged to regard every phenomenon? What do the criticisms of science teach? What, according to Spencer, is the especial value of scientific discipline? Give a familiar quotation from Prof. Huxley concerning science and religion*

23. *If individuals at once unite into groups what will be apparent? What does combination imply? What does coöperation mean? When two competing merchants form a partnership, what is the result? What can you say of combinations of animals? What are some of the requirements of society? What can you say of competition in societies? What of the requirement of individuals in society? How are these requirements secured? What becomes of the society which incorporates unselected material? How is the vitality of society primarily determined? What can you say of competition in general? What of the importance of rivalry?*

24. *In what way may we hope to modify social evolution? What prominent characteristics of matter can you mention? What can you say of organic evolution? Why should social evolution always be directed according to natural laws? What happens when people or societies attempt to violate natural law? How can man control Nature? What can you say of God's processes as exemplified in nature and society? Mention a few socialist proposals.*

SUBJECTS FOR SPECIAL STUDY.

1. *Compare this mechanical aspect of evolution, with the aspect of it, as the result of design.*
2. *Consider design as manifested in organic evolution.*
3. *Study the great design which is manifested in the development of organisms.*
4. *Consider the great source of all life.*
5. *Discuss the various forms of all social evolution.*
6. *Study the different phases of combination, as opposed to competition.*
7. *Consider the necessity of conducting social evolution in harmony with natural law.*



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GAZETTEER AND GLOSSARY.

Alamanni (al-a-man′-ī).—The word signifies "all men," or "the men of all nations." A German race of Suevic origin, which occupied the region from the Main to the Danube in the first part of the Third Century, A. D. Their territory extended later across the Rhine, including Alsace and part of eastern Switzerland. They were defeated by Clovis in 496. The Alamannic is the German dialect in the old Alamannic territory in the region of the upper Rhine, approximately coincident with modern Alsace, the southern half of Baden and of Wurtemberg, Swabia and Switzerland. With Bavarian, it forms the group specifically called "High German." It is the typical form of the old high German which exists in literature from the eighth to the end of the eleventh century. (Century Dictionary.)

Antithesis (ăn-tĭth′ē-sĭs).—In rhetoric, an opposition or contrast of words or sentiments occurring in the same sentence, as "The miser robs himself." It is also used to denote contrast, as in "The antithesis of theory and fact."

Appenzell (ăp′-pen-tsel).—Literally "the Abbot's bell" A canton of German Switzerland which is divided into two half cantons, Appenzell Inner Rhodes and Appenzell Outer Rhodes. It has manufactures of silk, muslin and embroidery. It passed under the control of the Abbotts of St. Gall, won its independence in the beginning of the 15th century, was allied with the confederated cantons in 1452 and was admitted into the confederation in 1513. It was divided into half cantons in 1597—area one hundred and sixty-two square miles, and in 1888 it had a population of sixty-seven thousand one hundred and six.

Bastiat (bäs-tyä), **Frederick.**—This noted political economist was born at Bayonne, France, 1801, and died in Rome in 1850. He was a deputy to the Constituent and Legislative Assemblies in 1848. He was an influential opponent of the protective system and of socialism.

Bern or **Berne.**—The capital of the Canton of Berne and the seat of government of the Swiss Confederation, situated on the Arae—became the federal capital in 1848. The population in 1873 numbered 47,620.

Cosmic (kŏz′-mĭk).—Pertaining to the universe and having special reference to universal law or order.

Helvetia (hel-vē′-shę-a).—In later Latin, a part of Gaul, corresponding generally to the western and central portions of the modern Switzerland. It is also used, poetically, for Switzerland.

Huguenots (hū′-ge-nots).—This name is applied to the Protestants of France; was first used about 1560, being apparently imported from Geneva, where it appears to have been some time in use as a political nickname. The Huguenots were the puritans of France, noted in general for their austere virtues, and the singular purity of their lives. They were persecuted in the reign of Francis I. and his immediate successors. The name is sometimes applied at the present day to the descendants of the original Huguenots. (Century Dictionary.)

Newcomb (nū-kom), **Simon.**—A noted American astronomer who was also a writer on political economy. Born at Wallace, Nova Scotia, March 12, 1835, he became professor of mathematics in the United States navy in 1861, being assigned to duty at the naval observatory at Washington, D. C. From 1884 to '93 he also held a professorship of mathematics and astronomy in Johns Hopkins University. Among his works are "Popular Astronomy" (1877) and "Principals of Political Economy" (1886).

Pestalozzi (pes-tä-lot′-sē), **Johann Heinrich.**—Born at Zurich, Switzerland, Jan. 12, 1746. He died at Brugg, Switzerland, Feb. 17, 1827. He was a prominent educator and writer, celebrated for his reforms in methods of education. He studied theology, and then jurisprudence at Zurich, and afterward turned his attention to agriculture. His collected works were published at Brandenburg in 1869-72 in 16 volumes.

St. Gotthard (*Sankt Gotthard*).—A mountain group of the Lepantine Alps, on the borders of Valais, Uri, Ticino and Grisons in Switzerland. The highest points have an altitude of about 10,000 feet.

Schwyz (Shivts).—One of the "Four Forest Cantons" of Switzerland. It is bounded on the north by the beautiful Lake of Zurich and on the south by Uri and the Lake of Lucerne. The surface is mountainous and it has an area of 351 square miles.

Schmoller (shmol′-ler), **Gustave.**—A German political economist who was born at Heilbronn, Würtemberg, June, 24, 1838. He became professor of political economy at Halle in 1864, at Strasburg in 1872, and at Berlin in 1882.

Toynbee Hall (toin′-bē-hōl).—An institution in Whitechapel, London, founded in 1885 as the outcome of plans set on foot by the members of Oxford and Cambridge universities to provide education, and the means of recreation and enjoyment for the people of the poor districts in London.

Some of the members have taken up their residence at the hall, and they live on social terms with their poor and ignorant neighbors. Balliol House and Wadham House are connected with it. The beautiful idea is the outgrowth of the conception of Arnold Toynbee, who was a graduate of Oxford, and the hall was named in his honor by the friends who followed him in the work after he died from overstrain.

Unterwalden (ön′-ter-väl-den).—Literally "the lower forest." It is one of the Forest Cantons of Switzerland, bounded by Lucerne, the Lake of Lucerne, Uri and Bern. It comprises the two half cantons Nidwald and Obwald. The surface is mountainous and it has an area of 295 square miles. The population in 1888 was 27,585.

Uri (ö-ri).—One of the Forest Cantons of Switzerland. Its capital is Altorf. It is traversed by the Reuss, and also by the St. Gotthard railway. The language is chiefly German, but Italian is also spoken. Religion, Roman Catholic. Uri sends one representative to the National Council. It has an area of four hundred and fifteen square miles and in 1888 it had a population of seventeen thousand two hundred and forty-nine.

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OUR WOMEN WAGE-EARNERS.

By Katharine Coman.

Professor of History and Economics, Wellesley College, Massachusetts.

A REVIEW of the industrial history of America from the stand-point of women's labor will reveal the operation of certain tendencies so general, so inevitable as to approach the character of a physical law. During the past hundred years, power machinery has been introduced into all branches of production, and changes so momentous have followed, that the process has been described as an industrial revolution. Every aspect of life has been affected, the economics of the home no less than of manufacture and trade.

Throughout colony days along the Atlantic seaboard, under pioneer conditions in the Mississippi valley, an industrial order prevailed that economists term the domestic. Each family was a self-supporting community, and every farm-house became the center of diverse industries. The well-to-do farmer expected to live off his own, and was independent industrially as a medieval baron. He seldom had recourse to the world's market. The needs of his household were few and simple, such as could be met by home production. Field and garden yielded food-stuffs, the wood-lot furnished fuel and timber, while the family clothing was in good part clipped from the backs of home-bred sheep. Saw-mill, grist-mill, slaughter-house and tannery were usual appurtenances of a well-equipped estate.

In the prosecution of these domestic industries, the women of the house bore their full share. The baking, the brewing, the butter-making, the care of garden, of cows, and of poultry were delegated to them. It was their duty and pride to put up the summer fruits, and they concocted jams and jellies and marmalades whose very memory is an appetizer. The fall slaughtering required their active assistance. Meat must be smoked, or salted down in pickle, fat "tried" into lard, and the refuse made into soap. Great brass kettles hung for weeks on the crane over the open-air fire which, to a farm-bred child, forms as essential a part of the autumn memory picture, as the cider-mill or the nut-laden chestnut tree.

When the work of the harvest was at an end and the cellar well stocked with food, the winter tasks began. Spinning, weaving, knitting and sewing kept the women's fingers busy through the short days and long evenings. Bed-linen, blankets, gay patch-work quilts, rugs and carpets, garments for men as well as for women, for outer as well as for under-wear, were fashioned at home with much skill and not a little art. Most of the articles that we to-day buy ready-made at a mammoth dry-goods store, our grandmothers expected to make themselves as their normal contribution to the family comfort and welfare. The wide, rooming kitchen was a work-shop whose many crafts absorbed the time and talent of the women of the household, and often required the services of poorer neighbors. Here was an unfailing field of usefulness for the maiden aunts and spinster cousins, whose skillful aid more than compensated for their "keep."

The industrial events of the past hundred years have wrought a complete transformation in the conditions of household labor. The various manufactures of the home have been assumed by as many trades, and translated to the factory, to the work-shop, to the tenement-house. In the application of machinery to manufacture, England had fifty years the start of us, and her advantage was jealously guarded by laws against the exportation of the new models.

This attempt to monopolize textile machinery was, however, circumvented by the wit of an English artisan. One Samuel Slater imigrated to New England, bringing in his head an accurate knowledge of the inventions of Hargreave and Arkwright. He set up a spinning-mill at Pawtucket, Rhode Island, in 1790, and conclusively demonstrated the superiority of power machinery.

Then, began on this side of the water, the inevitable competition between the domestic and the factory product. For twenty-five years longer the hand-weaver worked on, supplied with yarn from the spinning-mill, but in 1814, Francis C. Lowell introduced the power-loom and built a complete cloth factory at Watertown, Massachusetts. Machine-made goods were soon so much cheaper than homespun as to render the domestic manufucture unprofitable. Only in backwoods districts, where expenses of transportation neutralize the advantage of low cost production, do the spinning-wheel and the hand-loom still hold their own.

The peripatetic tailor who, in the days of our

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grandmothers, went from house to house, spring and fall, making up the finer and heavier garments, has long been superseded by ready-made clothing. By the invention of the sewing-machine and elaborate division of labor, the making up of clothing has been converted into a great factory industry, employing half a million operatives, men, women and children.

Before the civil war, the manufacture of boots and shoes was carried on in farm kitchens, or in the shoe-sheds still to be seen at the back of old-time New England houses. It was an important by-industry to the men and boys in country districts furnishing a profitable occupation for the winter months. To-day the custom shoemaker is being starved out of existence. The trade is concentrated in mammoth factories, and hand-sewing is limited to the finest grade goods. One by one the remaining domestic crafts are becoming machine industries. Knitting is being taken out of the hands of the house-wife, together with tatting, hem-stitching and embroidery. We are surrendering the preserving of fruit, and the curing of meat to the canning establishment, and the abattoir. The creamery makes better butter than the farmer's wife. The laundry and the bakery are bidding for two onerous tasks that may well be done out of the house, while the advocates of coöperative house-keeping would have us make over, even the preparation of the daily meals to a public kitchen.

This transition from the domestic to the factory system has been accompanied by a general exodus of women workers from the home to the work-shop. In seeking extra domestic employment, women are simply adapting themselves to changed industrial conditions. Just as seventy years ago the farmer's daughter followed the spinning-wheel to the factory, so to-day the city girl turns to the dressmaking establishment, to the retail store, to provide herself with pin money or with daily bread.

Each succeeding decade of the nineteenth century has brought new opportunities within reach of women seeking the means of self-support. An historical review of wages and prices published by the Massachusetts Bureau of Labor Statistics, in 1885, affords some interesting suggestions as to the widening of woman's industrial sphere. The first mention of female wage-earners occurs in 1815—"domestic servants, fifty cents a week, with board." In 1825 three other employments appear, nursing, fitting shoes, and sorting rags in the paper mills. Women were (1837) early employed in the book-binderies as folders and sewers, but the cotton factories made the first considerable demand for female laborers. The muscular effort required had been greatly reduced by improved machinery, while their nimble fingers gave women a dexterity not easily attained by men. More than half the operatives in our cotton and silk mills at the present time are women.

Woman's labor was not recognized as an industrial fact or demanding the attention of the economist, and the statistician until after the Civil War. The United States census of 1850 records only the professions, occupations and trades of men. That of 1860 reports wage-earners without distinction of sex. Not till 1870 was account taken of women workers. There were then enumerated three hundred and thirty-eight occupations open to women, and one million, eight hundred and thirty-eight thousand, two hundred and twenty-eight women and girls "engaged in gainful occupations." The women bread-winners amounted to fourteen and sixty-eight-one-hundredths per cent of the total female population over ten years of age.

The occupation statistics of the tenth and eleventh censuses, show an increase in the number of female laborers quite out of proportion to the increase in population. In 1880 the figure was two million, six hundred and forty-seven thousand, one hundred and fifty-seven, or fifteen and twenty-two-one hundredths per cent. of the female population of working age. The last census records three million, nine hundred and fourteen thousand, five hundred and seventy-one women wage-earners, twice the number in 1870, and seventeen and twenty-two-one-hundredths per cent. of the girls and women in the country. During the same period the proportion of men engaged in gainful occupations has actually diminished, and it was eighty-five and thirty-two-one-hundredths per cent. in 1870, eighty-four and seventy-eight-one-hundredths per cent. in 1880, and in 1890 but eighty-two and seventy-eight-one-hundredths per cent. of the total male population above ten years of age.

The census-taker registers as "engaged in gainful occupations" only extra-domestic workers, The unpaid labor of wife and daughters, does not appear in the statistics. If all the women performing useful tasks were represented, the percentage of female laborers would approximate the masculine figure. The gravitation of women to the new industries must not be exaggerated. Spite of many defections, the majority of our female wage-earners still find occupation in trades that would be conceded their proper sphere by the most conservative. The leading categories, according to the census of 1890, are domestic service (one million, three hundred and two thousand, seven hundred, and twenty-eight), seamstresses (five hundred and sixteen thousand, four hundred, and fifty-five), agricultural laborers (four hundred and forty-seven thousand, one hundred and four), teachers (two hundred and forty-six thousand, and sixty-six), laundresses (two hundred and sixteen thousand, six hundred and thirty-one). It becomes apparent that for the most part, women workers are still performing the old tasks, but outside the home, not as members of a family group, but as factory operatives. This is not a matter of their own choosing. It is an unavoidable result of the industrial revolution. The household industries have passed to the factories. Women have perforce followed the work, and become hired laborers.

When from the study of tendencies we turn to the consideration of results, we find a perplexing combination of good and bad. The most evident and greatly lauded effect of the invention of machinery, and the consequent utilizalion of low-cost labor is an enormous increase in production.

In his report on manufactures presented to Congress, in connection with our first tariff legislation, Alexander Hamilton, discussing the chances that American goods might compete with the English product, suggested that the introduction of machinery and the employment of women and children, labor largely wasted hitherto, would ultimately offset our industrial disadvantage of high wages.

The avowal of such a sentiment would ruin the political prospects of a public man to-day, for we have come to think the well-being of the workers more important than the money-making capacity of the nation; but Hamilton was a keen observer

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and a far-seeing statesman. His anticipations for our industrial future have been more than realized. The productive power of our population is many times what it could be, without machinery and per capita wealth has increased from one hundred dollars, to one thousand dollars, in the one hundred years since Hamilton wrote the Report on Manufactures. Moreover, the cost of manufacture has been reduced, as labor-saving inventions have been applied to one trade after another, and the price of the finished article has steadily fallen. This well-nigh universal cheapening of goods, is an immeasurable benefit to the poorer classes and one of the main causes for the rise in standard of living. Many of the necessities of to-day were luxuries to our forefathers.

A further boon bestowed by the factory era, not so generally recognized, but no less real, is the very considerable lightening in the drudgery of housekeeping. There is far less work to be done in our homes than in the day of the spinning-wheel and the hand-loom, and the housewife, emancipated from many of her grandmother's tasks, may devote her spare hours to the club, and the bicycle.

But there is involved in the new home conditions a loss that may counterbalance this gain. The child, to whom all food originates in the grocery and the bakery, whose milk is manufactured by the milkman, who never sees a field of wheat, developes no such comprehending sense of the relation of effort to satisfaction, as the farmer's son, who milks the cow and feeds the chickens and gathers the apples; who puts the labor of hand and brain into all he uses; who, being both producer and consumer, acquires a just notion of economic interdependence. We have been accustomed to look to our farmers as the mainstay of American institutions. This reliance is likely to fail us when agriculture becomes in its turn a machine industry.

Another serious loss is experienced in the factory operative who, tending a machine, is responsible for but one stage in a complicated process, who has no thought of seeing, far less of using, the completed article. The sense of creation, of achievement, that made the craftsman's task a pleasure, is denied the modern laborer, and the artistic capacity of future generations must dwindle in consequence. This may be thought a merely sentimental consideration, but it has its practical bearings. The factory girl cannot be expected to possess the mother-wit and resource, of her ancestors—the spoonful of common sense that the Yankee housewife puts into her puddings. We devise kitchen garden and cooking classes for the disinherited, but these are meager substitutes for the practical experience, the farmhouse kitchen afforded.

From the standpoint of the female operative, the physical hardships of factory labor, prove a serious drawback. Long hours, excessive labor, the nerve-strain consequent on the speeding of machinery, menace the health of women in many employments. Protective legislation has done much to minimize these dangers, The English factory code embraces a great majority of the trades in which women are engaged, and enjoins a ten-hour working day for women and children; forbids them injurious employments, guards dangerous machinery and requires sanitary provisions.

The manufacturing states of the Union have gone far in the same direction, and we may hope that the health argument against the extra-domestic employment of women will eventually be done away.

An objection less easiiy met, is one that is urged not so much on social, and physical, as on economic grounds. Women, it is said, are crowding into the labor market in such numbers as to menace the industrial interests of men. The minimum wage which depends upon the cost of subsistence, must always be lower for women than for men, because the average woman has not a family to support. Wherever men and women come into direct competition, wages will sink to the lower level, and men must accept the reduced compensation or abandon that trade.

Undoubtedly the wholesale displacement of men, by women workers would prove a social as well as an economic calamity. Men are the natural breadwinners, and the great majority of women are, and should remain, housekeepers. Statistics may help us to determine how serious is the prospect of such displacement. The report of United States Labor Commissioner for 1895-6 undertakes to compare the work and wages of men, women and children employed in the same establishments. Of one thousand and fifty-two employers from whom information was secured, eight hundred and seventy-one state that the number of women employed is increasing, a showing that corresponds with the facts indicated in our occupation statistics.

The reasons given for hiring women in preference to men are significant. Many of the employers interviewed, contented themselves with the general statement that women were "better adapted" to the work in question, but of the six hundred odd who attempted detailed explanation, nearly half accounted for the employment of women, by the fact that they were cheaper or more easily procured than men. A considerable number give more complimentary reasons, as that women are more reliable, neater, more industrious, more rapid, less likely to drink, that they learn the trade quicker, work more steadily, remain longer at one occupation, that they are more polite, patient and quiet, that they have a good influence on the male employés.

Other answers point to feminine qualities, which however desirable from the employers' standpoint, hardly make for economic independence. For example, more than one hundred employers find that women are more easily controlled and less liable to strike, that they don't wish to learn the trade, and are content to work at one branch of it. Evidently a considerable proportion of employers prefer women for work suited to their strength and ability, because they cost less, or make less trouble than men. There is apparently some ground for the jealousy of women felt by workingmen and trade-unions. It is pleasant to note that of late years this apprehension has manifested itself in the sensible endeavor, to draw working women into the unions, and so to enlist their coöperation in the effort to maintain or advance the wage rate.

The data furnished by the Labor Commissioner would indicate that in matter of fact men and women do not often compete for the same task. Among the one hundred and forty-eight thousand, three hundred and sixty-seven employés enumerated in the report, only seven hundred and eighty-one cases occur, where men and women were, in the estimate of the employer, performing the same task with the same degree of efficiency.

In a majority of these instances the men were paid a higher wage. Five hundred and ninety-five men received an average advance, of thirty-

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two and three-tenths per cent, on the wages of women engaged at the same work, fifty-seven men received an identical wage, while one hundred and twenty-nine were paid on an average ten and four-tenths per cent less than the women, with whom they were compared.

It would be interesting to get behind the statistics, and learn the reasons employers might give for this seeming injustice. It is safe to assume that a business man will not pay one employé more than another, unless there exists a business advantage in so doing. He will only pay men more than women, for performing the same task when the cheaper labor is not to be had, or when the more expensive workman offers some compensating utility. In matter of fact, men and women rarely come into direct competition, except where invention has simplified the task and brought it within reach of the weaker laborer.

In these latter days we must also make exception of the professions, to which the higher education is advancing women, who train for self-support. Fortunately there is still room at the top and, while the process of displacement has occasioned much immediate distress, the wage-earning proclivities of women have not materially reduced the industrial chances of their brothers. Men are merely obliged to seek employments beyond the reach of female ambition.

There is now taking place a redistribution of occupations, which must have important social as well as economic results. The census statistics go to show that, since 1870 at least, the most marked displacement of men has been effected in intellectual vocations. The proportion of women is increasing in the professions, notably among teachers of art and music, in certain classes of business, as farmers, merchants, hotel and lodging-house keepers, and in a number of other employments, requiring mind rather than muscle, such as book-keeping, teaching, the telegraph and telephone service, and in commercial houses.

In the unskilled trades, the increase in the proportion of women employes is not so apparent, and there are some instances of an actual falling off. The cotton and silk mills, the tailor-shops and the steam laundries are examples of these industries in which improved machinery has imposed requirements too taxing for feminine strength.

These facts indicate a distinct advance in the industrial status of the sex. More women are fitting themselves for congenial means of earning their own living, fewer are being forced by bread and butter necessity, into machine-driven employments. Women, under the new conditions, are performing their full share of the nation's work while the enlarged opportunities for self-support give a new freedom, strength and dignity to feminine existence.

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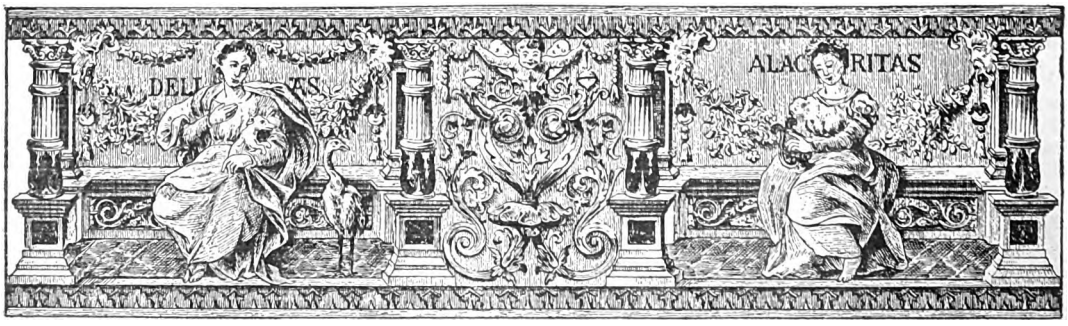

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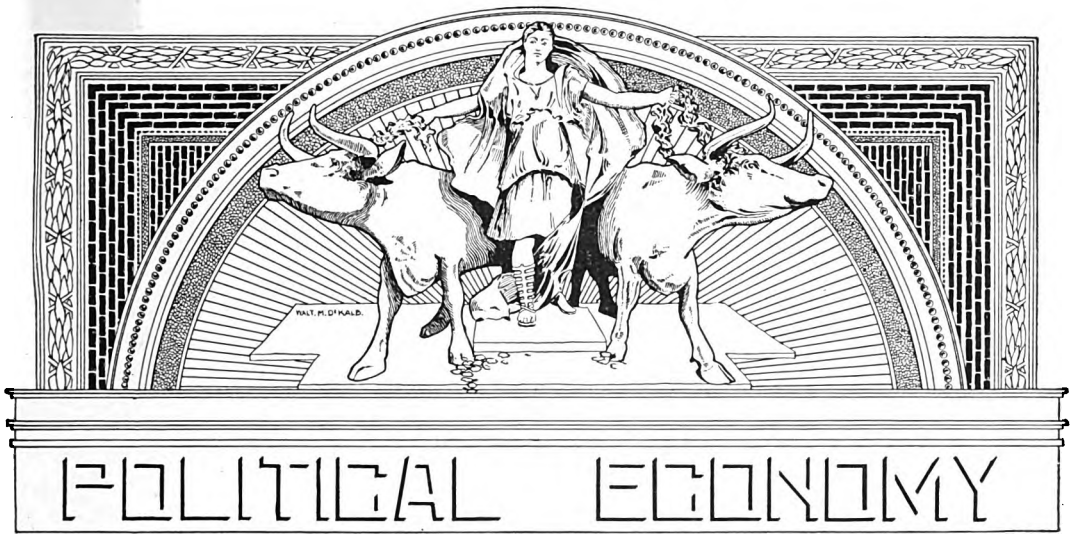

BY

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PART III. PRODUCTION.

1. THE PLACE OF PRODUCTION IN ECONOMICS—THE NATURE OF PRODUCTION.

LET us first of all, attempt to get a clear idea of the place which production occupies in economics. It will be remembered that we have divided economics into three main parts, namely: General economics, special economics and public finance. The present course will give a survey of general economics and public finance. The second main part, which deals with special problems exhaustively, and particularly with the detailed application of economic principles to practical life, is for the most part omitted, because it is not in harmony with the aim of the present course of study. However, the special articles furnished, which accompany the three main series, do to a considerable extent fall under the head of special economics.

Production falls within the scope of general economics. General economics has been divided into sub-parts in many different ways by economists. The most common division of general economics is into production; exchange, or more properly transfers of goods; distribution; and consumption. The field of general economics may, however, be divided into private economics, and public economics. The former deals with the economic life of individuals and private combinations. This economic life of individuals, and private combinations is subject to the general regulations which governments prescribe in the public interest, but otherwise is under the control of private persons. Public economics, as the name implies, deals with the economic life of man as manifested in the activity of the state.* It discusses the management of public property and public industries, and the intervention of public authority in private industries. This branch of economics is continually increasing in importance, as the reader may readily observe for himself by a comparison of present periodical literature, with the periodical literature of the past generation.

* The term state is here used in its generic sense, and applies to our local political units,—as city, county, etc.,—and to the federal union as well as to our commonwealths.

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When we have this division of general economics into private economics, and public economics, the four departments mentioned, namely, production, transfers of goods, distribution and consumption, fall chiefly within the field of private economics. Public finance, however, includes a considerable proportion of public economics; and where we have the three main divisions fairly well developed, it may be well to omit in general economics, the two subdivisions, private economics and public economics.* In this course these subdivisions are not introduced. This may seem to the reader like a somewhat tedious explanation of classification; but it is important that the serious student should have in his mind a clear idea of the framework into which he is to place his information upon economics. Everyone has a considerable body, or more strictly speaking, a considerable mass of economic ideas and notions; but the chief advantage of one who takes a course in the study of economics is, that it organizes his knowledge and thus renders it capable of growth, so that it becomes increasingly fruitful.



Indian Drilling Turquoises.

What do we mean by production? Everybody has probably a more or less general idea of what is understood by production, in economics. Production means briefly, wealth-creation through human effort. Production is a creation of those utilities which are so limited in quantity that they do not satisfy fully all human desires. There are two ideas here, namely, utilities and their limitation. We are dealing in economics with useful things, but not with those useful things which exist in superabundance or in such adequate amounts as to satisfy all desires. Utilities that exist in such abundance that all may freely enjoy them, are called free goods, it being understood that a good is what satisfies a human want. Sunshine, air, water, generally belong to the class of free goods. In early stages of civilization land is frequently a free good. Those goods, however, which exist in quantities less than the amount desired by human beings, are called economic goods. We may take as an example familiar articles of commerce. Most individuals in the

* Further comments on the classification of the parts of economics will be found in Ely's "Outlines of Economics," B. I., Ch. xi., and especially in his "Introduction to Political Economy," Part I., Ch. xii.

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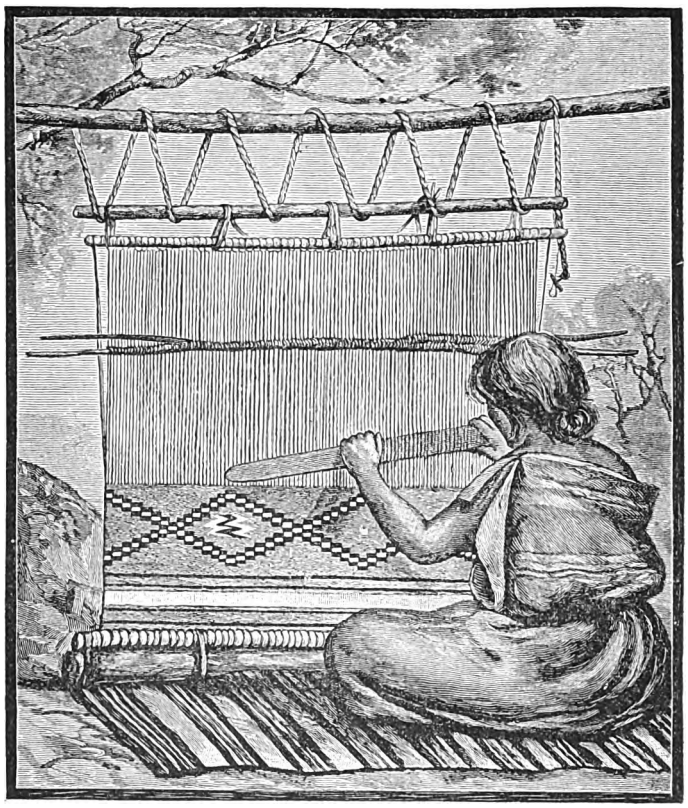
United States doubtless have food and clothing in sufficient quantities to satisfy all rational desires, but there are those who do not; and the fact that such articles bear a price is an indication of limitation in quantity, and a limitation such that desires are unsatisfied. When the supply of an article becomes superabundant it falls out of the class of economic goods. It has no value.

Production does not mean the creation of matter, for no human being can add a particle to the materials of our globe. What is produced is not matter, but utilities. All that man does in the creation of utilities is to arrange matter in such a way that parts of it assume new relations to each other. We may express this differently by saying that what man does is to put things into fit places. The forces of nature do the rest. The farmer puts his seed into the ground, which is already prepared for its reception. He has changed the places of various things. All that he does subsequently, consists likewise in changing the places and relations of things. The farmer thus gives direction to the forces of nature. When the operations of the manufacturer who works up the raw material brought from the farm, are analyzed, it will be found that they consist simply in changing the places of things, in such a manner that through the operation of natural forces new utilities are created. Those who are engaged in transportation and those who are occupied in retail trade and commerce, are likewise employed in changing the places which things occupy, and bringing them into new relations to each other, and to human beings.



Primitive Loom, Showing Warp-beams, Harness and Battens.

It is very important that this should be clearly understood, as it will enable us to avoid a great deal of confusion of thought concerning the nature of production, and also concerning the producers of wealth. (1)

A few observations on the cost of production must be added in order to make still clearer the nature of productive activity. Production involves sacrifice. Human effort is employed in the creation of utilities; so also are the materials and forces of nature. The sacrifices involved in production consist in the using up, for some particular productive purpose, of the productive forces which could otherwise be turned in another direction. The cost consists in the sacrifice or employment for a particular purpose of actual utilities or potentialities of utility. Every particular production involves a choice in the employment of productive powers at our command. If the utilities consumed in a particular productive activity, are greater than those which issue from this activity, the outcome is a social loss. Also, if

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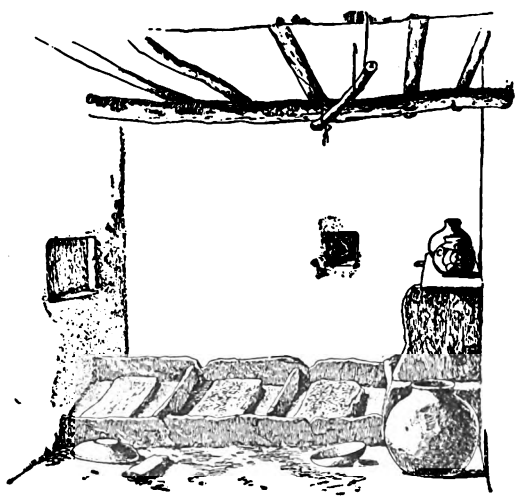
productive efforts could have been so directed as to create greater amounts of utility, then a wiser guidance of production would have been desirable. We are continually exercising our faculties to prevent in production, a loss of utilities on the one hand, and on the other to create the largest possible quantities of utilities.

There is a temptation to think of the cost of production as money expended, and to fasten attention upon that. Money expenditures are in present society, the chief thing which the private producer has to consider, but socially, that is, from the standpoint of society at large, money expenditures mean simply a transfer of money from one pocket to another. Society is neither richer nor poorer because A has paid B one hundred dollars for B's work. The real sacrifice in the productive effort consists in B's work, which has been used up, and cannot be recovered. In a house, the social cost consists of materials used up, and of human effort consumed in its construction. This distinction is fundamental, and should be pondered until it is fully understood.

1. THE PLACE OF PRODUCTION IN ECONOMICS — THE NATURE OF PRODUCTION.

(1) **Action of Man Upon Nature.** — If we examine any other case of what is called the action of man upon nature, we shall find in like manner that the powers of nature, or in other words, the properties of matter, do all the work, when once objects are put into the right position. This one operation, of putting things into fit



Tusayan Mealing-Stones. Origin of Roller-Mills.

places for being acted upon by their own internal forces, and by those residing in other natural objects, is all that man does, or can do, with matter. He only moves one thing to or from another. He moves a seed into the ground; and the natural forces of vegetation produce in succession a root, a stem, leaves, flowers; and fruit. He moves an ax through a tree, and it falls by the natural force of gravitation; he moves a saw through it, in a particular manner, and the physical properties by which a softer substance gives way before a harder, make it separate into planks, which he arranges in certain positions, with nails driven through them, or adhesive matter between them, and produces a table, or a house. He moves a spark to fuel, and it ignites, and by the force generated in combustion it cooks the food, melts or softens the iron, converts into beer or sugar the malt or cane-juice, which he has previously moved to the spot. He has no other means of acting on matter than by moving it. Motion, and resistance to motion, are the only things which his muscles are constructed for. By muscular contraction he can create a pressure on an outward object, which, if sufficiently powerful, will set it in motion, or if it be already moving, will check, or modify, or altogether arrest its motion, and he can do no more. But this is enough to have given all the command which mankind have acquired over natural forces immeasurably more powerful than themselves; a command which, great as it is already, is without doubt destined to become infinitely greater. He exerts this power either by availing himself of natural forces in existence, or by arranging objects in those mixtures and combinations by which natural forces are generated; as when by putting a lighted match to fuel, and water into a boiler over it, he generates the expansive force of steam, a power which has been made so largely available for the attainment of human purposes.

Labor, then, in the physical world, is always and solely employed in putting objects in motion, the properties of matter, the laws of nature do the rest. The skill and ingenuity of human beings are chiefly exercised in discovering movements, practicable by their powers, and capable of bringing about the effects which they desire. But, while movement is the only effect which man can immediately and directly produce by his muscles, it is not necessary that he should produce directly by them all the movements which he requires. The first and most obvious substitute is the muscular action of cattle: by degrees the powers of inanimate nature are made to aid in this too, as by making the wind, or water, things already in motion, communicate a part of their motion to the wheels, which before that invention, were made to revolve by muscular force. This service is extorted from the powers of wind and water by a set of actions, consisting like the former, in moving certain objects into certain positions in which they constitute what is termed a machine; but the muscular action necessary for this, is not constantly renewed, but performed once for all, and there is on the whole a great economy of labor.— "*Political Economy*," *by John Stuart Mill, Book I., Ch. I., § 2.*

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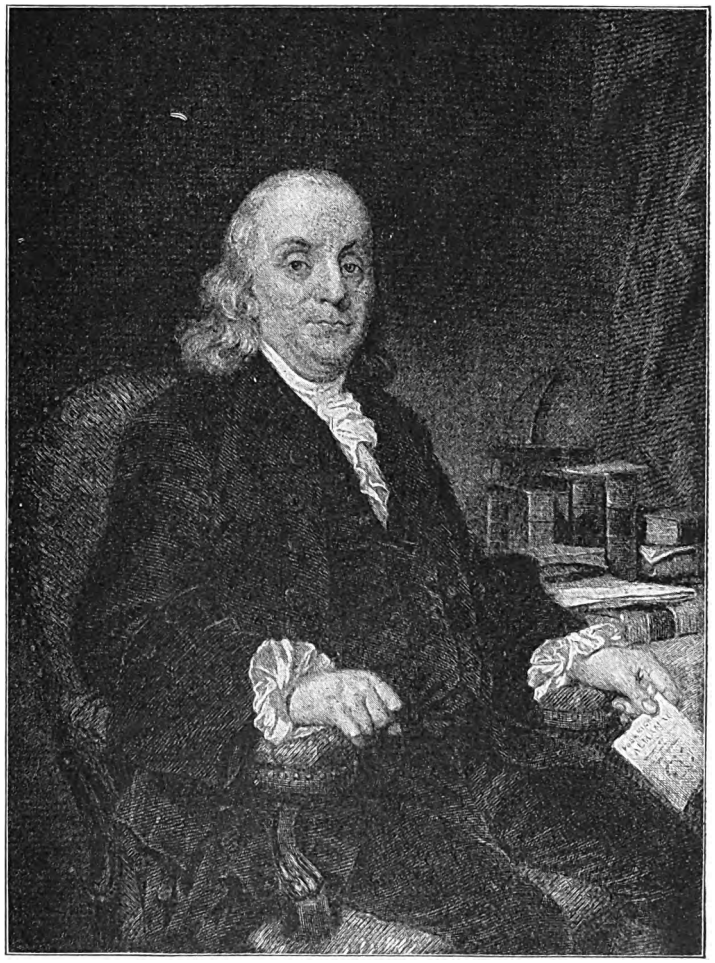
2. WHO ARE PRODUCERS? INDIVIDUAL AND SOCIAL PRODUCTION.

The exposition of the nature of production which has already been given, enables us easily to answer the question: Who are producers? Those are producers, who produce economic goods. Production means simply the creation of economic utilities. All those who render useful services are producers. It is an old error that farmers alone are producers, or that they are producers in some peculiar and exceptional sense, which does not apply to other classes of persons engaged in rendering socially useful services. The school of economists called the physiocrats (of which the most prominent members were perhaps Quesnay and Turgot) held that agriculture alone was productive; and even so keen a thinker as Benjamin Franklin spoke of farmers, as the only true producers. Horace Greeley contrasted commerce with productive industry, stating in one place in his work, "Political Economy," that it was not desirable that commerce "should appropriate the grist and leave only the toll to production."* As a matter of fact, however, farmers, merchants and manufacturers do precisely the same thing. They are all creators of utility, and producers of economic goods. The farmer in changing the places of things, gives direction to forces of nature, and the result is new combinations of matter which add to our stock of economic goods. The operations of those engaged in transportation add new properties to goods, for example, the property of being in places where they are most wanted. Particles of earth have no value as human food while they are mixed with the soil, but when they are taken up into wheat or potatoes they have value, provided they are in the right place at the right time. Wheat and potatoes, however, in places where they are not wanted, have no value. It is necessary not merely that they should be produced, but that they should be transported from place to place, and saved up from the time they are not wanted, until the time they are wanted. Merchants and bankers assist in this process, and therefore are as truly



Benjamin Franklin.

*Greeley's *Political Economy*, p. 276.

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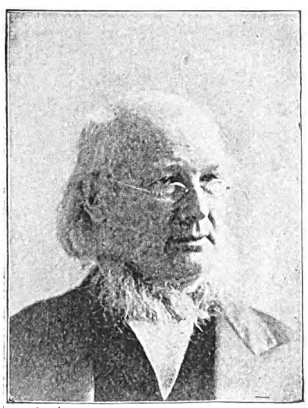
producers as are farmers. It is quite possible that at a given time, and place, the number of merchants may be excessively large, and in this case there is a waste of productive energy. The same holds, however, with respect to farmers. If the number of farmers is excessive, we likewise have a waste of productive energy. It is not in the interests of the farmers, that incorrect views concerning the productive classes should be disseminated. Noble as is their occupation, it is only one of many productive occupations. The writer cannot help feeling that farmers frequently make a mistake in underestimating the significance of other occupations. There is in economic society, a mutual interdependence of classes. The farmers must be able to exchange their produce for the services of other economic classes, in order that they may thrive. At times the representatives of farmers in the legislatures speak and conduct themselves as if the interests of cities, were a matter of indifference to the farming community. Recent experience, however, is ample to demonstrate that the prosperity of the farmer is dependent upon good markets, and good markets imply prosperous classes engaged in other productive pursuits than agriculture. The true friend of the farmer will try to favor the farmer not directly only, but also indirectly, through measures which build up cities and furnish strong buyers for the produce of the farm.



Horace Greeley.

This discussion has taken us a trifle to one side of our topic, but it illustrates the nature of production, and has an important practical bearing.

We must in the next place, consider the relation between individual and social production. It is here, as elsewhere, necessary to distinguish between the individual and the social point of view, nor can we grasp the true nature of the problems of the day till this distinction becomes habitual. Social production means the creation of new utilities. There must be some addition to the store of economic goods destined ultimately for consumption, in order that there may be social production. The farmer who produces grain is engaged in social as well as individual production. He adds to the store of social wealth. The manufacturer of agricultural instruments, and the builder of houses, likewise are engaged in social and individual production. Where there is social production there come into existence new goods. (1) Individual production, however, may take the form of acquisition rather than that of creation of wealth. Those who are engaged in lottery enterprises may thus acquire great wealth, but they add nothing to the store of wealth for the use of man. They do the opposite; they discourage enterprise, and indirectly pursue a socially destructive course of action. They grow rich to the impoverishment of others. Gamblers of all sorts, whether they gamble with cards, or on the stock-exchange, are engaged in pursuits of a similar nature; they acquire individual wealth to the destruction of the property of others. Those who are engaged, however, in legitimate operations on the stock exchange, are individually and socially productive. Perhaps it is in this way, that we can distinguish what is good from what is evil, in stock exchanges. The stock exchange is practically nothing but a market; and in its legitimate operations produces utilities of an economic nature, or in other words it adds to the store of economic goods.

Among those who are engaged in socially unproductive operations, may be placed organizers of monopolies. Trusts and combinations in themselves do not add to the wealth of society, and quite frequently their aim is a limitation of this wealth. Whenever this is the case, those who are engaged in their formation, are engaged in a socially unproductive operation, very likely a socially destructive operation, although the result of the combination or trust may individually be productive. In so far as a

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trust, or combination, or monopoly of any kind may effect real economies in production, that is to say, whenever it brings it about, that a given output of energy issues in larger quantities of economic goods, we have social as well as individual production. Likewise those who are engaged in the acquisition of special privileges, for example, exclusive franchises from governments, are occupied in socially unproductive operations, although individually their activity may be productive of millions. Frequently many laborious operations are concerned simply with that acquisition of wealth which is individually productive, but socially unproductive.(2) So complicated, however, are modern productive processes, that it requires painstaking discrimination to distinguish between individual, and social production. Difficult as this distinction may be, however, it is of the utmost importance for the prosperity not only of our own country but for that of the entire world, that civilized nations should form clear and correct ideas upon those occupations, which are socially productive, and also upon those which are only individually productive.

As there is an individual production, which is not social production, so there is an activity which is socially productive while it is individually unproductive. The construction of streets may be used as an illustration. Frequently an individual could not procure from the use of the streets a sufficient remuneration, although it is socially worth while to construct the streets. Very frequently it is not worth while for an individual to raise the forests which are needed in a country. Nevertheless, socially, the expenditure required for forest purposes may be enormously productive. Outlays for canals and wisely directed improvements of rivers and harbors, serve as further illustrations of socially productive effort, which would individually be carried on at a loss. One writer mentions as an illustration of socially productive activities which are frequently individually unproductive, unsuccessful experiments, leading in the end to successful experiments. Universities and scientific laboratories carry on work of this kind.

2. WHO ARE PRODUCERS? INDIVIDUAL AND SOCIAL PRODUCTION.

(1) **A National Crop.**—It might be put in this way. The world of men is working, either personally or by deputy, to produce a national crop. This crop consists not only of food, fabrics, material produce and material services generally, but also of music, art, literature, religious observance, immaterial produce generally. This is the sum total that is distributable, as national income, to the producers.

Among these, it is to be noted, are a great many anxiliary factors whose service is shown only in the increased product of those they help; such as teachers, soldiers, police, legislators and administrators, lawyers and doctors, etc. All these have undoubtedly an economic share in the total crop because they have contributed to its making. What has to be noticed very carefully, however, is, that not all the forms of produce mentioned can sustain men in life. It is only of poetic license that any person with a stomach can be "paid with a voice flying by." Hence, while, if all were agricultural laborers, there would be far too much to feed all, if all were poets there would be nothing for anybody to feed on.

Hence, too, without the slightest disparagement to the higher services, it must be said that society could exist without them, while it cannot exist without the others, and that the lives of the many may be stinted if the few insist on investing the nation's capital too soon, or too plentifully in these higher services. In all this, I confess, I find no place—and make no apologies for finding no place—for the idler. As Carlyle said: "In the Heavens, in the Earth, in the Waters under the Earth, is none like to thee. Thou art an original figure in the Creation. . . . One monster there is in the world; the idle man." . . . — "*Studies in Economics*," *by William Smart, pp. 292, 293.*

(2) **Unproductive Labor.**—Unproductive may be as useful as productive labor; it may be more useful, even in point of permanent advantage; or its use may consist only in pleasurable sensation, which when gone leaves no trace; or it may not afford even this, but may be absolute waste. In any case society or mankind grow no richer by it, but poorer. All material products consumed by anyone while he produces nothing, are so much subtracted, for the time, from the material products which society would otherwise have possessed. But though society grows no richer by unproductive labor, the individual may.

An unproductive laborer may receive for his labor, from those who derive pleasure or benefit from it, a remuneration which may be to him a considerable source of wealth; but his gain is balanced by their loss: they may have received a full equivalent for their expenditure, but they are so much poorer by it. When a tailor makes a coat and sells it, there is the transfer of the price from the customer to the tailor, and a coat besides which did not previously exist; but what is gained by an actor is a mere transfer from the spectator's funds to his, leaving no article of wealth for the spectator's indemnification. — "*Principles of Political Economy*," *by John Stuart Mill, p. 45.*

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3. KINDS OF PRODUCTION—CLASSES OF ECONOMIC GOODS.

There are various sorts of production, indicated more or less accurately, by terms used to designate them. We have, for example, isolated production and social production. Isolated production is production of an individual who, in his productive efforts, enters into no relations with others. Naturally, this is production of the most primitive type, and inasmuch as large production implies large coöperation, it is meagre production. Isolated production must mean paucity of economic goods. Social production in the present sense—that is, as contrasted with isolated production—is production in which man enters into extensive relations with his fellows. In modern society, production is to such an extent social, that the relations formed by the individual in production are innumerable and world-wide. The evolution of production has in the past been accompanied, as a part of itself, by the continual progression from isolation, to an ever-increasing multiplicity of social relations. It is through society that any considerable production of wealth must take place.

We have production in and for the household, and production for exchange. In early society production of the first kind is general, whereas with the evolution of production it gradually loses ground, and is increasingly replaced by production for exchange. This process we may see going on under our own eyes, and those who have reached middle life, or old age, will be able to recall very considerable changes in this particular. Nevertheless, the significance of household production even at the present time must not be overlooked. A large part of the wealth produced, is produced in the household even to-day. It is only when we bear this in mind that we can fully appreciate the strictly economic services of women in the social organism. The raw material, for example, used in the preparation of a meal, is probably on the average considerably less than half as valuable, as the meal when well prepared.

The expression "capitalistic production" is now much employed. It means production in which capital plays a sharply defined and leading rôle. Capitalistic production is essentially the production of the present industrial civilization. It is machine-production of economic goods for exchange in the modern world, as contrasted with tool-production for domestic use and for local markets.

Over-production explains itself. It signifies, of course, excessive production. It is often said that there can be no such thing as over-production. There may be an excessive production of some few commodities, but when we take into account wealth as a whole, there manifestly can be no such thing as over-production, if we mean by over-production, production in excess of human wants. When human wants are taken as the standard, we may have misdirected effort, but no real over-production. Thus it is nearer the truth to speak of under-consumption, than of over-production, if we have reference to human wants. This is something, however, which will receive further consideration hereafter.

We have designated economic utilities as economic goods. Before anything further is said about economic goods, it may be well to call attention to a very simple classification of utilities, as elementary utilities, form-utilities, place-utilities, time-utilities. Elementary utilities are utilities which are embodied in what we may roughly designate as raw-material: wheat, wool, trees, cattle would all be examples of elementary utilities. The farmer is largely engaged in the production of elementary utilities. Form-utilities, are those utilities which result from changes in form. The furniture-maker who changes lumber into a table, produces form-utilities. The production of form-utilities constitutes a large part of the work of the manufacturer. Place-utilities are those utilities which are produced by bringing things from places where they are less wanted, to places where they are more wanted. Transportation produces place-utilities. Time-utilities are utilities which result from carrying things through time, if we may speak thus figuratively. When grain

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is saved up from a time of plenty, to a time of relative scarcity, time-utility has been produced.

No formal definition of economic goods has been given, and one is scarcely necessary. It may be well, however, to quote a definition given by Prof. Carl Knies, and to comment briefly upon it. "Economic goods," says Professor Knies, "are those external goods which man attains in general by laborious exertion. They are necessary to him, and desired by him. They exist in limited quantity. They are transferable in general for a consideration. They can become the subject of civil and criminal cases, and furnish the material for such cases. Since the introduction of money they are, in general, goods having money-value, and are bought and sold." This may be in form, a description rather than a definition, but it includes the main points to which attention should be called.

It is noticed in the first instance, that economic goods are described as external goods. It is with these that we are primarily concerned in economics. As man is the end for which production is carried on, the cultivation of his own powers is not regarded as economic production. In a certain sense, however, when the cultivation of powers has chiefly an economic end in view, this cultivation may be called economic production. If a man acquires a certain dexterity of his hands, simply that he may increase his productive powers, this process has a close analogy to the improvement of land in order that the quantity of food which the land yields may be increased. Sometimes man's acquired economic powers are designated as personal wealth, and correspondingly we may speak of personal production. It is important, however, to keep the distinction in mind between external goods, and personal qualities, and to remember that we have primarily to do with external goods, and especially that man is always the end for which production exists. (1)

It is stated furthermore that economic goods are attained in general, by laborious exertion. This need not always be the case. A diamond which one may accidentally pick up has great value, and large utility; and it is the sort of utility which is strictly limited in quantity. Nevertheless, it cannot strictly be said that it has been attained by laborious exertion in a case of this kind. When we come to discuss value, we shall ascertain that it is not the laborious exertion which produces value, but that the laborious exertion is an attendant circumstance. It may be said, as it is implied, that economic goods have value; although it is best not to use that term any further than necessary, before we come to its discussion. Other points in the definition are sufficiently obvious to require no elaboration.

Frequently the word wealth is used as equivalent to economic goods. There are certain cases in which we can scarcely avoid the use of the term wealth, as a general term for economic goods, as, for example, when we speak of the wealth of the United States. Quite frequently, however, wealth indicates opulence or large quantities of economic goods, and thus there is danger of ambiguity when the term wealth is employed as an equivalent of economic goods. The principal thing of course, is to be clear in our language, inasmuch as otherwise it is impossible to attain to scientific accuracy.

Economic goods may be divided into commodities and services. Commodities are material things, and services are useful and agreeable things which minister unto us, without becoming incorporated in material things. The workman ministers unto us, through the intervention of a material thing, giving that a new and additional utility. He furnishes us then with a commodity. He may, however, directly serve us, as when he acts as a guide to us in our tramps through the mountains for pleasure and recreation. Personal services are an important class of economic goods, and they have those characteristics which have been described by Professor Knies.

For legal or economical purposes, more elaborate classifications of goods are given. Professor Knies mentions four general principles in accordance with which, eco-

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nomic goods can be classified. The first is according to the nature of the wants which they satisfy. We have thus goods used for clothing, for food, for dwelling purposes. We have thus also necessaries and luxuries. The second principle of classification has reference to the qualities of goods. We have thus material goods, and immaterial goods. A patent, a trade-mark, a copyright may be mentioned as immaterial goods, *res incorporales*, to use the Latin term. We have also quantitative and qualitative goods. Quantitative goods are measured quantitatively, as, for example, money, corn, fruit in general; whereas qualitative goods have an individuality of their own, as, for example, a horse. Passing over other classifications in accordance with the second principle, in the other third we have a classification of economic goods, which has reference to the manner in which they satisfy wants. We have thus goods which satisfy wants directly, and these are called consumption goods; and we have others which satisfy wants indirectly, for example, machines. These are goods of the second order. They are capital goods, and will be considered later. We have also goods which can be enjoyed by several, and goods which must be enjoyed individually. It has been stated that ethical progress expresses itself in part in a larger use of those goods which can be enjoyed by many in common, the substitution, to cite only one example, of a public park for private pleasure-grounds. To put it differently, the ethical man prefers, other things being equal, inclusive to exclusive pleasures.

This illustration is designed to point out the significance of this last sub-class of economic goods.

In the fourth place, goods may be classified with respect to the different activities required to obtain them. Some goods are simply appropriated, which is the case with wild fruits and with the metals. In the case of other goods, man takes a more active participation in production. This is the case with agricultural products, in the production of which man has given direction to forces of nature.

This classification of economic goods is not complete, and may be further elaborated by the student. It has a significance which will become apparent to those who carry forward their economic studies. It may be found by the thoughtful to have a meaning even in many popular discussions. Those who would read further on this subject may be referred to the very good classification of economic goods, under the term "Things," by Holland, in his work on Jurisprudence.

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3. KINDS OF PRODUCTION—CLASSES OF ECONOMIC GOODS.

(1) **Personal Abilities and Capital.**—While economists generally agree to distinguish between land and capital, they almost universally class personal abilities and business privileges as capital, because it is held that these are means of production, whereby the individual acquires or produces economic goods. There are several reasons why these should not be classed as capital. First as to personal abilities.

Man is not a slave nor a machine, the object of private property; and his earning power is never in business operations capitalized like that of land or capital. The basis of capitalization is a surplus above costs of production. A workman does not himself capitalize his labor power, and count the capitalization as part of his resources, because he considers that the work he does is fully equal to the income he gets, and there is no surplus above the laborious effort involved, like rent or interest which can represent net earnings, and be properly capitalized.

Neither does his employer place a capital value upon the laborer, because he does not possess exclusive private property in him. Were the laborer his slave, then the owner would capitalize him upon the following principles: He would ascertain the wealth-producing ability of the slave. From this he would deduct all the expenses of providing for, and guarding him. This would give an annual surplus above the cost of production of the laborer's product. Then the owner would estimate the probable duration of the slave's physical powers, and hence the probable continuance of this surplus product. Finally, taking into account the current rates of interest, he would capitalize the slave at that amount of *money* which would yield, in other investments, a sum of interest equal to the surplus product. If the current rate of interest were low, the capitalization would be high, because it would require in other investments a larger amount of capital to yield the given surplus product than it would, if the current rate of interest were high.

But nothing of the kind occurs with the free laborer. He is paid for the actual product of his labor, irrespective of the cost of his maintenance; and if there should be a surplus above this cost, the laborer himself would be the one to capitalize it.—"*The Distribution of Wealth*," *by John R. Commons, pp. 41, 42.*

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4. MOTIVES IN PRODUCTION.

What are the forces which lie behind production? What induces man to put forth his efforts in production? Naturally his wants. There is a close relationship between wants and production, which manifests itself in a thousand and one ways, some of which are not at once apparent. Inasmuch as wants are the forces lying back of production, it follows naturally that few wants mean little production. The history of civilization is one long illustration of the truth of this connection between wants and production. Prof. James Bryce, in his recent book: "Impressions of South Africa," points out most interestingly, that one of the difficulties in the development of that country is found in the few wants of the natives in some sections. Englishmen who are managing enterprises in these parts of Africa, at times encounter obstacles standing in their way like stone walls, because there are no desires in the natives to which they can appeal. Economic goods of various sorts may be offered, but these furnish no inducements, because they correspond to no wants. Even imprisonment is not a sufficient incentive to laborious exertion, and it has been actually proposed by Englishmen that physical punishment, which is really dreaded, should be resorted to, as a stimulus to the productive effort which the development of the country requires. Professor Bryce, however, very properly objects to such barbarism, and quotes the experience of other parts of Africa, to show that by suitable efforts the desires of the natives may gradually be stimulated and wants aroused of sufficient urgency to secure productive effort. The uncivilized portions of Africa furnish a glaring contrast to the United States with respect to wants, as well as with respect to quantity of wealth produced. Less marked differences may be found in our own country. Miss M. G. McClelland in her novel "Oblivion" describes the people of one section of the country as "cursed with the mildew of primitive content."

We do not at the present time, enter into the question of the desirability of all wants; we simply state in a general way, the quantitative connection between production and wants. Broadly the principle may be laid down that material civilization is dependent upon a number of wants of a pressing kind, sufficient to produce long continued and persistent effort. Frequently the first step in awakening civilization consists in the culture of wants. Missionaries in uncivilized, as well as semi-civilized countries have given many descriptions of the means employed to cultivate wants and thus to inaugurate increased production.

Furthermore it is to be observed that our wants are capable of indefinite expansion. It has been laid down as a general law, that the satisfaction of every lower want awakens a higher want. This holds with respect to normal man. First grosser wants are satisfied, then higher and more refined wants arise. Finally it should be observed that spiritual wants may at length lead to a lessening of material wants, and thus bring about that moderation in desires for wealth, which advanced societies seem to need, just as earlier societies need a stimulation of desires for material things.

Another general fact, however, may be noticed, and that is this. After the most pressing physical wants are satisfied, the chief want of man is social esteem. This is that which he desires before everything else. It is this which explains not only the amount, but also the nature of production. Thus branches of production are preferred which bring the greatest amount of social esteem, and for the sake of social esteem a considerable amount of material product is willingly sacrificed in all lands. It is frequently held by young girls, that service in shops brings a greater amount of social esteem than does domestic service. Consequently the pressure for work of the former kind, is much greater than that for work of the latter kind, although the former is doubtless on the whole much better remunerated. Again, change in the conditions of social esteem, produces corresponding change in produc-

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tive effort. The more elevated social position accorded to nurses in recent years affords an illustration. If the so-called liberal professions come in any land to be regarded as ranking above mercantile, agricultural and manufacturing pursuits, there will be a great pressure for service in these professions, and in them will be employed a large proportion of the talent of the country, in which social esteem takes such a direction. Germany affords an illustration of this general principle in the very high social esteem, which service as an officer in the army commands. Manufacture and commerce are held to confer an inferior social position, and this has been an obstacle which production has had to contend against in that country.

What men desire when they are most eager in their productive efforts, and seem insatiable in production, is social esteem. This may be laid down as a general principle, which, when understood in all its bearings, is capable of explaining large classes of industrial and social phenomena which otherwise cannot easily be understood.

The wants of men have been described as their motives in production. But the wants of man reach outside of self. Our wants include within their sphere improvement of our own immediate families, our relatives, our friends and acquaintances, our fellow-countrymen, and all human beings. As the circle of those reached by our wants expands, desires tend to become weaker. We are thus brought to the consideration of self-interest and altruism as motives in production. We have in the economic sphere, as well as in the other life-spheres, not only a struggle for life, but also a struggle for the life of others, as Mr. Drummond has so beautifully pointed out in his "Ascent of Man."

Self-interest is a proper economic motive, and one not to be deprecated when it is held within suitable limits. Ethics can reach no higher than the command to love our neighbor as ourselves, and this implies self-interest. Self-interest is one of the great forces, and it may be said indeed the dominant, although not exclussive force in production. However, we have to ask: What do we mean by self-interest? In the normal man, self-interest includes at least his own immediate family, and reaches extensively, and more or less intensively also, outside the family. In determining the true import of self-interest it is necessary to ascertain how wide is the sphere of its influence. Moreover, it can be abundantly shown that in large classes of cases, self-interest is very nearly, if not quite identical, with the general interest. The farmer who in his own interest makes the best use of his land, raising the largest crops with the smallest outlay, is pursuing that course which is in the general interest. It is, to be sure, a very excellent thing, if while he is engaged in his occupation he takes a high view of it, and feels that he is working for others, or even for the glory of God. But with that we are not now immediately concerned. Self-interest frequently becomes degenerate, and then we have another name for it in selfishness, which is a pernicious force in production as well as elsewhere.

But self-interest is not the only force which is found in economic life, although it may be the one which can most readily be measured quantitatively.

Frequently it is difficult to establish other guides for mens' conduct in production than self-interest. This is particularly the case in transactions of an impersonal nature. When one sells grain on the world-market, what possible motive can be adduced which would lead a man to take less than the market-price? A seller so doing, would simply transfer wealth from his own pocket to the pocket of another, and he would have no means of knowing that this other person either, had a greater need of the wealth than he, or would make a better use of it. When, however, in production, personal relations exist, the element of altruism as a matter of fact becomes more prominent. This is seen in the relations of the employers to the employed, as well as in the relations of both the employers and employed, among themselves. These relations are very far from being what they ought to be, but he

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would indeed be a pessimist, incapable of seeing facts as they exist, who could discern in these relations at the present moment, nothing whatever but self-interest.

It is, however, characteristic of our time that in production the relations of men among themselves tend to assume more and more generally an impersonal character which renders individual altruism difficult. It is much easier for the employer of one man who works with him to exercise benevolence, than for the corporate employer of ten thousand men, to give large room to altruism in determining the relations of employer and employed. To an increasing extent in economic production, we approach the condition of the man who sells wheat on the world-market. We have by no means reached this condition, but it is simply asserted that we are approximating more and more closely to it. The consequence is, that it has become necessary to find some substitute for individual benevolence as an outlet to the increasing fund of altruism, which as a matter of fact exists among us. This outlet is found in social benevolence, sometimes taking a private character, and sometimes a public character. We have, for example, Consumers' Unions, which are private combinations of consumers, who endeavor to regulate conditions of production through the power they are able to exercise in their consumption. They ascertain who are producing, under certain desired conditions of wholesomeness for the employed, and they procure for their consumption, articles produced by these persons, who are placed on white lists. All this will be described in the special article on Consumers' Unions. On the other hand, conditions of production are more or less controlled by public authority, which limits the work of children, sometimes also of women, and enforces sanitary regulations. It is thus that society through various agencies, expresses its benevolence. Public life is especially the sphere within which public spirit acts. Public spirit means a consideration for others as well as for ourselves.

We have then as motives in production the wants of man, which is the most general statement which we are able to make. When, however, we come to an examination of these wants, we find that some of them are covered by the term self-interest, which in its diseased form becomes selfishness, while others are explained only by an altruism which goes beyond self-interest. Furthermore, we find a social control in production, which is exercised through various agencies, and perhaps we may especially say, through government. We must thus add to altruism and self-interest, as motives in production, public spirit. No one can understand the world of production who does not call to his aid all these three motives. (1)

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4. MOTIVES IN PRODUCTION.

(1) **Wants and Activities.** — Human wants and desires are countless in number and very various in kind. The uncivilized man indeed has not many more than the brute animal; but every step in his progress upwards, increases the variety of his needs, together with the variety in his methods of satisfying them. Thus though the brute and the savage alike have their preferences for choice morsels, neither of them cares much for variety for its own sake. As, however, man rises in civilization, as his mind becomes developed, and even his animal passions begin to associate themselves with mental activities, his wants become rapidly more subtle and more various; and in the minor details of life he begins to desire change for the sake of change, long before he has consciously escaped from the yoke of custom. The first great step in this direction comes with the art of making a fire; gradually he gets to accustom himself to many different kinds of food and drink, cooked in many different ways; and before long, monotony begins to become irksome to him, and he finds it a great hardship when accident compels him to live for a long time exclusively on one or two kinds of food.

As a man's riches increase, his food and drink become more various and costly; but his appetite is limited by nature, and when his expenditure on food is extravagant, it is more often to gratify the desires of hospitality and display, than to indulge his own senses.

But, as Senior says: "Strong as is the desire for variety, it is weak compared with the desire for distinction; a feeling which if we consider its universality and its constancy, that it affects all men and at all times; that it comes with us from the cradle, and never leaves us till we go into the grave, may be pronounced to be the most powerful of human passions."

This great half-truth is well illustrated by a comparison of the desire for choice and various food, with that for choice and various dress. — "*Economics of Industry*," *by Marshall, Book III., Ch. 2.*

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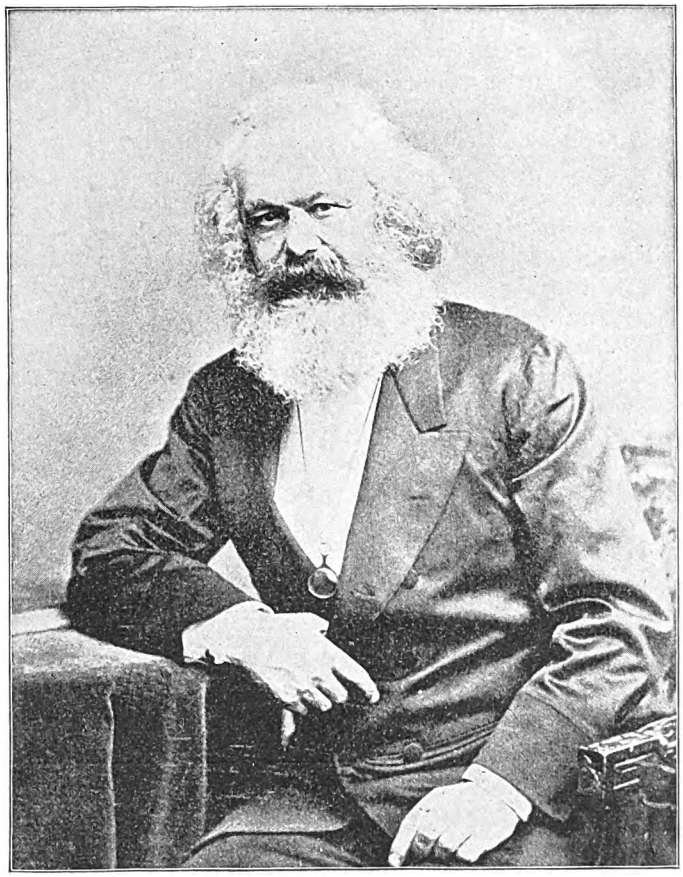
5. THE FACTORS IN PRODUCTION.

It used to be said that production takes place through the coöperation of three factors, namely, land, labor and capital. This statement is simple enough. It goes without saying that without land at least as a standing-place, no production of wealth can take place in a world constituted like ours. A little observation, combined with very slight historical knowledge, is sufficient to convince any person of intelligence that no production of wealth of real social significance can take place without the coöperation of human effort. A trifle additional careful observation, coupled perhaps with a little deeper knowledge of history, is likewise sufficient to show us that capital is essential to any production of wealth which goes beyond that found in the most primitive society. All this is indisputable, but it is not all that needs to be said in regard to these productive elements.



Carl Marx.

It is to the socialists, first of all to Rodbertus and Carl Marx, that we owe a careful examination of the factors of production, of the various parts which they play in production, and of their relations to each other. Recently, however, a very acute opponent of the socialism of Carl Marx, has examined anew the factors of production, and has thrown light especially upon the part which has been ascribed to capital, reaching a result which is an important modification of the older views. The writer has reference to Dr. Eugen von Böhm-Bawerk. It is, when we think of it, manifestly impossible to place on the same footing, land, labor and capital.

Labor is the one factor which is bound up with a human personality, having will and aims of its own. Labor must come first of all and take an entirely different rank in production, from land and capital. Labor is the only force to which in the highest and fullest sense activity can be ascribed. Professor Charles Gide, perhaps the keenest of the French economists of the present day, speaks of nature as absosolutely passive. It is true that nature aids us with her forces, but these are passive in the sense that man must give them direction. "It is easy to see," says Professor Gide, "that the three factors play, in reality, very unequal rôles. The first, labor, is the only one which can claim the title of *agent* of production in the exact sense of the word. Man alone plays an active rôle; he alone takes the initiative in every productive operation. Nature plays only an absolutely passive rôle; it obeys the

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solicitations of man, and does so, most frequently after prolonged resistance. Nevertheless, nature constitutes an indispensable factor in production, at least if we are speaking of the production of material wealth."

We may say this: that labor is in a peculiar sense, the productive agent in production. The other two factors are subordinate and secondary. This is even more the case with capital than it is with land, inasmuch as capital is itself a product which issues from the combination in production, of labor with land. The true name which should be applied to capital, as Professor Gide truly says, is that of *instrument.* About this more presently. The expressions, land and labor have been used. It is better, however, to use the larger terms, nature and man, for it is in this larger sense that the two words are used by economists, when land and labor are spoken of as productive factors, and the use of the words having a narrower meaning is apt to lead to erroneous impressions. Production takes place through the application of man's powers to the external physical universe, which furnishes materials and forces.



Henry George.
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First of all we will consider nature as a factor in production. It has just been stated that nature furnishes materials and forces. We deal in economics, with those materials and forces which exist in limited quantities, or at any rate which are available only in limited quantities, and in quantities so limited that men are willing to make a return for their use, to give for their use, labor or the products of labor. Now the materials and forces of nature are available through land, and in connection with it. It is for this reason that the economist generally uses the expression, land instead of nature. There is this much to be said in favor of the usage, that the term land at once directs attention to that which is for the economist most essential. Land, however, is then used in a larger sense, as an abbreviated expression for the services of the earth, including the sea as well as the dry land, and also the treasures beneath the surface of the earth.

Land renders to man three services in production, namely, it furnishes place upon which to stand and upon which to move. We deal here with the extension of land. This first service is one of prime importance, and in the case of buildings it is the only service rendered. Land, moreover, furnishes in the soil, elements of fertility which nourish plant and animal life; and in the third place, land furnishes on and below the surface of the earth, but chiefly below the surface, natural treasures ready-formed, which man acquires by an act of appropriation.

The peculiarities of land as a productive factor are many, and the works of Mr. Henry George, especially his "Progress and Poverty," have made most of these, sufficiently familiar to the general public. Land is, of course, the original factor, taking priority even of man. Land exists in limited amounts, and is of unequal desirability, not only with respect to fertility and natural treasures, but especially with respect to situation. We have to do here with what we may call land-supply. Man cannot add to the surface of the earth. It is possible by dikes, and by filling in, to make the dry land encroach somewhat upon the water; but what man can accomplish in the extension of dry land, is insignificant when compared with the entire surface of the earth.

But the supply of land can be increased to all intents and purposes, by improve-

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ments in the modes of its use. Improved methods of agriculture increase the yield of land, and make a given area produce more than previously, and thus practically increase the land-supply. Similarly, the food-supply which great bodies of water yield, is capable of very great increase. Something has been accomplished in this direction in the past, but far more is certain to be accomplished in the future. The oyster supply, for example, yielded by the Chesapeake Bay, doubtless the greatest single source of supply in the world, is capable of an indefinite, or at least a very large increase, by oyster culture. Nevertheless, so far as any given piece of ground is concerned, after a certain point has been reached, the returns are not in proportion to increased applications of labor and capital. Relatively, then, upon any given area, returns begin to fall off. This a point which will be considered at greater length when we come to discuss the law of diminishing returns in production.

Again, when we deal with the land-supply, we must remember that at any given moment we have to do simply, with the land which is available. Land that cannot be reached, or can be reached only with great difficulty, is, for purposes of production, practically non-existent. The improved means of communication have in this century, opened up vast new areas of land, and have thus increased enormously the land-supply. It is, however, a simple matter of course that this cannot be continued indefinitely; and the limits of land-supply are fraught with the most serious theoretical and practical consequences. The history of the world has in no small measure been determined by questions of land-supply. What else do we mean by the expression "land-hunger," which has carried people to the ends of the earth, and is even now an immense force in the development of material civilization? Very significant in our own country, is the period upon which we are entering, in which we must seek for an increase in the land-supply, not through an extension of the cultivated area, but in more intensive use of the supply which has already been brought under cultivation." (1)

5. THE FACTORS IN PRODUCTION.

(1) **Labor the Only Active Factor.**—Man produces by drawing from nature. Land, in Political Economy, is the term for that from which he draws —for that which must exist before he himself can exist. In other words, the term land in Political Economy means the natural or passive element in production, and includes the whole external world accessible to man, with all its powers, qualities and products—except, perhaps those portions of it which can be for the time included in man's body or in his products, and which, therefore, temporarily belong to the categories, man and wealth, passing again in their re-absorption by nature into the category, land.

The original and ordinary meaning of the word "land" is that of dry superficies of the earth as distinguished from the water or air. But man, as distinguished from the denizens of the water or the air, is primarily a land animal. The dry surface of the earth is his habitat, from which alone he can venture upon, or make use of any other element, or obtain access to any other material thing or potency. Thus, as a law term, land means not merely the dry superficies of the earth, but all that is above and all that may be below, from zenith to nadir. For the same reason the word land receives a like extension of meaning when used as a term of Political Economy, and comprises all having material form, that man has received or can receive from nature, that is to say, from God.

Thus the term "land" in Political Economy means the natural or passive factor, on which and by or through which, labor produces, and can alone produce. But that land is only a passive factor in production, must be carefully kept in mind. It is a thing, but not a person, and though the tendency of personification leads not merely in poetry, but in common subject, to the use of phrases which attribute sentiment and action to land. It is important to remember that when we speak of a smiling, a sullen, or an angry landscape, of a generous or niggard land, of the earth giving or the earth receiving, or rewarding or denying, or of nature tempting or forbidding, aiding or preventing, we are merely using figures of subject more forcibly, or more gracefully to express our own feelings by reflection from inanimate objects. In the production of wealth, land cannot act, it can only be acted upon. . . . Landowners, as landowners, are as purely passive in production as land itself. They take no part in production whatever. When Arthur Young spoke of the "magic of property turning sands to gold," he was using a figure of speech. What he meant to say, was that the effect of security in the enjoyment of the produce of labor on land, was to induce men to exert that labor with more assiduity and intelligence, and thus to increase the produce. Land cannot know whether men regard it as property or not, nor does that fact in any degree affect its powers. Sand is sand and gold is gold, and the rain falls and the sun shines, as little affected by the moral considerations that men recognize, as the telegraph-wire is affected by the meaning of the messages that pass through it, or as the rock is affected by the twitter of the birds that fly over it — *"Science of Political Economy," by Henry George, Chap. XV.*

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6. MAN AS A PRODUCTIVE AGENT.

The efforts of man in production have generally in the past been summed up by economists in the term labor. This term too frequently, however, calls to mind simply manual toil, which is not even the chief thing in human productive efforts. What we want to consider is, all the activities of man in production, and what is most noteworthy in these is the intelligence of man. If the term labor is used it must be borne in mind that we include under it all the human faculties which find expression in production. The mere physical strength of a human being even at best is not very great; it is small when compared with that of the ox or the horse. It is the mind of man which gives him domination in the world, and enables him to use in his service physical forces immeasurably greater than his own.

We must consider labor-supply, using labor in the broad sense just indicated, both qualitatively and quantitatively. The quality of labor, and thus its real effective supply, in a given population depends upon physical, mental, and moral qualities. Physical vigor varies greatly among men. Nations differ in a marked manner among themselves in this particular. Probably the Germans, the Americans, and the English in this respect excel all other nations of the world. The intelligence with which labor is directed is of equal importance, and of like variability. Moral qualities also have an economic significance which in economic theory is perhaps inadequately appreciated, although the familiar observation of daily life shows how great this significance is. Integrity and trustworthiness add an indefinite, but a very large, increment to the productivity of labor. Unless a certain minimum standard of moral qualities is attained, it can scarcely be said that labor is productive at all. The social environment in which effort is put forward is also an important element in its effectiveness. Prof. Alfred Marshall has excellently described the beneficial effect on labor of hope, freedom and change. (1)

The quantitative supply of labor depends first upon the growth of population, and second upon the proportion of the industrious to the idle population. The growth of population is a subject which occupies a position of central importance in economics. It was brought forward so forcibly by Malthus in the early part of this century that it has not been possible to overlook it since his time. Every intelligent person has heard of the Malthusian theory of population. The most frequent statement of the theory is that according to Malthus, population increases in a geometrical ratio, while food increases only in an arithmetical ratio. Such an increase of population would be indicated by the series two, four, eight, sixteen, thirty-two, etc.; while the series two, four, six, eight, ten, etc., would indicate the increase in food-supply. The difference between the two progressions is enormous, and it seemed to point to starvation in a few generations as the only outcome for a large proportion of the human beings born into the world. If it is said that population doubles once in twenty-five years, we have a geometrical rate of increase; and it takes only a very little calculation to show that soon there would not be standing-room on the earth for the population. Manifestly such a condition of things is impossible. But Malthus did not state the theory of the growth of population in the manner just described. The gist of his theory was simply this: there is a tendency on the part of population to outrun food-supply. The comparison of the geometrical progression with the arithmetical progression was no essential part of his theory. He said that apart from the cultivation of new land, we could not hope that food supply would increase faster than in an arithmetical progression. This statement can hardly be doubted if we take into account long periods of time. Let us suppose that we have a given yield of wheat to the acre at the present time, say twenty-five bushels. Malthus is speaking of periods of a generation, or let us say, twenty-five years, each. Then, at the end of the first period, the yield would be

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fifty bushels, at the end of the second, seventy-five bushels, and so on indefinitely. Malthus very properly said that no one could expect even an increase like this; but for the sake of argument he granted that such an increase could take place indefinitely. It may be said, however, that such an increase in the supply of food may be obtained by change from the production of one kind of crop to that of another kind. It is not necessary, usually it is not best, to go on producing wheat indefinitely. If a change is made from wheat production to garden-produce, the capabilities of the soil on a given area for the support of human life can be increased many fold. But even taking this into account it could hardly be maintained that indefinitely on a given area, we could hope for more than an increase in an arithmetical progression.

Malthus had noticed the fact that in new countries population doubled once in something like twenty-five years. Now, if population continues to double once in twenty-five years, or fifty years, or for that matter in any other definite period of time, we have an increase in a geometrical progression. Two facts could not fail to force themselves on the attention of Malthus. One was that a doubling of the population even once in fifty years, would have long ago filled the earth to repletion, must indeed long ago have covered the entire earth with layers of human beings, piled one on top of another by the hundreds. The second fact which Malthus plainly saw was that anything like the tremendous overpopulation called for by his theory, did not and could not exist as a matter of fact. Malthus was then obliged to ask himself: What were the causes which had prevented the regular geometrical progression in the increase of population? He found that there were two classes of causes operating against such an increase of population. The first class of causes he styled positive, and the second preventive, checks to the growth of population. The positive checks were war, crime of every sort, and misery of every description: in short, all the evils which abridge the term of human life. It was easy to show that these causes had brought about a destruction of human life almost beyond calculation. Wars have destroyed millions upon millions of human beings, so has vice, and so has misery. Inadequate supplies of food and clothing do not destroy lives only suddenly in a few days, but to a far greater extent, gradually in the course of years.

In every age of the world, even up to the present, it is indisputable that most lives are cut short by insufficiency of material support of the one kind or the other. As careful a writer as Prof. Gustav Cohn, of Göttingen, Germany, says in his "Political Economy": "This much is certain, that all statistical observation, especially the statistics of epidemics, confirm the fundamental truth of the theory of population: poverty, that is to say, the lack of the necessary means of sustenance, is everywhere the chief cause of mortality. Wherever we observe little mortality, poverty increases it; where we find a high death-rate as a consequence of tender age, or devastating and wide-spread diseases, in the quarters of poverty, it is twice and three time as high."*

But preventive checks have also been at work in diminishing population, and these are the ones which Malthus regards as desirable. Any circumstance preventing or postponing marriage would be classed as a preventive check. Prudence and morality he regarded as among the most desirable of preventive checks. Malthus hoped that ultimately the exercise of preventive checks would become so general as to remove any field for the action of positive checks. The only practical measure which he recommended was the postponement of the age of marriage, both for men and women, thereby greatly diminishing the number of children in a family, till an equilibrium should finally be reached at a time when there was no further need of an increase of population.

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*_System der National-Ekonomie_, Bd. I., S. 245.

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6. MAN AS A PRODUCTIVE AGENT.

(1) Effects of Hope, Freedom and Change on Labor.—Next come three closely allied conditions of vigor, namely, hopefulness, freedom and change. All history is full of the record of inefficiency caused in varying degrees by slavery, serfdom and other forms of civil and political oppression and repression. Freedom and hope increase not only man's willingness, but also his power for work; physiologists tell us that a given exertion consumes less of the store of nervous energy, if done under the stimulus of pleasure than of pain; and without hope there is no enterprise. Security of person and of property are two conditions of this hopefulness and freedom; but security always involves restraints on freedom, and it is one of the most difficult problems of civilization to discover how to obtain the security, which is a condition of freedom, without too great a sacrifice of freedom itself.

Changes of work, of scene, and of personal associations bring new thoughts, call attention to the imperfections of old methods, stimulate a "divine discontent," and in every way develop creative energy. A shifting of places enables the more powerful and original minds to find full scope for their energies and to rise to important positions: whereas those who stay at home are often over much kept in their places. Few men are prophets in their own land; neighbors and relations are generally the last, to pardon the faults and recognize the merits of those who are less docile and more enterprising than those around them. It is doubtless chiefly for this reason that in almost every part of England a disproportionately large share of the best energy and enterprise, is to be found among those who were born elsewhere.

Freedom so far, has been regarded as freedom from external bonds. But that higher freedom, which comes of self-mastery, is an even more important condition for the highest work. The elevation of the ideals, or life on which this depends, is due on the one side to political and economic causes, and on the other to personal and religious influences; among which the influence of the mother in early childhood is supreme. — *"Economics of Industry," by Marshall, Book IV., Ch. 5, Par. 3.*

FIRST WEEKLY REVIEW.

1. **THE PLACE OF PRODUCTION IN ECONOMICS, AND THE NATURE OF PRODUCTION.**—The main parts of economics. What production signifies. The cost of production.
2. **WHO ARE PRODUCERS? INDUSTRIAL AND SOCIAL PRODUCTION.**—The idea of production. Classes of producers. The distinction between individual and social production.
3. **KINDS OF PRODUCTION. THE CLASSES OF ECONOMIC GOODS.**—Isolated production and social production. Production for the household and production for exchange. Capitalistic production. Economic goods defined Classes of goods.
4. **MOTIVES IN PRODUCTION.**—The significance of wants in the development of industrial civilization. Various kinds of wants. Self-interest and its sphere. Altruism and public spirit.
5. **FACTORS IN PRODUCTION.**—Labor the truly active agent in production. Nature the original factor. Capital an instrument. The services of land.
6. **MAN AS A PRODUCTIVE AGENT.**—Man's intelligence of more importance than his mere physical strength. The supply of labor. The Malthusian theory of population.

QUESTIONS.

1. *Explain the place which production occupies in general economics. Define production. With what kind of utilities is production concerned? What do you understand by a free good? What is the essential thing which man does in production? Distinguish between cost of production and money expenditures involved in production.*

2. *What service does the farmer render in production? What does the merchant produce? Distinguish between individual and social production. What is the service of the teacher in production? Of the preacher? Of the member of Congress? Is the gambler a producer? If not, how does he acquire wealth? Give illustrations of activities which are socially productive, although individually unproductive.*

3. *What do you understand by isolated production? What by social production? Show all the ways in which the production of some manufacturing establishment with which you are familiar, is social. How much wealth could be produced by the most capable industrial person in the heart of Africa?*

4. *What part do wants play in production? How would you go to work to arouse wants among uncivilized peoples content in their poverty? Do you know what methods missionaries have adopted for this purpose, and what methods merchants have followed? Distinguish between good and bad methods, in this particular.*

5. *Mention the three factors which are generally said to coöperate in production. In what sense can it be said that man is the only active agent in production? How does man's rôle in production differ from that of land or capital?*

6. *In man, considered as a productive agent, which is the more important, muscle or mind? Show the importance of mental and moral qualities in production. What has man's environment to do with his productive efficiency?*

SUBJECTS FOR SPECIAL STUDY.

1. *A comparison of social cost of production, with individual expenditures in production.*
2. *The industrial and idle classes in society, considered with respect to production.*
3. *The part played by government in production.*
4. *The function of public spirit in production.*
5. *The services of land in production.*

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7. VARIOUS VIEWS REGARDING MALTHUSIAN THEORY OF POPULATION—PECULIARITIES OF LABOR—SUPPLY.

It is not easy to overestimate the profound impression which the Malthusian theory of population produced, not only upon the economists of his day, but upon the thoughtful public at large. The tendency of this theory of population was undoubtedly in the direction of pessimism, and Malthus and his followers have indeed been called pessimists. It can scarcely be said, however, that they deserve this appellation, inasmuch as they were not without hope that prudential checks to the growth of population might be, in the end sufficient. At best, however, it must be said that it was a sober, and perhaps even a sombre, view of life which they took. The world in which we live appeared to them a rather hard world, but they did not feel that anything was gained by turning away from the actual facts of life; on the contrary, they felt that in squarely facing the facts of life, they were doing most for themselves and for humanity. They wished to advise and aid others to do that which under all circumstances was best calculated to promote human happiness. (1)



Charles Dickens.

It must be acknowledged, however, that if Malthus and the great leaders of thought, wished simply to proclaim the facts of life as they saw them, and were generously willing to make sacrifices to enlighten men concerning the best course of action which could be pursued in this rather sad world of ours, there were not wanting selfish persons who employed the Malthusian theory of population as a justification to themselves and to others, of their selfishness. It was easy to explain all existing evils by an excessive growth of population, and to justify a selfish policy both for the individual and the general public, on the ground that the only result of free and generous treatment of the poor and distressed, would be an increased population. The poor, it was held, were to blame for their own misfortunes. To take from them the burden of their imprudence would only increase the mass of misery. Dickens in his "Hard Times" and elsewhere has described, perhaps in somewhat exaggerated form, the practical conclusions which the so-called hard-headed business man was inclined to draw from the teachings of Malthus, and other related economic doctrines.

The Malthusian theory of population exercised an influence on thought outside of economics. Mr. Darwin himself states that this theory of population was instrumental in leading him to his views concerning the struggle for existence and the survival of the fittest in the entire world of life. It is interesting to observe that in turn this doctrine of the struggle for existence and survival of the fittest, which in part at least can be traced back to Malthus, has in many ways re-acted powerfully upon modern economic thought. No sooner had the work of Malthus appeared than opponents arose; and from that day to the present, innumerable refutations of the Malthusian theory of population have been written. Some of these refutations have been based chiefly upon humanitarian and theological grounds. It has been

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urged that it is a cruel theory, and inconsistent with the benevolence of the Creator. One of the prominent opponents of this class is the American economist, Henry C. Carey. Carey holds Malthus to be wrong, because the Malthusian theory seems to him to be contrary to God's attributes. "Can such things be?" asks Carey. "Can it be that the Creator has been thus inconsistent with Himself? Can it be that after having instituted throughout the material world a system, the harmony of whose parts is absolutely perfect, He has of design subjected man, the master of all, to laws which must produce universal discord?" Carey uses other arguments, to be sure; but this one finds a prominent place in his discussion. But an argument of this kind cannot be regarded as scientifically sound, and even theologically it may seem open to serious objections. Science cannot deduce from the attributes of God a knowledge of the world in which we live, and it may be asked whether it is not presumption to state in advance of a careful inquiry into the facts of the case, that this theory of population is inconsistent with God's character. Certainly there is misery enough in the world, and we are forced to believe that this is somehow compatible with the goodness of God: how then can we say in advance that, even if this theory of population is a hard one, it is any more inconsistent with the goodness of God than other hard things in the world?

Herbert Spencer represents another class of opponents, and in one part of his argument it must be said that Carey agrees with him, and perhaps even anticipated him. The claim is advanced that with the development of man, intellectually and spiritually, the rate of increase of population tends to decrease, and that at length in this manner an equilibrium will be reached. It has been pointed out that the higher ranks of society multiply less rapidly than the lower orders. It is not possible at the present time to do more than allude to this theory, which is plausible as well as pleasing. It must be said, however, that the arguments advanced in proof of this position do not seem to be as yet scientifically sufficient. It is quite possible that hereafter further arguments will be adduced which will be satisfactory. But in regard to that we must await the future. (2)

The present position of the economists is on the whole a rather hopeful one. While on the whole, the truth of the general principles advanced by Malthus is probably recognized by most thoughtful economists, it is apparent to all that through invention, discovery, especially through improvement in the means of communication and transportation, the available land-supply has been increased far more rapidly than has population. At present, and for a long time to come, there is no prospect whatever of deficiency in the supply of the raw materials of our globe. There are many other difficulties which face us at the present time, but taking the world as a whole, there is not now, and there can not be for some time to come, any overpopulation. At the same time it is manifest that the present rate of increase in population, in countries like England, Germany, and the United States cannot go on for many centuries. We may trust that with the higher development of man to which we are coming, the rate of increase in population will spontaneously decrease sufficiently to bring about an equilibrium. It never has been proved that the period during which population naturally doubles, is a fixed one.

The close connection between the land-supply and the labor-supply of the world is made apparent by a little careful reflection. The desire for new land is brought about by new increments in population. The multiplication of the human species is a tremendous dynamic force. It has produced in earlier ages the wandering of the nations, and it now sends swarms of men from the more thickly populated parts of the world, to new countries which are thus opened up for use. In older countries the increase in population forces upon the world perpetual readjustments, and renders futile the plans for a stable equilibrium in social life. It is idle to hope that social problems will cease to make their appearance in any progressive country with increasing population. Those do not understand the nature of our economic

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life, who think that we can arrange things in the social world in a neat and pleasant order, and then leave them alone to be quietly admired. The increase in population is a great elemental force, working as perpetually as the tides of the ocean, and bringing upon us problems so great that they will test our civilization as thoroughly as older civilizations have been tested by other forces, and upon our ability to meet this test, must in no small measure depend the fitness of the civilization which we now know to survive. (3)

Before we leave the subject of labor we must notice one marked peculiarity in this active agent in production. In its activity it differs, as already pointed out from nature and capital. It differs from any other element of production, in the fact that human effort, whether in the form of unskilled labor or of the most highly specialized service, is bound up with a human personality. It is impossible to treat labor as mere commodities are treated. There are those who would buy labor on the market with as little concern, as they make a purchase of iron or grain. But labor refuses to be placed on a plane with mere things. That personality which is inseparably connected with labor, continually presents itself as a confusing and perplexing force. It demands that account be taken of itself. Wherever labor goes, a human being goes, and the treatment and surroundings of labor are the treatment and surroundings of a living person.

As the human factor is the chief productive force, it is apparent that the quality of labor demands especial consideration. Upon this quality is dependent the permanent prosperity of a nation. We must in this particular carefully distinguish between the individual and the social point of view. It is quite possible that the individual employer may gain wealth through cheap and debased labor, while others living at the same time, or future generations, reap the fruits of labor's degradation. It is on this account, as well as for other reasons, that society must protect itself against cheap and debased labor; for even if thereby a few gain wealth, they always do so at the expense of the many. This finds many applications which the reader can make for himself.

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7. VARIOUS VIEWS REGARDING THE MALTHUSIAN THEORY OF POPULATION—PECULIARITIES OF LABOR—SUPPLY.

(1) **Population.**—The increase of labor is the increase of mankind; of population. On this subject the discussions excited by Mr. Malthus' Essay, have made the truth, although by no means universally admitted, yet so fully known, that a briefer examination of the question than would otherwise have been necessary, will probably on the present occasion suffice.

The power of multiplication inherent in all organic life may be regarded as infinite. There is no one species of vegetable or animal, which, if the earth were entirely abandoned to it, and to the things on which it feeds, would not in a small number of years overspread every region of the globe, of which the climate was compatible with its existence. The degree of possible rapidity is different in different orders of beings; but in all it is sufficient for the earth to be very speedily filled up. There are species of vegetables of which a single plant will produce in one year the germs of a thousand; if only two come to maturity, in fourteen years the two will have multiplied to sixteen thousand and more. Many animals have the power of quadrupling their numbers in a single year; if they only do as much in half a century, ten thousand will have swelled within two centuries, to upwards of two millions and a half. The capacity of increase is necessarily in a geometrical progression: the numerical ratio alone is different.

To this property of organized beings, the human species forms no exception. Its power of increase is indefinite, and the actual multiplication would be extraordinarily rapid, if that power were exercised to the utmost. It never is exercised to the utmost, and yet, in the most favorable circumstances known to exist, which are those of a fertile region colonized from an industrious and civilized community, population has continued for several generations, independently of fresh immigration, to double itself in not much more than twenty years. That there is a capacity of multiplication in the human species beyond even this, is evident if we consider how great is the ordinary number of children to a family, where the climate is good and early marriages usual; and how small a proportion of them die before the age of maturity, in the present state of hygienic knowledge, where the locality is healthy, and the family adequately provided with the means of living. It is a very low estimate of the capacity of increase, if we only assume, that in a good sanitary condition of the people, each generation may be double the number of the generation which preceded it.

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These causes, nevertheless, are in no way mysterious. What prevents the population of hares and rabbits from overstocking the earth? Not want of fecundity, but causes very different:

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many enemies, and insufficient subsistence; not enough to eat, and liability to being eaten. In the human race, which is not generally subject to the latter inconvenience, the equivalents for it are war and disease. If the multiplication of mankind proceeded, like that of the other animals, from a blind instinct, it would be limited in the same manner with theirs; the births would be as numerous as the physical constitution of the species admitted of, and the population would be kept down by deaths.

But the conduct of human creatures is everywhere more or less influenced by foresight of consequences, and by some impulses superior to mere animal instincts; and they do not, therefore, propagate like swine, but are capable, though in very unequal degrees, of being withheld by prudence, or by the social affections, from giving existence to beings born only to misery and premature death.

In proportion as mankind rise above the condition of the beasts, population is restrained by the fear of want, rather than by want itself. Even where there is no question of starvation, most persons are similarly acted upon, by the apprehension of losing what have come to be regarded as the decencies of their situation in life. Hitherto no other motives than these two have been found strong enough, in the generality of mankind, to counteract the tendency to increase.

It has been the practice of a great majority of the middle and the poorer classes, whenever free from external control, to marry as early, and in most countries to have as many children, as was consistent with maintaining themselves in the condition of life which they were born to, or were accustomed to consider as theirs.

Among the middle classes, in many individual instances, there is an additional restraint exercised from the desire of doing more than maintaining their circumstances—of improving them; but such a desire is rarely found, or rarely has that effect, in the laboring classes. If they can bring up a family as they were themselves brought up, even the prudent among them are usually satisfied. Too often they do not think even of that, but rely on fortune, or on the resources to be found in legal or voluntary charity. —"*Principles of Political Economy*," *by John Stuart Mill, pp. 117-118.*

(2) **Human Population in the Future.**—The proposition at which we have thus arrived, is, then, that excess of fertility, through the changes it is ever working in Man's environment, is itself the cause of Man's further evolution; and the obvious corollary here to be drawn, is, that Man's further evolution so brought about, itself necessitates a decline in his fertility.

That future progress of civilization which the never-ceasing pressure of population must produce, will be accompanied by an enhanced cost of Individuation, both in structure and function; and more especially in nervous structure and function. The peaceful struggle for existence in societies ever growing more crowded and more complicated, must have for its concomitant an increase of the great nervous centres in mass, in complexity, in activity.

The larger body of emotion needed as a fountain of energy for men who have to hold their places and rear their families under the intensifying competition of social life, is, other things equal, the correlative of larger brain. Those higher feelings presupposed by the better self-regulation which, in a better society, can alone enable the individual to leave a persistent posterity, are, other things equal, the correlatives of a more complex brain; as are also those more numerous, more varied, more general, and more abstract ideas, which must also become increasingly requisite for successful life as society advances.

And the genesis of this larger quantity of feeling and thought, in a brain thus augmented in size and developed in structure, is, other things equal, the correlative of a greater wear of nervous tissue and greater consumption of materials to repair it. So that both in original cost of construction and in subsequent cost of working, the nervous system must become a heavier tax on the organism. Already the brain of the civilized man is larger by nearly thirty per cent. than the brain of the savage. Already, too, it presents an increased heterogeneity—especially in the distribution of its convolutions. And further changes like these which have taken place under the discipline of civilized life, we infer will continue to take place. . . . But everywhere and always, evolution is antagonistic to procreative dissolution. Whether it be in greater growth of the organs which subserve self-maintenance, whether it be in their added complexity of structure, or whether it be in their higher activity, the abstraction of the required materials, implies a diminished reserve of materials for race-maintenance.—"*Biology*," *by Spencer, Vol. II., pp. 501, 502.*

(3) **Is there a Population Law?**—It is not easy to deduce a law from these facts. We observe, however, that the three countries in which a pronounced tendency toward a decreased birth-rate has developed, are precisely the three countries in which are the greatest development in wealth and industry and the highest well-being; that the tendency manifests itself most strongly among the classes of greatest financial prosperity; and that improvidence and recklessness in child-bearing are especially characteristic of that class of people most inclined to improvidence and recklessness in everything else.

But over against these reasonings stand a multitude of figures making toward a seemingly contrary conclusion. If any reconciliation is possible, it will hardly leave the field free to Malthusianism or to its opponents. It is at any rate not incredible that the first effect of easier conditions of existence is to stimulate population, and that the final effect, for peoples of the European grade of civilization, is in the other direction. But that which may stand for a law for one nation, or for one stage of civilization, may be entirely inadequate for other nations or conditions. The question is intimately connected with the standard of living (or comfort), and its possible variations among different peoples and in different circumstances.

It does not necessarily follow that because the laborer obtains larger remunerations, he will therefore raise more children; he may apply his larger income to better nourishing himself and the family already dependent upon him; his larger wages may be a source of increased ability to earn yet larger wages; he may devote his increased wages to vicious indulgences, or he may hold to his previous scale and manner of expense, taking to himself greater leisure, or providing more adequately for the future of himself or his family. It seems probable that easier conditions of life, to the very vicious or very improvident, will result in increased vice and improvidence, sexual and other. —"*Outlines of Economic Theory*," *by Herbert-Joseph Davenport, pp. 113, 114.*

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8. THE NATURE OF CAPITAL AND ITS ORIGIN.

Capital may be defined as *every product used or held for the purpose of producing or acquiring wealth.* It is to be noticed first of all that capital is a product. It is something derivative and secondary. It is, as Prof. von Böhm-Bawerk well says, a "medium through which the two original productive powers exert their instrumentality." The two original productive powers referred to, are nature and man. The distinction between the products of nature and capital is a variable one. Frequently man puts only a slight amount of work upon something which nature furnishes, before it becomes capital. Take, for example, a rough beam.

Capital, moreover, is only a part of the stock of economic goods in existence. Not all our wealth is capital. We have, in addition to goods used for further production, goods which exist for the sake of use, that is to say, goods which directly and immediately satisfy human wants. These goods are not capital, at any rate not when society as a whole is considered. Food and clothing are for use, and not for purposes of production. Formerly, when the wage-earner was looked upon as a means rather than as an end, his food and clothing were regarded as capital, just as the food and the shelter of an ox are regarded as capital.

Capital has been described as consisting of goods of the second order. Here, however, again, the line cannot be sharply drawn. It frequently happens that a commodity may be used for purposes of further production, or that it may be consumed as it is. Grapes, for example, may be used to produce wine, or they may be eaten. A bow and arrow may be used for purposes of pleasure, or they may be employed by the hunter as an instrument of production.

We must distinguish between social and individual capital.(1) Here we have a distinction parallel to that between social, and individual production. Social capital is the only real and genuine capital when we regard capital from the standpoint of society. Social capital is capital used for purposes of social production. It is employed to produce goods for the use of men, and to enrich society. Prof. von Böhm-Bawerk mentions seven kinds of social capital, namely:

"1. Productive improvements, arrangements and dispositions of land, so far as these preserve an independent character, such as dams, drains, fences, etc. So far, however, as they are completely incorporated with the land, they are to be kept separate from capital for the same reasons which made us keep land itself separate from capital.

"2. Productive buildings of all sorts—workshops, factories, sheds, steadings, shops, streets, railways, and so on. Dwelling-houses, however, and other kinds of buildings, such as serve immediately for any purpose of enjoyment or education or culture, for example, theatres, schools, churches, law-courts, do not come under the head of capital.

"3. Tools, machines, and other kinds of productive utensils.

"4. Useful animals and beasts of burden employed in production.

"5. The raw and auxiliary materials of production.

"6. Finished consumption goods in the hands of producers and merchants as (warehouse) stock.

"7. Money."

Individual capital is capital however, from the standpoint of distribution rather than from that of production. Individual capital consists of products, by means of which the individual acquires wealth. In most instances individuals acquire wealth through an addition to the store of wealth, and in this case individual capital is likewise social capital. An individual may however acquire wealth without adding to social wealth, and then his instruments are simply individual capital. Again, the economic goods which, for society, may be regarded as goods for use or consumption, may be capital for the individual.

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The individual may thus look upon the food and clothing which he uses for the maintenance of productive labor as capital. They can be regarded as capital from the individual point of view.

We have also a class of goods which may be called representative goods. These are not really goods at all, but evidences of ownership, partial or complete. Deeds and mortgages are typical representative goods. They indicate partial ownership. The same holds true of franchises, conferring special privileges of any sort or description. To destroy these would of course be a great wrong, but if they were all wiped out of existence, social capital would not be influenced thereby. They are strictly called representative goods, because they represent or stand for ownership of rights or privileges with respect to the property of the community.

We have to distinguish between fixed and circulating capital. Fixed capital is capital which is only gradually used up. It lasts during a succession of operations, part of its value passing over into the product with each use. A hoe or rake, or a locomotive, would serve as an illustration. Circulating capital is used up in one round of operations. The food of the ox furnishes an illustration, as does the coal of the locomotive.

How does capital come into existence? It has frequently been said: through saving. Saving, however, is a negative act, and cannot produce a positive result. Saving is a condition rather than a cause. If man saves articles of subsistence, it enables him to direct his energies to the production of things for further production. The original productive powers, consisting of nature and man, are used first of all to produce subsistence. When subsistence is accumulated for the future, then these productive powers may be directed to the production of capital. When once capital is produced, production is multiplied, and further production becomes increasingly easy. Thus, directly and indirectly, capital begets capital. It has been said, perhaps with slight exaggeration, that there is not a nail in all England which cannot be traced to savings before the Norman conquest. Capital is consumed in production, not for direct satisfaction of wants, but to produce those things which do satisfy wants, and also to produce further capital. Present wealth issues from past stores of wealth, and this gives. naturally, an immense advantage to those who own the wealth at any moment.

Finally the distinction between land and capital must not be overlooked. It is a radical one, and unless it is fully grasped and kept in mind, confusion of thought will lead to serious theoretical and practical errors.(2)

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8. THE NATURE OF CAPITAL AND ITS ORIGIN.

(1) **The Maintenance of Productive Laborers and Capital.**—Most surprising of all in this connection is the unanimity with which economists, from the earlier English writers down to Adolph Wagner, put the *maintenance of productive laborers* under social capital. Certainly the real wages of laborers—the articles of food, clothing, fuel, lighting, etc., which the laborers use,—are, from the standpoint of the undertaker who advances them, his *private* capital, but it is just as clear in my opinion that, from the standpoint of the whole community, these objects cannot be counted capital, if capital is defined as a complex of means of production. The conception of "means of production" should and does form an antithesis to the conception "means of consumption." There cannot be the slightest doubt as to the meaning of this antithesis, and just as little can there be as to the fact that the workers' subsistence is the immediate instrument to the satisfaction of their wants, and that laborers are men and members of society. But if this is so, it seems to me absolutely proved that the maintenance of the laborer must be classed along with wealth, destined for consumption and for the immediate satisfaction of the wants of society, and not with the means of production or capital. It could only be otherwise if the laborers were to be looked upon, not as members of the civil society in whose interest, industry and commerce are carried on, but as material machines of labor. Then, but only then, the maintenance of the laborers would, as a matter of course, fall under the same category as the feeding of beasts of burden and the stoking of furnaces; it would be a means of production or capital. The idea, however, scarcely needs refutation.

It may be pointed out, however, that productive laborers are not simply consuming subjects, but are also active economical instruments; and that, consequently, the subsistence which does directly serve for the maintenance and furtherance of their life, indirectly serves towards the further production of goods. But in this case a simple indirect relation to production is not sufficient. For it is easy to see that the distinction between means of

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production and means of consumption has a meaning only if it refers to the *immediate* destination of goods. If we were to take notice of their indirect or mediate destination, we should require to put all goods without exception under the category of means of consumption, since even the means of production serve indirectly to the satisfaction of human wants. Then this raises another difficulty. The division of goods into goods for consumption, and goods for production, is intended to be a real division; it should be based on an opposition. Now it is impossible to deny that the food which the laborer consumes, serves for the immediate satisfaction of the wants of a member of the community; that is, it corresponds entirely to the definition of a consumption good. How then could we class a thing which has all the properties of *one* category under the category opposed to it? Thus, as is so often the case, the labored explanation leads us into a net of confusion, and the simplest is the truest. The goods with which the working members of the community feed, heat and clothe themselves, are goods for immediate consumption, not means of production.

That, in face of arguments so obvious, the opposed doctrine should be held so universally, and so tenaciously is a phenomenon scarcely intelligible at first sight, but easily explained when we inquire more closely into the circumstances of the case. Two powerful factors, I think, coöperated towards it. One was historical tradition, which, in this case, was very strong and deep-rooted. It should not be forgotten that the inclusion of the laborers' maintenance into the conception of capital, came at a time when the conception itself was not yet clearly defined, and when, in particular, Private capital, to which the laborers' maintenance in any case belongs, was not yet sharply divided off from Social capital, to which it does not belong. This was assisted by the peculiar view, dominant for a long time, that the function of capital was the "putting of labor in motion,"—a function which the laborers' maintenance conspicuously realized. It was assisted, moreover, by the famous Wage Fund theory. That theory made the rate of wages depend chiefly on the proportion between the number of laborers, and the amount of the Wage Fund; that is, the amount of capital destined for the support and payment of the laborers, an idea which helped to connect the means of subsistence still more closely with the conception of capital. And, finally, another impulse in the same direction may have been given by the frequently, and justly, criticized tendency of the English school to look upon the laborer as a machine of production, and to consider his wage simply as an element of the costs of production, a deduction from the national income and not a part of it.—"*Positive Theory of Capital*," *by Böhm-Bawerk, p. 67.*

(2) **Capital and Land.**—The next stage of the controversy brings us to the question whether we are to give the name of capital only to the *products of labor* that serve for acquisition, the "previous stored-up labor," or are to include land. Both views claim for the name of capital, a really important and fruitful conception. As contrasted with labor, land has so much in common with the "produced" acquisitive instruments of material nature, that a union of them under one conception has good justification. So, too, the income which flows from the two kinds of acquisitive instruments has, in many essential respects, the same nature, and this likewise favors the uniting of them in one conception. On the other hand, in many essential respects, land and capital take different ways. The former is immovable; the latter, for the most part, movable. The former is a gift of nature; the latter, a result of labor. The former cannot be increased, the latter can be. The land owner has a social and economical position essentially different from that of the capitalist, property in land is justified on essentially different grounds from property in movables. Land is the special object of a kind of production which is economically distinguished by many important peculiarities. Income from land, while subject to many laws in common with income from capital, obeys many distinct laws of its own—land rent, for instance, rising with economical development, while interest falls. On all these considerations, the number of which might easily be increased, it is most convenient to keep land quite distinct from the other kinds of productive wealth.

Thus the two competing conceptions are fairly well balanced in importance and suggestiveness, and if these properties were the only things to look to in deciding our controversy, the decision might really be left very much to individual choice. If, however, we go on to compare the two in the light of the other rules we have laid down, as regulating appropriate terminology, we find several points in which the "complex of produced acquisitive instruments" has a definite advantage over its competitor. The first is that of economy of terms. If we apply the word capital to all the material means of acquisition, then the narrower of the competing conceptions, and the branch of income that corresponds to it, remain, notwithstanding their importance, without any name at all. When we have disposed of the words capital, and rent of capital otherwise, we have no correspondingly simple name, either for the group of produced acquisitive instruments, or for the income that comes from them. On the other hand, we avoid any such confusion of terminology by giving the name capital to the produced acquisitive instruments. The totality of all material acquisitive instruments may then, well and simply, be called "acquisitive wealth," and all income flowing from it may, on Rodbertus's precedent, be called Rent, with its convenient subdivisions of land rent, and capital rent.

The limitation of capital to "produced means of acquisition" has another advantage in being in accord with popular usage. Both scientific and popular language tell us unmistakably that they do not put land under capital, but oppose the two.

The genius of our language plainly distinguishes between landowner and capitalist. No one will say that a nation that has an abundance of fruitful soil is possessed of great capital on that account. The name of interest is never applied by people generally to the income from land, and in scientific literature it is so applied only by an insignificant minority. And in the discussion of the great social problems, property in land, and property in capital are generally attacked and defended by quite distinct people, and quite distinct methods. If we sum up all that has been said, the conclusion seems to be that while, for reasons repeatedly given, there can be no idea of an absolutely convincing argument, there is still a considerable balance in favor of defining capital as the "produced means of acquisition," and against the inclusion of land.—*Ibid., p. 55.*

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9. THE WORK OF CAPITAL.

The statement has been made that capital is not one of the original productive factors. It must not be understood by this, that capital does not add to the wealth produced. That would be an absurd claim to make. But capital is not an active productive force, in the sense in which man is. Capital is an instrument which aids man. Its special significance is that it renders possible, roundabout methods of production, which are vastly more fruitful, making a unit of human energy, accomplish manifold more than it would, if direct methods were followed. It may seem a little strange at first, that the roundabout methods of production should be the best methods, and that improvements should mean an increasing number of stages, between the beginning and the end of an industrial process. Observation, however, shows us that such is the case. What is the direct method of catching fish? It is to seize them with the help of such unaided powers, as nature has given us. What can be accomplished in this way, each reader knows without being told. Let us take the case of a modern fishermen, and ask ourselves: How many steps are there between the beginning and the end of his productive process? A fishing-pole has to be constructed, also a line, and also a hook. The construction of the line at least, implies previous productive processes, and so does the construction of the hook. Then bait must be procured. Between the beginning and the end of this very simple process, there are many steps, even when the process is reduced to simple terms. If the fisherman is transported from a distant point to the ocean, by means of a steam-railway, and he then takes a steam-launch to the fishing grounds, the number of things which have been performed, before the fish are caught, is so great, that it would be extremely difficult to enumerate them. When we take the case of a farmer using modern agricultural implements, we find that not merely hundreds, but thousands, of processes intervene before the crops are harvested. If we follow up the evolution of farming from very early times, we shall find that every advance in progress, is accompanied by an increased use in capital, and that this increased use of capital means an ever increasing number of steps between the beginning and the end of agricultural operations. The roundabout method is pursued, and with further advancement, the method followed, becomes to an increasing extent roundabout.

It is natural to ask the question: Why is it that roundabout methods of production are more fruitful than directs methods? The chief reason appears to be, that in roundabout methods, use is made of the forces of nature. The world is full of forces which man with every step forward in industrial civilization, utilizes to an increasing extent. Now the utilization of the forces which reside in external material nature, means thrusting intermediate steps between the beginning, and the end of production. Of course it need not be said that the mere lengthening out of the process in itself is a detriment, and not an advantage. The significance of the roundabout method is this: that in the utilization of the forces with which we are surrounded, we are required to adopt indirect rather than direct methods.

Capitalistic production implies accumulated wealth, because without accumulated wealth, men cannot wait long enough to pursue roundabout methods. Capitalistic production means that past accumulations yield fruitage of goods destined for consumption in the present; and that at present, productive forces are in operation, which will in turn result in fruitage in the future. Past, Present and Future are vitally connected in capitalistic production. This has significance in many different directions. Ethically, it requires the cultivation of prudence and forethought in a high degree. Modern capitalistic production has its peculiar virtues, as well as its peculiar vices; and those who are unable to acquire these virtues, cannot hope to meet with success in modern society. The easy-going man, placidly living from hand to mouth, doing many things fairly well, and good-

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naturedly helpful to those about him, is a type of man who may be regarded as a survival. We all know this type, and we know that he does not meet with large success in our day.

The capitalistic method of production is especially significant for labor. It has an advantage in the increased quantity of economic goods produced for consumption, but it has its disadvantage in the waiting which is required, between the beginning of productive effort, and the fruitage of this effort in consumption goods, or, if we may use the term, in enjoyment goods. "The roundabout ways of capital," says Prof. von Böhm-Bawerk, "are fruitful but long; they procure us more or better consumption goods, but only at a later period of time." Naturally there are a few exceptions to the rule, that, the roundabout way requires more time. The same writer whom we have just quoted, gives as an illustration of the exceptions, the man who wishes to get apples from a high tree, and who accomplishes his purpose more speedily, by first procuring a long pole and then knocking down the apples. But the exceptions to the rule are really insignificant. It is the roundabout method of capitalistic production, with its sacrifice of time, which makes the workman dependent upon the capitalist, who holds in his control those intermediate products called capital. (1)

9. THE WORK OF CAPITAL.

(1) **Productivity of Capital.**—Lastly, we can now answer, easily and categorically, the much disputed question, whether any independent productive power is inherent in capital; or, to put the question in its usual form, whether capital is a third and independent "factor in production" alongside of labor and nature?

The answer must be a most distinct negative. This seems to me the only conclusion any one can come to, provided he makes clear to himself the sense in which this question is put, and must be put, if it is worth the trouble of putting at all. And this sense is a very emphatic one. The following analogy will make it perfectly clear. A man throws a stone at another man and kills him. Has the stone killed the man? If the question is put without laying any special emphasis it may be answered without hesitation in the affirmative. But how if the murderer, on his trial, were to defend himself by saying that it was not he, but the stone that had killed the man. Taking the words in this sense should we still say that the stone had killed the man, and acquit the murderer?

Now it is with an emphasis like this that economists inquire as to the independent productivity of capital. The question comes up in the course of the inquiry concerning the elements which constitute our material goods. A similar interest to that which the chemist has in the analysis of compound bodies, leads the economist to analyze the multiform transition stages of material goods, to trace them back to their source, and to resolve the thousandfold instruments and auxiliaries of production, to which, directly or indirectly, they owe their existence, into the simple fundamental powers from the co-operation of which, everything proceeds. In this connection the doubt arises whether capital is an independent productive power or not. The whole spirit of the inquiry allows only one meaning to be given to the question, and the emphasis is very marked. We are not asking about dependent intermediate causes, but about ultimate independent elements. The question is not, whether capital plays a part in the bringing about of a productive result—such as the stone does, in the killing of the man—but whether, granted the productive result, some part of it is due to capital so entirely, and peculiarly, that it simply cannot be put to the credit of the two other recognized elementary factors, nature and labor. Now can this question be answered in the affirmative?

Emphatically it cannot. Capital is an intermediate product of nature and labor, nothing more. Its own origin, its existence, its subsequent action, are nothing but stages in the continuous working of the true elements, nature and labor. They, and they alone do everything from beginning to end, in bringing consumption goods into existence. The only distinction is that sometimes they do it all at once, sometimes by several stages. In the latter case, the completion of each stage is marked outwardly by the appearance of a fore-product or intermediate product, and capital has emerged.

But, let me ask, is a thing any the less the work of its author, that it is not produced all at once, but in installments? If to-day, by allying my labor with natural powers, I make bricks out of clay, and to-morrow, by allying my labor with natural gifts, I obtain lime, and the day after that make mortar and so construct a wall, can it be said of any part of the wall, that I and the natural powers have not made it?

Again, before a lengthy piece of work, such as the building of a house, is quite finished, it naturally must be at one time a fourth finished, then a half finished, then three-quarters finished. What now would be said if one were to describe these inevitable stages of the work as independent requisites of house-building, and maintain that, for the building of a house, we require, besides building materials and labor, a quarter-finished house, a half-finished house, a three-quarters finished house?

In form, perhaps, it is less striking, but in effect it is not a whit more correct, to elevate those intermediate steps in the progress of the work, which outwardly take the shape of capital, into an independent agent of production by the side of nature and labor.—"*Positive Theory of Capital*," *by Böhm-Bawerk, pp. 95-97.*

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10. THE EVOLUTION OF PRODUCTION.

We have already spoken in a general way of the evolution of industrial society. Of this evolution the evolution of production is one part, and it partakes of those same general characteristics which have been described. There is the same transition from smallness to largeness and from simplicity to complexity; from homogeneity to highly organized heterogeneity. The productive unit increases in size, and with this increase in the size of the productive unit, a differentiation of elements goes forward. New elements continually emerge with the evolution of production.

The farmer who in early society, tills the soil with his few tools does not separate out in his mind, the various elements which are combined in production. He thinks nothing about land, labor and capital as separate elements, and it never occurs to him to enquire whether or not capital is an original productive force. He probably does not even have any word which means capital. He has words for his separate tools and implements which are few and simple, but he probably has no familiar word for the general idea "capital." We are speaking now, it must be remembered, about farming in primitive society. Even the farmer in modern society who cultivates his own land with his own tools will probably not often have occasion to use the word capital, unless he takes part in the discussion of questions of the day, although these questions have rendered it familiar to him; and he may occasionally lament his insufficiency of capital, instead of specifying the particular tools or implements or animals, which he needs, as a farmer in primitive society would have done. Similarly the mechanic, let us say the carpenter, in primitive society working with his own tools in his own shop, does not separate, as does the modern manufacturer, the various forces and elements which enter into production. Every step forward, however, in the evolution of production, means the emergence of new factors, and likewise the emergence of new classes. The evolution of factors and of classes goes hand in hand.

Nature is employed in an increasing number of ways, as production develops. We cannot say that new forces come into existence, but new forces are discovered and utilized. But these new forces are utilized to such an extent in connection with land, that we can perhaps almost as accurately as heretofore, speak of nature as land. Nature has not been to an increasing extent resolved into new economic factors with the evolution of production. We still speak and think of the part which nature plays, as a unit when we are discussing production in economic terms. It is very different, however, with the human factor. We do not have merely labor as a unit, but we have many grades and sorts of human effort to which we apply different terms. We have skilled and unskilled labor, and skilled labor is differentiated into a vast number of species. We have foremen, superintendents, general managers, as well as those who aid production indirectly through intellectual efforts: inventors, lawyers, teachers, preachers, and those concerned in the work of government, whether they simply preserve law and order, or by legislation and administration help give shape to industrial life. Every day, almost, some new economic class seems to emerge. Especially significant, however, is the emergence of that distinct class for which we have a new term, borrowed from the French, namely, "entrepreneur." The very word entrepreneur was wanting in our language a few years since, but now the entrepreneur is the dominant feature in production. The entrepreneur is not necessarily a capitalist, or if he is a capitalist, he may be a capitalist secondarily. The entrepreneur is the one who organizes, directs and manages enterprises. He may borrow capital, rent land, and hire labor, and conduct gigantic enterprises in Napoleonic style. The entrepreneur is the great modern conqueror. (1)

With the evolution of production, and as part and parcel of it, goes what is

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called the division of labor, which is nothing but a coöperation of labor viewed from the opposite standpoint. The division of labor is generally mentioned as one of the chief causes of the increased productivity of productive forces. It can, however, hardly be separated out from the other features of the evolution of production. It is simply one part of this evolution of production which has yielded such enormous results that they surpass the wonders of the Arabian Nights. Reference has been made to the advantages of division of labor, as well as to its accompanying disadvantages, in an earlier chapter.* That the advantages must be retained goes without saying. The real problem is to retain the advantages, and to remove the disadvantages, or, at any rate, to reduce them to a minimum. Reduction in the length of the working-day, improved educational advantages, and the discussion and interests of political life, are some among many forces which are operating to overcome the disadvantages of the division of labor.

An interesting question relates to the increased productivity which is the result of the evolution of production. It is difficult, and it can scarcely be too much to say impossible, to give any precise measure of the net gain which has accrued to the human race from improved production. All sorts of statistics of increased productivity have been given; but these are very apt to mislead us. We can compute the horse-power of machinery in use, and we can show how many men it would take to do all the work which the powers of nature perform for us. It has been estimated, for example, that the machinery of Great Britain does the work of eight hundred millions of human beings. Some one else has estimated that the combined labor-power of steam-machines is equal to that of a thousand millions of men.

Even early in this century Robert Owen, a prominent manufacturer as well as a socialist, estimated that in New Lanark, in Scotland, the working portion of a population of two thousand five hundred, under his own direction produced as much as could have been produced half a century earlier by a population of six hundred thousand. Without going into the increased productive power in certain special lines of production, amounting to a hundredfold and even a thousandfold, it may be pointed out that the increased productive power which we have is far from being a net gain. When we calculate the horse-power in use, we must not forget that we have not merely to do with machines which produce goods for enjoyment, but also with the power which produces these machines. We have goods of the first order, goods of the second order, and even of the fourth and fifth orders; machines which produce goods, machines which produce machines, and even machines which produce machines that produce machines.

When we call attention to the equivalence between the work of a certain number of men and that which is done by machinery as if we were talking about net gain, we are in reality counting in the same thing several times over. Let us take railways, for example. These represent a force which it would require thousands of millions of men to exercise. But this force which moves men and goods over the world, is not to be taken as net gain. (2) A thousand bushels of grain may be moved a thousand miles, which, were there no railways, would be moved only one hundred miles; yet the total net gain may not exceed one bushel of grain. It frequently happens that it is just a little more advantageous to move goods a long distance, than a short distance. Furthermore it must be remembered that with the old methods of production we would have had an entirely different distribution of the population from that which now exists.

To sum it up, then, we may say that the net gain in production is grossly exaggerated by those who measure it merely by increments in the productive power in use in the world; but that, even making all fair deductions, the increased productivity is enormous.

*See pp. 35, 36, September issue of PROGRESS.

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10. THE EVOLUTION OF PRODUCTION.

(1) **The Entrepreneur.**—Mastership is essential to a large and varied production. The industrial enterprises of the civilized states could not have been brought to their present height without mastership, and could not be maintained at that height one year without it. Whatever may be true of politics, the industry of the world is not tending toward Democracy, but in the opposite direction.

In its first stages, the division of labor does not necessarily imply the introduction of the master-class. When the forms of production are few; when materials are simple; when only hand-tools are used; when each artisan working at his bench makes the whole of the article to be marketed; when styles are standard, and the consumers of the product are found in the immediate neighborhood, the need of the master is not felt. But when the hand-loom gives way to the power-loom; when the giant factory absorbs a thousand petty shops; when many persons of all degrees of skill and strength, contribute to a result which perhaps not one of them comprehends perfectly, or at all; when machinery is introduced which deals with a gauzy fabric more delicately than the human hand, and crushes stone and iron with the force of lightning; when costly materials require to be brought from the four quarters of the globe, and the products are distributed by the agencies of commerce through every land; when fashion enters, demanding incessant changes in form or substance to meet the caprices of the market, then the master becomes a necessity of the situation.

His work is not alone to enforce discipline to the body of laborers thus brought under one roof; not alone to organize these parts into a whole and keep every part in its place, at its proper work; not alone to furnish technical skill, and exercise a general care of the vast property involved. Beyond these, and far more than these, he is called upon to assume the responsibilities of production; to decide what shall be made, after what patterns, in what quantities, at what times; to whom the product shall be sold, at what prices, and on what terms of payments. The armies of industry can no more be raised, equipped, held together, moved and engaged, without their commanders, than can the armies of war.

Those conditions of production which bring to the laborer the necessity of finding a master under whom he can work, bring to the man of superior abilities and acquirements the opportunity to employ his powers for the greatest economic advantage of society, and for the greatest profit to himself. In a community where division of labor has proceeded but a little ways, the man of intellect moves but one pair of arms. In a highly organized industrial system, he moves a thousand.

One man who has the genius to plan, finds a host of helpers, each of whom can execute his schemes nearly, if not quite as well as he himself individually could, who yet would have been wholly helpless and amazed in the presence of the exigencies, the difficulties, the dangers, which only arouse the spirit of the master, stimulate his faculties, and afford him the keenest zest of enjoyment.

Whether we regard this as the ideal state or not, whether we rejoice or repine at the extension of the principle of mastership in industry, it is the most characteristic fact of the industrial system of to-day. It is likely to gain rather than to lose importance in the years to come.

During the great moral and political fermentation which brought on the Revolution of 1848, the attention of social reformers in France was called to the possible benefits of coöperation, being an industrial system in which mastership should disappear. Not a few of the English economists, and, following them, American economists generally, have been led to take up coöperation as a practicable scheme, which only needs to be tried in order to work the most beneficent results.

So far from it being true that the abolition of mastership is at present feasible, there never was a time when the distance between the man and the master, was so wide as it is to-day. Nay, the distance between the mere superintendent or overseer, on the one hand, who thoroughly understands the technicalities of production, and has all the ability required for executing orders, for enforcing discipline among the working force, and for keeping the machinery of the mill smoothly running, and the real master, the organizer and energizer, on the other, is greater to-day than it ever was before. That distance, so far as I can judge, tends continually to increase. The possibilities of gain or of loss were never so great as now. The choices and decisions essential to the conduct of business were never so frequent, or so difficult. The difference in the product, which results from the difference between the able and inferior management of affairs, was never so great. The toleration offered to the commonplace in industry was never so small.

While the entrepreneur system is, thus, an agency of the highest efficiency in increasing the productive power of a community; becomes indeed, the condition without which the industrial enterprises of modern society could not exist, it will be seen that it involves the possibility of industrial disaster commensurate with the forces it sets in motion. Just as the accidents of the railway are more destructive and fearful than those of the wagon-road, so do the catastrophes of modern production exceed in their wreck of fortune and waste of capital, all that is possible under the less ambitious organization of productive agencies.—"*Political Economy,*" *by F. A. Walker. Advanced Course, section 106-109, pp. 74-77.*

(2) **Gains and Losses.**—Whether or not the advantages obtained by operating on a large scale preponderate in any particular case over the more watchful attention, and greater regard to minor gains and losses, usually found in small establishments, can be ascertained, in a state of free competition, by an unfailing test. Wherever there are large and small establishments in the same business, that one of the two which in existing circumstances carries on the production at greatest advantage, will be able to undersell the other. The power of permanently underselling can only be derived from increased effectiveness of labor; and this, when obtained by a more extended division of employment, or by a classification tending to a better economy of skill, always implies a greater produce from the same labor, and not merely the same produce from less labor: it increases not the surplus only, but the gross produce of industry. If an increased quantity of the particular article is not required, and a part of the laborers in consequence lose their employment, the capital which maintained and employed them is also set at liberty.—"*Principles of Political Economy,*" *by John Stuart Mill, pp. 101, 102.*

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11. THE LAW OF INCREASING, AND THE LAW OF DIMINISHING RETURNS.

We have considered in a general way the evolution of production, and have found that as this evolution has gone on, man's productive powers have had continually increasing returns. Economic theory, however, has had far more to say about a law of diminishing returns, than about one of increasing returns. Some early theorists, in fact, scarcely considered at all the law in accordance with which the returns to human industry increase. Doubtless the greater attention now given to this law of increasing returns, is simply one indication of the more hopeful view which modern economics takes of man's prospects on our earth. Modern textbooks join together the law of increasing and decreasing returns, and speak of a law which governs the increase and the decrease. This law of increasing and decreasing returns we must now discuss.

The law of diminishing returns at first had reference to agricultural production only. It was held that in agriculture a point was soon reached, beyond which returns did not increase in proportion to the further expenditure of labor and capital. We may express the law of diminishing returns in this way: in agriculture *a point is soon reached beyond which the returns are not in proportion to the expenditure of units of economic energy.* The illustration taken was a given area of ground. Up to a certain point, every one familiar with agriculture knows that increasing expenditures of labor and capital are remunerative. It is easy enough to find farms, the productivity of which would be increased more than fifty per cent. by fifty per cent. additional expenditure of either labor or capital. But when we pass beyond a point sooner or later reached, every farmer knows that increased outlay is not accompanied by proportionate increase in the return. When the writer was a boy in Western New York, the thrifty farmer hoed his Indian corn three times. A fourth hoeing, the farmer knew, would add to the size of his crop, but not in proportion to the added expenditure of labor. Similarly, when a given expenditure for fertilizers has been made, it is held that it does not pay to make additional expenditures, because there would be no proportionate increase in returns.

After the law of diminishing returns had been developed in connection with agriculture it was asked: What is the relation between expenditure of economic energy and return in manufacture? The conclusion seemed to be generally reached that in manufacture the law was one of constant returns. Quite recently economic theory has taken notice of a class of industries in which apparently, there is a law of increasing returns only. These industries appear to be chiefly connected with the means of communication and transportation, or with the distribution of light and water from central plants to consumers. They are railways and other highways, telegraph plants, telephones, lighting-plants, waterworks, etc. We have thus three classes of industries, each class apparently having a law of its own, expressive of the relation existing between expenditures of economic energy and return therefor. In the development of theory it early became necessary to make important qualifications in the general statement of the law. It was soon observed that agricultural improvements might be effected which would result in increasing returns in agriculture. Manufactures also offered difficulties, because so frequently they appeared to yield increasing, rather than constant returns. In fact the more carefully, one examined the various presentations of the law of increasing and decreasing returns, the more confusion of thought appeared to be involved in those presentations. Prof. John R. Commons has rendered a valuable service by re-stating in his "Distribution of Wealth" the law of increasing and diminishing returns, and in pointing out the precise nature of the difficulties which a critical examination of earlier views reveals.

Professor Commons has shown that the law of increasing and decreasing returns

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has been considered from four standpoints, although earlier writers had not perceived this. When agriculture was spoken of, a given area of ground only, was considered. When manufactures were considered, a given enterprise or business-unit was examined without regard to area. The question was really asked: What returns can be secured by a single undertaking, whether it occupies more or less ground? But still another standpoint is involved in the examination of returns, which an industry as a whole yields to human effort during its history. We ask, when we consider the conditions of well-being: What returns does agriculture yield to units of human effort at the present time, as compared with various periods in the past, and what are the prospects for the future in this particular? Finally, we may examine an entire industry at a given stage in the development of skill and knowledge, taking no account of its historical evolution. (1) Manifestly, if we pass from one standpoint to another, not knowing that we are doing so, our thought will become confused and our practical conclusions will involve errors. Yet this is what the older economists continually did. They developed the law of diminishing returns out of an examination of the returns on a given area of land, and then drew conclusions concerning the conditions of well-being, which implied that what was true for a given area, was true for agriculture as a whole, during its development over long periods of time. It may be that ultimately, what is true for a given area of land will hold for the entire industry of agriculture; but undoubtedly, for a considerable period in the past, agriculture has been an industry of increasing returns. Human industry in agriculture has been more and more fruitful; and the prospect is, that the law of increasing returns will continue to operate for a long period in the future. At a given moment, agriculture may be an industry of decreasing returns, but one moment succeeds another, and with the progress of time, improvements of many sorts are taking place.

When we take a given area of ground, we find that sooner or later in manufactures, a law of diminishing returns begins to operate, even as in agriculture, although the point of diminishing returns is doubtless not reached so soon. Sooner or later the manufacturer finds it advantageous to occupy a larger area of ground, provided his business increases. If this were not true, the manufacturing of the world, might be carried on in a single hundred acre field. The recent development of manufactures seems, however, to lay special emphasis upon the advantages of a considerable tract of land for large enterprises. We can simply say that the connection between area of ground and the relative productivity, is not so rigid a one in manufactures as in agriculture.

When we regard a single enterprise, we find that the limits of increasing returns are exceedingly variable. Businesses differ among themselves in this particular almost more than in any other, and almost to as great an extent, do men differ among themselves. Agriculture is not a business which the man of ordinary skill can extend very far, advantageously. Few men can manage profitably a farm of five thousand acres. This means that before so large an extension of the single enterprise is reached, a law of diminishing returns begins to operate. The man of the same skill can manage a much larger manufacturing enterprise. When, however, any single enterprise is considered, it is necessary to look at the law of diminishing returns from two points of view. The first is from the point of view of concrete product, that is to say, bushels of wheat, tons of steel rails, etc. The second is from the point of view of price. The *entrepreneur* is concerned with price quite as much as with quantity. Without going into the subject of price, every one knows that there is a relation between price and quantity, and that if increase in quantity of product, involves decrease in price, the advantages of the increased productivity will soon entirely disappear. In other words, the single *entrepreneur* must consider the limits of his market, and these limits may, and sometimes do, bring about the operation of the law of diminishing returns, before there is a diminu-

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tion in productivity, considered with reference to concrete goods. When we take manufactures together during their development in the past century, and consider them with reference to the social point of view, we find that for them, as for agriculture, there has been in operation a law of increasing returns, and that the relative increase in returns has been even greater than for agriculture. (2)

In industries of the third class, for which the law of increasing returns, without assignable limits of increased productivity has been elaborated, we may say that there seem likewise to be, scarcely any perceptible limits to the growth of the single enterprise, short of monopoly, that is to say, the absorption of the entire industry by a single enterprise in such a manner, as at any given geographical point to exclude others from its field. There may, for example, be many *entrepreneurs* in the gas-business, but each *entrepreneur* has his own exclusive field. This brings us to the subject of monopoly, which we will consider in the next chapter.

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11. THE LAW OF INCREASING, AND THE LAW OF DIMINISHING RETURNS.

(1) **Diminishing Returns and Rent.**—It is to be noticed in all these standpoints that the arbitrary unit with reference to which returns are measured is a compound unit of capital and labor, *i.e.* a "dose" of capital and labor. Where diminishing returns hold true, it is agreed that for the successive increments of the earlier investments of capital and labor, there may be increasing returns; but for the later increments, a condition of productivity sets in where the returns per increment become proportionally less.

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But if we confine ourselves to the first standpoint, having regard to the quantity of product, and not its value, we shall find that agriculture, as well as manufactures, has constantly shown increasing returns per unit of labor invested. Otherwise a relatively decreasing number of agriculturists could not have provided food and raw materials, not only for themselves, but for the nation at large, and for foreign markets. In England it is possible to take a large view of the progress of agriculture covering, say, six hundred years; and there we find that the product per acre of staple crops has increased tenfold. And if we take into account the infinite new varieties of agricultural products, we can see that the productiveness of agriculture as a whole, measured per capita of those engaged in the industry, has steadily increased.

The fact that agricultural products have increased in value while those of manufactures have fallen, may be well explained, not by recourse to a law of the general diminishing of agriculture throughout the world at large, but by the exaggerated system of private property in land, which locks up great estates from cultivation, or encourages speculation and short leases, thus keeping land back from more profitable kinds of cultivation. The difference between agriculture and manufactures, from this first standpoint, is simply in the different *rates* of increase. In agriculture there is a physical barrier to production, consisting in the forces of nature, which, however, is being continually pushed downward and outward; and improvements in all industrial arts have enabled agriculture to derive increasing returns from lower margins.

In manufactures there is also a barrier to production, consisting in the forces of nature and society which have not yet been brought into subjection and organization. But this barrier is being steadily overcome. The difference between agriculture and manufactures, considered from the first standpoint, is simply that in manufactures the rate of increase is greater than in agriculture. For the future there seems to be no limit to this increase, until the time may come when invention and progress shall cease. And whatever may be said of a future limit to increasing returns in agriculture, the past and present show that such a limit has not yet been reached.

There are many indications, too, that agriculture is beginning an era of unparalleled development and increasing returns. Great corporations are entering this field, and, with immense capital at their command, they promise to exploit nature as never before. Extensive systems of irrigation will banish nature's lottery of seasons and rains. Acres of glass, and thousands of steam-pipes and electric currents will control the temperature. Chemistry and electricity will do for agriculture as much as they have done for manufactures. Biology will have its scientific experts and inventors. There is no limit to what science, accumulated capital, and organized industry can do for agriculture. The industry, as a whole, shows no signs of diminishing returns.

It is from the first standpoint that the important conclusion is drawn that population tends to crowd upon the means of subsistence. It is held that, taking the industry of agriculture as a whole, the necessity of recourse to lower margins of cultivation is a result of the growth of population; and that, as population crowds into these lower margins, the quantity of product which labor produces must be proportionately less. But, from the considerations already presented, the conclusion is reached that never yet in civilized lands has the quantity of product per capita of those engaged in agriculture diminished, but has steadily increased. This is due to the fact that invention, enterprise, and accumulation of capital have proceeded faster than population; and that, though the margin of cultivation may be lower to-day than in ages past, yet the control of man over nature has more than compensated for the diminished natural resources. One industry helps another. Especially has progress in facilities for transportation increased the productivity and economy of all industries. One industry is not to be looked upon as isolated. In this way, taking all industries as a whole, there have been increasing returns throughout them all.

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—"*The Distribution of Wealth*," *by John R. Commons, pp. 117-122.*

(2) **Increasing Return.**—In other words we say broadly that while the part which Nature plays in production, conforms to the Law of Diminishing Return, the part which man plays, conforms to the Law of Increasing Return, which may be stated thus: An increase of capital and labor leads generally to an improved organization; and therefore in those industries which are not engaged in raising raw produce, it generally gives a return increased more than in proportion; and further this improved organization tends to diminish, or even override any increased resistance which Nature may offer to raising increased amounts of raw produce. If the actions of the Laws of Increasing and Diminishing Return are balanced, we have the Law of Constant Return and an increased produce is obtained by labor and sacrifice increased just in proportion.

For the two tendencies towards Increasing and Diminishing Return, press constantly against one another. In the production of wheat and wool, for instance, the latter tendency has almost exclusive sway in an old country, which cannot import freely. In turning the wheat into flour or the wool into blankets, an increase in the aggregate volume of production brings some new economies, but not many; for the trades of grinding wheat, and making blankets, are already on so great a scale that any new economies that they may attain are more likely to be the result of new inventions than of improved organization. In a country, however, in which the blanket trade is but slightly developed, these latter may be important; and then it may happen that an increase in the aggregate production of blankets diminishes the proportionate difficulty of manufacturing, by just as much as it increases that of raising the raw material. In that case the actions of the Laws of Diminishing and of Increasing Return, would just neutralize one another; and blankets would conform to the Law of Constant Return. But in most of the more delicate branches of manufacturing, where the cost of raw material counts for little, and in most of the modern transport industries, the Law of Increasing Return, acts almost unopposed.

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All this and more may be granted, and yet it remains true that the collective efficiency of a people, with a given average of individual strength and energy, increases more than in proportion to their numbers, if they can for a time escape from the pressure of the Law of Diminishing Return, by importing as much food and other raw produce as they want on easy terms; if, as may be reasonably supposed, their wealth increases, at least as fast as their numbers; if they avoid habits of life that would enfeeble them; then every increase in their numbers is likely *for the time*, to bring a more than proportionate increase in their power of obtaining material goods.—"*Economics of Industry*," *by Marshall. Book IV., ch. 13, par. 1.*

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12. MONOPOLY.

When in part one, we discussed industrial society and its features, we commented very briefly on combinations of labor and capital, and in the two preceding sections on production in this issue, we have mentioned the growing size of the business-unit. We have now to examine more in detail, one momentous outcome of the evolution of production, namely monopoly. Monopoly means a combination which has an exclusive industrial territory; it means a business-unit which shuts out of its field of activity, other business-units, so that it stands alone. The desire for monopoly of one kind or another, has manifested itself in pushing and grasping men, during the whole period of history. Righteous men, sometimes called philosophers, but more generally called prophets, have cried aloud against the greed of monopolists. The prophet Isaiah denounced those who join field to field, wishing to be placed alone in the earth. Legislation against monopoly can be found in all ages and all lands.

But at the present time monopoly has a new significance, and that for two reasons. The first is that it is incomparably, more far-reaching, than in any previous age in the world's history; and the second is, that its operations are so complicated, and so interwoven with our entire life, that it is difficult for the plain citizen who is not a trained expert in economics, to detect its insidious presence and its manifold ramifications. Even when the presence of monopoly is clearly perceived, the highly complex character of our industrial civilization, renders it difficult to discover it, and to apply remedies. The peculiarity in our present economic situation with respect to monopoly is this, that the new fields of industry which have been opened up in the present century, are to a great extent occupied by monopoly. These new fields have precisely those characteristics with respect to production, which render the invasion by the monopolist a light task. But we do not express ourselves strongly enough, when we say that the invasion of these fields, by the monopolist is a light task. The

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nature of the industries belonging to these fields, is in many important instances such that a monopoly of one sort or another is inevitable. The man who adds field to field, and crowds out others is a man whom it is comparatively easy to deal with; he is a wilful transgressor who attacks the equal rights of others to life and happiness.

But the modern monopolist in the most important cases with which we have to deal, is scarcely in a position to help himself. The only question which he has to ask himself and answer is, whether he or some one else is to be the monopolist. All this will become more apparent as we proceed. It is essential, however, at the outset of our discussion about monopoly, that the student should fully grasp the fact that in monopoly, we are dealing with a turning point in both economic theory and practice. Evolutionary socialism for example is nothing but a certain view and interpretation of monopoly. When it is borne in mind that the socialism of the day is chiefly evolutionary socialism, it becomes apparent what momentous consequences are involved in our treatment of the problem of monopoly. We may safely say that the one who has not seriously attacked this problem in his mind, in order to gain an understanding of it, has failed in the first place to grasp the nature of industrial society, and in the second place has fallen short of the obligations involved in citizenship.

Monopoly is generally discussed with reference to distribution, that is to say, with reference to the effects of monopoly upon the incomes of monopolists, and upon the income of other members of society. But monopoly is first of all a problem of production, even if its chief significance is found in its effect upon distribution. Monopoly means one of the results reached by the evolution of production. It will be our endeavor to deal separately with monopoly as a productive method, and monopoly as a force shaping distribution.

Every thoughtful person must long ago have had the feeling, that current discussions of monopoly are vague and unsatisfactory. They resolve about no clear and consistent idea of the subject. The same one term is made to cover economic elements, and combinations which differ among themselves in essential characteristics. Let the reader reflect for a moment upon all the varieties of business, and all the kinds of properties, which have been lumped together under the one term monopoly. Thus private property in land is called a monopoly, although the ordinary farmer little thinks of himself as a monopolist. Every sort and species of combination is almost sure, sooner or later to be called a monopoly, and this designation is inevitable, if the combination is of such a nature, that the name, trust, can even by a stretch of language be attached to it. The combination may be exposed to competition to such an extent that it is upon the verge of bankruptcy, nevertheless it is a monopoly! Every concern doing business on a large scale, is called a monopoly, although the keenest competitors may surround it, and the competition, which it most keenly feels, never ceases day or night. Unfortunately it cannot be said that the theorists are generally far in advance of popular discussion, when even writers who deservedly stand high as economists, give us a classification of monopolies, which brings every business under this general class, so that we have the absurdity offered us of a classification of monopolies, which presents us with the classes, competitive monopolies, and exclusive monopolies!

Mention should be made of a serious and praiseworthy attempt a few years since to give a scientific and practical treatise on monoplies by Mr. C. W. Baker in his work, "Monopolies and the People." The same author has also a noteworthy article on monopolies in the "Cyclopedia of Social Reform," edited by Mr. W. D. P. Bliss. A quotation from Mr. Baker's article in the encyclopedia accompanies the present article, and deserves careful attention. (1) Mr. Baker, it seems to the present writer, made a good beginning, but it does not appear to have been followed by other writers. While the author values what Mr. Baker has written, the reader will see by comparison that he differs with this writer in important particulars.

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The author will attempt to give, as clearly and concisely as possible, some of the more important results of his own thought and investigation, continued during several years. He will attempt to define monopoly, accurately, and to adhere consistently to his definition. He will also present a new and original classification of monopolies, which he trusts will prove, if not perfect, at least a great improvement on the very unsatisfactory classifications which can be found elsewhere. Monopoly signifies unity. This is what the word has meant from time immemorial, when employed by careful writers. When the term monopoly is used in economics, it signifies unity of management. We have monopoly in any line of business, when we have unity of control over the products of that business. It is not necessary that we should have an absolute unity, if we have what may be termed a substantial unity, that is enough. Let us suppose that a combination controlling eighty per cent. of the supply of a product, is able to dictate one uniform policy for those outside the combination; if that is the case, we have a true monopoly. Monopoly means, to use the term of another, "unified tactics with respect to price." We may have monopolies of sellers or producers, but in every case monopoly signifies unified tactics. Is there unity in the management of the gas business of any given city, London, for example? If there is unity in the management, manifesting itself broadly in unified tactics with respect to price, we have monopoly. Is there in Chicago, unity in the management of the retail dry-goods business? Do we have a unified control over price? If we do, we have monopoly in the dry-goods business, otherwise not.



Charles Whiting Baker.

Monopoly means more than an advantage which one producer enjoys over another. An advantage which one producer enjoys over his rivals in the same line of production, is called a *differential advantage*. But a differential advantage may, and does, coexist with competition, whereas monopoly signifies the absence of competition. The term "natural monopoly" is frequently applied to land. But we do not find in any country in the world, unified control over the price charged for the use of land, or for the products of land. We find no uniform tactics with respect to price, so far as land is concerned. There is a resemblance, it is very true, between the differential advantage which the owner of a superior piece of land, enjoys over the owner of an inferior piece, and the gains of the monopolist, but the differences are vital. If economics has any claim to be called a science, it cannot overlook differences of such moment. John Stuart Mill does speak of land ownership as a monopoly, but elsewhere he shows how far land is, from being under monopolistic control, by calling attention to the fact that a monopoly on the part of land-owners, would mean the universal enslavement of all non-landowners in the world. Following unified tactics with respect to price, landowners would speedily draw unto themselves all the wealth of the world, and would permit others to live, only on terms advantageous to themselves.

Furthermore, it must be noticed that monopoly does not mean an absence of substitutes for monopolized articles. The street-car business may be monopolized, and as a substitute, people may walk or ride in hansoms. If coffee is monopolized, we may use some cereal preparation as a substitute. Perhaps it would be difficult to mention any monopolized article, for which some more or less imperfect substitute

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could not be found. Naturally the existence of substitutes, modifies and lessens very greatly, the power of the monopolist, but it does not abolish the monopoly. Whatever the gains of unity in production, in price tactics may be, whether great or small, they are reaped by the monopolist. The power of the monopolist with respect to price, however, falls under Distribution, and its discussion must be postponed until that subdivision of our subject is reached.

12. MONOPOLY.

(1) **Mr. C. W. Baker on the Evolution of Monopolies.**—There is perhaps no point in which the modern science of economics, differs more widely from that of science taught by the early writers on political economy, than in its treatment of the subject of monopolies.

This does not mean that the teachers of the older school were in error, or that the newer school has departed from correct principles or practice. It simply means that since the days of Adam Smith a whole vast revolution has been wrought in the world of industry, commerce and finance. The new political economy recognizes these changed conditions, and seeks to lay down the principles and rules which govern them. Until the modern era, the only monopolies were those which were established by royal grants relating to the manufacture or sale of some particular commodity.

In early English history the sale of monopolies furnished a principal means for replenishing the royal exchequer.

Naturally such monopolies operating to lay a grievous and well realized tax upon the people, were bitterly opposed; and not a small part of the popular enmity to monopolies which still remains, voiced in such common expression as "competition is the life of trade" dates back to that era, before the modern system of manufacture and transportation had its beginning.—*C. W. Baker, in Bliss' "Encyclopedia of Social Reform."*

SECOND WEEKLY REVIEW.

7. **VARIOUS VIEWS REGARDING THE MALTHUSIAN THEORY OF POPULATION. PECULIARITIES OF LABOR SUPPLY.**—Malthusianism and pessimism.
8. **THE NATURE OF CAPITAL AND ITS ORIGIN.**
9. **THE WORK OF CAPITAL.**
10. **THE EVOLUTION OF PRODUCTION.**
11. **THE LAW OF INCREASING, AND THE LAW OF DIMINISHING RETURNS.**
12. **MONOPOLY.**—Monopoly defined and described.

QUESTIONS.

7. *Was Malthus a pessimist? What would be a pessimistic theory of the growth of population? What is the connection of Malthusianism with Darwinism? State the views of Henry C. Carey, and those of Herbert Spencer with respect to theories of population. What has the growth of population to do with land-hunger? What peculiarities are there in the labor supply? Give any illustration which may occur to you.*

8. *Define capital. Is all wealth capital? Distinguish between social and individual capital. What seven kinds of social capital does Professor von Böhm-Bawerk mention? Distinguish between fixed and circulating capital. What is the relation of saving to capital? Why is it not desirable to call land capital?*

9. *What are the services of capital in production? Why are roundabout methods in production, more fruitful than direct methods? What virtues are connected with capitalistic production? What are its advantages, and disadvantages for labor?*

10. *What new economic classes has the evolution of production brought into existence, during the present century? What are the services of the entrepreneur? What is being done to lessen the disadvantages of the division of labor? What can you suggest?*

11. *What do you mean by the law of decreasing returns? By the law of increasing returns? To what did economists at first apply the law of diminishing returns? How did confusion of thought arise in the discussion of this law? Mention the four standpoints from which, according to Professor Commons, we must view the law of increasing, and of diminishing returns.*

12. *Define monopoly. Is monopoly something new in the world? What views are expressed and implied in the Bible concerning monopolies? Contrast present monopolies, with earlier monopolies. What relation has monopoly to the new industries of the Nineteenth Century? Mention the various businesses which you have heard called monopolies. What is the difference between a business on a large scale, and a monopoly? Distinguish between monopoly and differential advantage. Why is not private ownership of land a monopoly?*

SUBJECTS FOR SPECIAL STUDY.

1. *The increasing use of powers of nature in production, and roundabout productive processes.*
2. *An examination of the increasing productivity of agriculture during the past century, and its causes.*
3. *Are there any assignable limits to the increasing returns which manufactures yield to human effort?*
4. *The evolution of production.*
5. *Phases of the law of increasing and diminishing returns.*
6. *Monopolies in various forms.*

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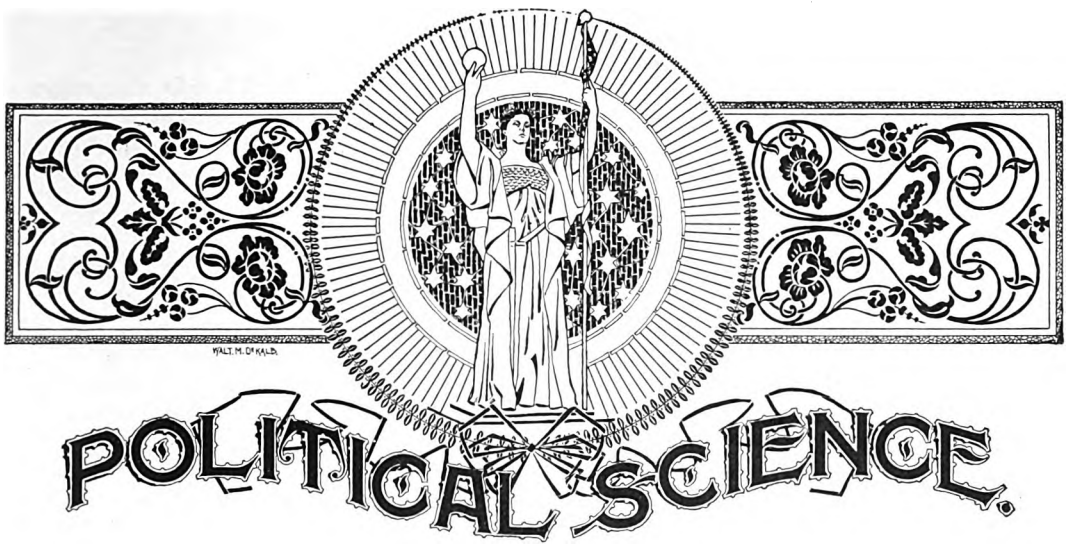

ORIGIN OF ENGLISH DEMOCRACY.

BY

JESSE MACY, M.A., LL.D., Professor of Political Science, Iowa College, Grinnell, Iowa.

13. INTRODUCTORY STATEMENT.

IN the case of Switzerland, we have seen that customs and habits acquired in the primitive village state, have been preserved through centuries; through the feudalism of the Middle Ages; through the attacks of the later monarchs, till finally, at the end of the Napoleonic wars, the monarchs of Europe confessed that the country could neither be partitioned, as Poland had been, nor could it be subjected to the rule of any monarch. Hence, the Holy Alliance left Switzerland united and republican, and especially sensitive to the democratic impulses of the age. In united Democratic Switzerland, there is a prophecy of an ultimate united democratic Europe.

England is an island state. As the mountains and lakes protected Switzerland from the full domination of the great states of the continent, so the "silver streak" separating England from the Continent served in many ways to give the country an independent history. In England, as in Switzerland, traces of the original village state have been preserved. Like the Swiss, the English were ever devoted to their ancient liberties and privileges, and they have exhibited similar habits of courage in the defense of their liberties. In each country, local government has played an important part in the political training of the people. (1) In Switzerland, the geography of the country favored the formation of many small, independent states or cantons. In England, on the other hand, nature favored the formation of a single, compact state. England also differs from Switzerland in that the land is comparatively rich and fertile.

England, as an island state, includes the two islands of Great Britain and Ireland. As an Imperial State, it holds possessions in all the continents. Switzerland has been wedged in between great states. England for many centuries has itself been a great state. In the early Middle Ages, the Welsh contended on equal terms against the English. Later, Wales became a part of the English state.

Scotland, in alliance with strong continental nations, maintained a good degree of independence of England until the seventeenth century; and the full union was

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not completed till 1707, while England's full union with Ireland was not effected till a hundred years later. In the meantime, imperial England had grown, and it has since continued to grow, until to-day England is accounted the most formidable state in the world.

The Swiss, with the use of democratic or republican forms of government, have ever contended against surrounding monarchies. England, on the other hand, has ever been a monarchy. It furnishes the best illustration in history of the development of a democracy, while the form of monarchy is still retained. (2) Swiss democracy dates from 1830, when the cantons engaged in liberal reforms; and from 1848, when a democratic constitution for the general government was adopted. In England, the first great democratic measure, known as the Reform Bill, was adopted in 1832. Since then there has been continuous development in the direction of democracy.



Queen Victoria of England.

There is a statement in the current daily press that Lord Salisbury has had an interview with Queen Victoria, and that he plainly told Her Majesty, that he could no longer be responsible for the government of England, unless the Queen should recede from her position in the attitude of England toward Russia. The news-gatherer may not be correct in his statements as to what the Prime Minister of England said to the Queen. Yet the statement, whether true or false, illustrates an important fact in the present working of the English Constitution. The Cabinet makes up its mind as to the policy which it deems necessary that the country should follow in a given emergency. The Prime Minister, as the spokesman of the Cabinet, confers with the Queen. The Queen may seek to change the mind of the Cabinet. Failing in this, it is the duty of the Queen to give effect to whatever the Cabinet deems necessary. (3) If, however, the Queen is of the opinion that the Cabinet is not in harmony with the voting constituency, the Democracy of England, she may accept the resignation of the Ministers and appoint others in their places; and if the new Cabinet is supported by the House of Commons, and by the voting constituency, the Queen is vindicated as a democratic leader. It is coming to be more and more, a recognized principle of the Constitution that it is the duty of the monarch, to give effect to whatever policy the nation approves.

The House of Lords is composed of members chosen according to ancient aristocratic forms. Yet since the Reform Act of 1832, the principle is clearly recognized that it is the duty of the House of Lords, to give effect to whatever the nation insists upon, as indicated by the election of members of the House of Commons. Within ten years the House of Lords rejected two bills for the establishment of an Irish legislature. Yet in each case the political party which was responsible for the bill was defeated at the ensuing elections. This is accepted as an indication that the nation did not intend to insist upon the measure. If after such an issue, the same party were to be returned to power, and there were a clear indication that the voters demanded the measure, then it would be the duty of the Lords to yield, and if the Lords still refused, it would be the duty of the Crown to create enough new Lords to pass the bill. (4)

England, under the training of recent years, is not only becoming democratic, but it is becoming exceedingly sensitive and responsive to public opinion.

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Democracy is frankly accepted, and the existence of every sacred and venerable institution is staked upon the good opinion of the voting constituency.

13. INTRODUCTORY STATEMENT.

(1) **Origin of English Democracy.**—The life, the sovereignty, of the settlement was solely in the body of the freemen whose holdings lay round the moot-hill or the sacred tree where the community met from time to time to order its own industry and to make its own laws. Here new settlers were admitted to the freedom of the township and bylaws framed, and head-man and tithing-man chosen, for its governance. Here plough-land and meadow-land were shared in due lot among the villagers, and field and homestead passed from man to man by the delivery of a turf cut from its soil. Here strife of farmer with farmer was settled, according to the "customs" of the township as its elder men stated them, and four men were chosen to follow headman or earldorman to hundred-court or war. It is with a reverence such as is stirred by the sight of the head-waters of some mighty river, that one looks back to these village-moots of Friesland or Sleswick. It was here that England learned to be a "mother of parliaments." It was in these tiny knots of husbandmen that the men from whom Englishmen were to spring, learned the worth of public opinion, of public discussion, the worth of the agreement, the "common sense," the general conviction to which discussion leads, as of the laws which derive their force from being expressions of that general conviction. A humorist of our own day has laughed at parliaments as "talking-shops," and the laugh has been echoed by some who have taken humor for argument. But talk is persuasion, and persuasion is force, the one force which can sway freemen to deeds such as those which have made England what she is. The "talk" of the village moot, the strife and judgment of men giving freely their own rede, and setting it as freely aside for what they learn to be the wiser rede of other men, is the groundwork of English history.—"*The Making of England*," *by J. R. Green, pp. 187, 188. Edition of 1882, New York.*

(2) **Powers of the Crown.**—In our earliest and in our latest system, the King is clothed with an office, the duties of which are to be discharged for the common good of all. In the intermediate times it sometimes seemed as if the King had been made master of a possession, which was to be enjoyed for his personal pleasure and profit. In the intermediate times we constantly hear of the rights and powers of the Crown as something distinct from, and almost hostile to, the common rights of the people.

In our earliest and in our latest times, the rights of the Crown, and the rights of the people are the same, for it is allowed that the powers of the Crown are to be exercised for the welfare of the people by the advice and consent of the people or their representatives.

Without indulging in any Utopian dreams, without picturing to ourselves the England of a thousand years back as an earthly paradise, the voice of sober history does assuredly teach us that those distant times have really much that is in common with our own, much in which we are really nearer to them than, to times which, in a mere reckoning of years, are far less distant from us. Thus it is that the cycle has come round, that the days of foreign rule have been wiped out, and that England is England once again. Our present Sovereign reigns by as good a right as Ælfred or Harold, for she reigns by the same right by which they reigned, by the will of the people, embodied in the Act of Parliament which made the crown of Ælfred and Harold hereditary in her ancestress. And, reigning by the same right by which they reigned, she reigns also for the same ends, for the common good of the nation of which the Law has made her the head. And we can wish nothing better for her kingdom, than that the Crown which she so lawfully holds, which she has so worthily worn among two generations of her people, she may, like Nestor of old, continue to wear amid the well-deserved affection of a third.—"*Growth of the English Constitution*," *by Edward A. Freeman, pp. 205, 206.*

(3) **Rights of Sovereigns.**—To state the matter shortly, the sovereign has, under a constitutional monarchy such as ours, three rights—the right to be consulted, the right to encourage, the right to warn. And a king of great sense and sagacity would want no others. He would find that his having no others would enable him to use these with singular effect. He would say to his minister: "The responsibility of these measures is upon you. Whatever you think best must be done. Whatever you think best shall have my full and effectual support. *But* you will observe that for this reason, and that reason, what you propose to do is bad; for this reason and for that reason, what you do not propose is better. I do not oppose, it is my duty not to oppose; but observe that I *warn*." Supposing the king to be right, and to have what kings often have, the gift of effectual expression, he could not help moving his minister. He might not always turn his course, but he would always trouble his mind.—"*The English Constitution*," *by Bagehot, pp. 139, 140.*

She (the queen) must sign her own death warrand, if the two houses unanimously send it up to her.—*Ibid., p. 125.*

(4) **Method of Securing Harmony.**—Two facts in the past history of England are cited as indicating the method of securing harmony. The first belongs to a time long before the theory of the subordination of the House of Lords had been developed, and at a time when the personal will of the Monarch was a much larger factor in the Executive than it is to-day. Queen Anne, in 1711, created twelve new peers in order to secure the passage of a bill through the House of Lords. But the case which is chiefly relied upon in support of this method is that of 1832.

The Reform Bill having passed through all the various stages which have been outlined, and the Peers still refusing to yield, the King gave to the Prime Minister a written statement that in case the Lords still remained obdurate, he would create enough new Peers to secure the passage of the bill.

In view of this threat the Peers yielded and passed the bill. It is out of this case especially, that the theory of the subordination of the House of Lords has been developed. The Lords have in general accepted this position.—"*The English Constitution*," *by Jesse Macy, M.A., pp. 51, 52.*

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14. THE BALANCE OF POWER.

The democratic state of Switzerland has been slowly formed around the German villages established in the Forest Cantons. The people have held to their primitive institutions, until they were finally united under a government of their own formation and approval. In England, the democratic state has been slowly built up around the monarch. The chiefs who led the English in the conquest of the Britons became their petty kings. For a time the English in England were subject to many warring kings, till finally all were united under one monarch. In the meantime the feudal system began to appear, and the village farmers became subject to warrior chiefs. Heathen England became Christian, and the people were made subject to an experienced church government drilled to the practice of Roman Law.(1) There thus appeared four distinguishable sources of political power and influence. First, there were the primitive local communities with their habits of local government. Then there was the king, who was leader in war and head over all. Next were the subordinate warrior chiefs who were between king and people. Added to these were the clergy, exercising authority over many matters now belonging to the State.



William the Conqueror.

From the advent of Christianity, at the end of the sixth century, these four classes, or factions thereof, contended for the chief place of power and influence. At no time has one class been able to utterly crush out the others. There has been continuous strife, and civil wars innumerable. Not until the advent of democracy in the Victorian Age has there appeared promise of perpetual domestic peace.

When the Normans conquered England, in 1066, it was already an old and established kingdom. On the Continent the feudal system was fully developed. In England it was but imperfectly formed. William of Normandy imported French feudalism, but he took care that the power of the feudal lords should be placed under more strict control. For support against his feudal lords, he looked to the English people. (2) He carefully preserved their local governments as he found them in towns, and parishes, and counties. William also recognized the Church in such a manner that he could more conveniently use it against the great lords. Everywhere under the feudal system, the chief conflict was between the king and the great feudal lords. In France this was a dual conflict, and the result was the complete triumph of the king over the lords, which gave absolute rule to the monarch and led up to the Great Revolution. In England it was a four-handed conflict. The clergy were pitted against the nobility, and there was a constant appeal to large sections of the people, as arbiters between contending factions. At all times there was maintained a sort of balance of power between king, clergy and nobles, with the people as arbiters.

The various classes were not always united among themselves. The nobility were divided into great lords, or tenants in chief, who held lands direct from the king; and lesser lords who were for the most part feudal subjects of the great lords. It often happened that the lesser nobility sided with king or people, against the great lords. There was a similar division among the clergy. It often happened that the lower clergy sided with the people, against the higher clergy who took the side of king or lords. As to the people, there were all sorts and conditions. At the time of the Norman conquest more than half of them were slaves. Yet it was

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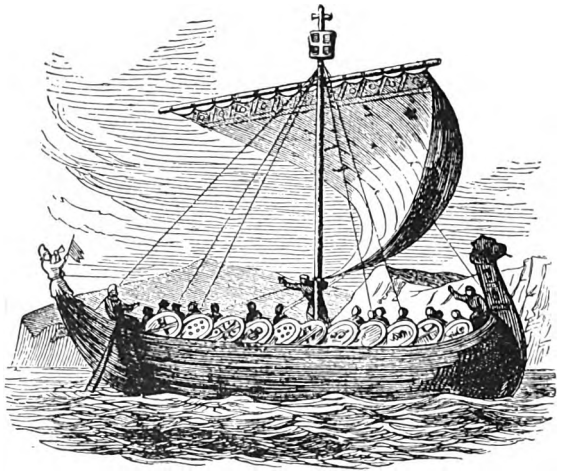
that peculiar sort of slavery which secured to the subject certain rights to the soil, and an important voice in the settlement of disputes. In France, as the serfs were freed from the soil, they became more completely enslaved to the will of rulers. In England this was not the case. The ruling classes were ever at war among themselves. The serfs gained their liberties by favoring that class of rulers which treated them best. They took a conscious share in the settling of political disputes, and they grew in political experience.

The key to this unique method of growth of English democracy, is found in the fact that great and powerful kings looked to the local governments among the people for support against the great lords. The barons of William I. were Frenchmen speaking a foreign tongue, and as such, they were naturally disliked and distrusted by their English subjects. And William took care that the estates of these barons should be so distributed that they could not easily muster their tenantry for war. He took care also that the military training of his English subjects should not be neglected. These were trained under local officers of their own, or under officers chosen by the king. The barons were thus surrounded by a force to keep them in check. The three Norman kings ruled the barons with an iron hand. William II. had to contend for his crown against his older brother, Robert, supported by the English barons; but the support of the English soldiery enabled him to gain an easy victory. William II. was tyrannical, brutal, offensive to all who knew him; yet, having the support of the English peasants, he overcame all enemies. Henry I. married an English wife. He conciliated the Church by the restoration of privileges taken from it by the former king. He gained the favor of commercial classes by granting charters to towns, and he also granted a general charter which more than a hundred years later, was made the basis of Magna Charta. The barons were completely subject to his rule.



Ship of William the Conqueror. Taken from the Celebrated Tapestry of Bayeux.

For twenty years after the death of Henry I. the feudal nobility ran riot. England was treated to the sort of rule which for centuries produced continual famine in the rich state of France. There was a disputed succession. Part of the time Stephen ruled, and part of the time Matilda; and all the time there was brutality and violence. The barons erected castles and practiced the feudal habit of rapine and plunder. (3) Yet all this contributed to the training of the people for their high mission. In the midst of the general confusion, the Church furnished a rallying point for the order-loving. It was through the agency of the clergy that order was restored, and the crown was bestowed upon the son of Matilda. In Henry II. the people found a king who could again lead them in the ways of orderly government. (4) He was a great statesman. Even more than William I. and Henry I. he looked to the local institutions among the people for support against the unruly nobility. (5) So thorough and effective was his system of government that when, during his absence in France, the barons revolted, the people arose of their own accord and put down the rebellion. The barons thus came to see that so long as the people were united against them, their cause was hopeless and the independence of their class was threatened. Their only hope was in winning the people.

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14. THE BALANCE OF POWER.

(1) **The Balance of Power.**—Nothing was more characteristic of Roman Christianity than its administrative organization. Its ordered hierarchy of bishops, priests and lower clergy, its judicial and deliberative machinery, its courts and councils had become a part of its very existence, and settled with it on every land that it won. Gregory, as we have seen, had platted out the yet heathen Britain, into an ordered church with two archbishops, each surrounded by twelve suffragan sees; and though the carrying out of this scheme in its actual form had proved impossible, yet it was certain that the first effort of the Roman see, now that the ground was clear, would be to replace it by some analogous arrangement. But no such religious organization could stamp itself on English soil without telling on the civil organization about it. The regular subordination of priest to bishop, of bishop to primate, in the administration of the church would supply a mould on which the civil organization of the State would unconsciously, but irresistibly, shape itself. The gatherings of the clergy in national synods would inevitably lead the way to national gatherings for civil legislation. Above all, if the nation in its spiritual capacity came to recognize the authority of a single primate, it would insensibly be lead in its temporal capacity to recognize a single sovereign.—"*The Making of England*," *by J. R. Green, p. 302, Edition of 1882, New York.*

(2) **William and the Nobles.**—William found himself fronted in his new realm by the feudal baronage whom he had so hardly subdued to his will in Normandy. Nobles impatient of law and aiming at an hereditary, military and judicial power, within their own manors, independent of the king. The genius of the Conqueror is shown in his quick discernment of this danger and in the skill with which he met it. He availed himself of the old legal constitution of the country to hold justice firmly in his own hands. He retained the local courts of the hundred and the shire, where every freeman had a place, while he subjected all to the jurisdiction of the King's court, which, toward the close of the earlier English monarchy, had assumed the right of hearing appeals and of calling up cases from any quarter to its bar. The authority of the Crown was maintained by the abolition of the great Earldoms which had overshadowed it, those of Wessex, Mercia and Northumberland, and by the royal nomination of sheriffs for the government of the shires. The estates of the great nobles, large as they were, were scattered over the country in a way which made union between the land-owners, or the hereditary attachment of great masses of vassals to a separate lord, equally impossible.—"*Short History of the English People*," *by J. R. Green, Edition of 1879.*

(3) **Cruelty of the Barons.**—The war now lapsed into sheer anarchy. The barons on either side broke loose from all restraint. "They fought among themselves with deadly hatred; they spoiled the fairest lands with fire and rapine, in what had been the most fertile of counties, they destroyed almost all the provision of bread." All goods and money they carried off, and if they suspected any man to have concealed treasure they tortured him to oblige him to confess where it was. "They hanged up men by the feet and smoked them with foul smoke; some were hanged up by their thumbs, others by their heads, and burning things were hung on to their feet. They put knotted strings about men's heads, and twisted them till they went to the brain. They put men into prisons where adders and snakes and toads were crawling; and so they tormented them. Some they put into a chest, short and narrow and not deep, and that had sharp stones within, and forced men therein so that they broke all their limbs. In many of the castles were hateful and grim things called neckties, which two or three men had enough to do to carry. This instrument of torture was thus made: It was fastened to a beam and had a sharp iron to go about a man's neck and throat so that he might no way act, or lie, or sleep, but he bore all the iron. Many thousands hey starved with hunger.—"*Students' History of England*," *by Gardiner, Vol. I., p. 134.*

(4) **England Under Henry II.**—England under Henry II. was already growing more united and more national. The crown which Henry derived from the Conqueror was national as well as feudal. Henry, like his predecessors, had two strings to his bow. On the one hand, he could call upon his vassals to be faithful to him because they had sworn homage to him, whilst he himself, as far as England was concerned, had sworn homage to no one. On the other hand, he could rally round him the national forces. To do this, he must do justice, and gain the good will of the people at large. It was this that he had attempted to do, by sending judges round the country, and by improving the law; by establishing scutage to weaken the power of the barons, and by strengthening the national forces by the Assize of Arms. No doubt he had little thanks for his pains. Men could feel the weight of his arm and could complain of the heavy fines enacted in his courts of justice. It was only a later generation which enjoyed the benefits of his hard discipline, which understood how much England owed to him.—*Ibid., p. 158.*

(5) **Royal Rule by Means of Council.**—During the reign of Henry II. much progress was made in the development of a separate judiciary. Henry I. had neglected the Great Council, and governed by means of a smaller administrative body. Henry II. kept the higher nobility and clergy under his control throughout his reign by a constant use of the council, while at the same time he more thoroughly organized the high offices of State whereby the king's government was kept in effective working relations with the local governments in county, hundred, and town.

Justices from the king's court, or *Curia Regis*, visited the county courts as in the time of Henry I. The county was at one time divided into six districts with three justices assigned to each district. Later, twenty-one justices were distributed among four districts. Five justices were delegated to hear claims and plaints of the people, and if questions arose which they could not decide, such questions were to be presented to the king and his wise men. Henry II. cannot be said to have created the independent common law courts, but his organization of the judiciary tended to that end. Two hundred years were needed to complete the separation which finally grew out of his system of courts. There is yet in the judicial functions of the House of Lords and of the Privy Council a remnant of the judicial duties which once belonged to the undivided *Curia Regis*, which was not in its origin distinguishable from the one national assembly.—"*The English Constitution*," *by J. Macy, M.A., p. 149.*

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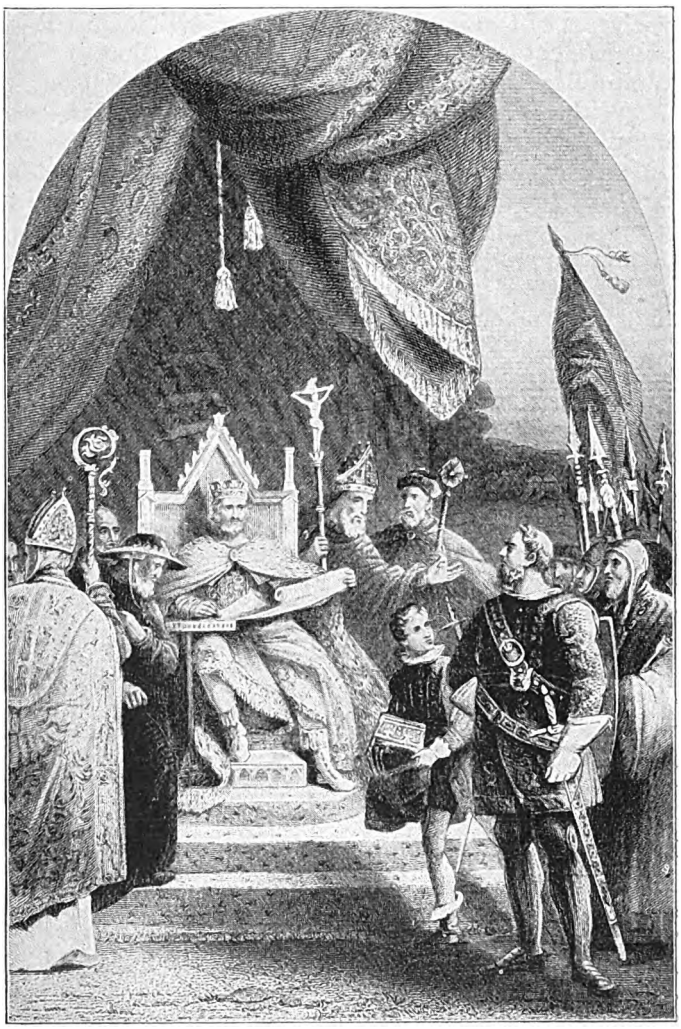
15. MAGNA CHARTA.

Green begins his account of King John by quoting from an old English chronicle the words "Foul as it is, hell itself is defiled by the fouler presence of John." Then Green states that this terrible verdict of John's contemporaries has passed into the sober judgment of history. The united disgust of the nation has forever banished the name of John from the royal family.



King John Sealing the Magna Charta.

It would be difficult to find a more vivid picture of the difference between European and Asiatic civilization, than is furnished by this fact in English history. Even in progressive Japan, the Christian population are in a quandary as to whether they shall make the customary bow to the picture of the Emperor everywhere displayed. To the heathen native the bowing is an act of worship. The Asiatics are trained to worship the Emperor, and all his predecessors as divine beings. Europeans are trained to sit in judgment upon their rulers. King Ælfred is admired because he .labored and suffered, for the good of the people. William Rufus and King John are consigned to infamy for their tyranny and brutality. The one kind of training involves despotism; the other, in the end, involves democracy.

Magna Charta belongs to the United States as much as to the British Empire. (1) In a sense it belongs to the whole world, because it represents certain fundamental principles which are being worked out in all history. In all states of every variety the rulers are apt to go wrong. Wrong-doing in rulers can be corrected in but one way; that is, by an appeal to the people, or to some portion of the people. In a despotism, wrong-doing is usually corrected by destroying one despot and putting another in his place. In a really successful despotism, the appeal is never made to the people as a whole, but to factions within a clearly defined ruling class, all of whose members are in conspiracy against the people. Intolerable conduct on the part of despotic rulers is usually prevented by revolutions and assassinations within this limited class. In progressive states the appeal is to a wider and wider constituency.

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Magna Charta is the record of an appeal to the people, by one of the great states of Europe. Its character and the circumstances of its production, fit it to be a symbol of appeal against tyrants, to all peoples of all lands. From the Norman Conquest to Magna Charta is a period of one hundred and fifty years. Of the seven kings, three, William I., Henry I. and Henry II., were statesmen of the first rank. Each of these had labored to bring the king's government into effective coöperation with the local institutions of the people. Before John came to the throne, there had been ten years of tyranny and misrule under Richard I. Yet, so effective was the king's government as perfected by Henry II. that it required fifteen more years of the tyranny of John to develop a successful revolution.

With all his iniquity John was an able ruler. He impressed all classes as being infinitely dangerous. Under stress of fear of the king, the nobility composed their differences, and sought to convince the people that their interests were safer in the hands of the barons than in the hand of the king. In fear of the king, the higher and lower clergy, also sought to persuade the people to unite against the king. In view of a common danger, barons, knights, bishops and priests united in the leadership of the people, in their demands upon the king for a redress of grievances.(2) In the stress of the conflict, the Charter of Henry I., given a hundred years earlier, was discovered. The Great Charter was deliberately written out in consultation with representatives from various classes of the people. It contains a summary of the rights and privileges, which the various classes of the people demanded of their ruler.

The people did not immediately realize the liberties named in Magna Charta. The barons who secured John's signature at the point of the sword, knew that he did not intend to observe its provisions. So they appointed twenty-five of their number to make war upon him in case he disobeyed. And they made John say, in one section of the Charter, that he would himself issue orders to the twenty-five and compel them to make war upon him, in case he disobeyed the provisions of the Charter. (3)

Magna Charta is important in the development of free government, because it is a conspicuous illustration of a united people requiring of their king that he should obey the laws. Other kings were required to make similar promises. The Charter was made a standard for the judgment of future kings. The history of the Charter furnishes an illustration of the important principle, that in a progressive State, law is made to favor the people, and to limit the power of the sovereign.

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15. MAGNA CHARTA.

(1) **The Great Charter.**—Copies of it were made and sent for preservation to the cathedrals and churches, and one copy may still be seen in the British Museum, injured by age and fire, but with the royal seal still hanging from the brown, shrivelled parchment. It is impossible to gaze without reverence on the earliest monument of English freedom which we can see with our own eyes and touch with our own hands, the great Charter to which from age to age men have looked back as the groundwork of English liberty. But in itself the Charter was no novelty, nor did it claim to establish any new constitutional principles.

The Charter of Henry the First, formed the basis of the whole, and the additions to it are for the most part, formal recognitions of the judicial and administrative changes introduced by Henry the Second. What was new in it was its origin. In form, like the Charter on which it was based, it was nothing but a royal grant. In actual fact it was a treaty between the whole English people and its king. In it, England found itself for the first time since the Conquest, a nation bound together by common national interests, by a common national sympathy.

In words which almost close the Charter, the "community of the whole land" is recognized as the great body from which the restraining power of the baronage takes its validity. There is no distinction of blood or class, of Norman or not Norman, of noble or not noble. All are recognized as Englishmen, the rights of all are owned as English rights. Bishops and nobles claimed and secured, at Runnymede the rights not of baron and churchman only, but those of freeholder and merchant, of townsman and villein. The provisions against wrong and extortion which the barons drew up, as against the King for themselves, they drew up as against themselves for their tenants. Based too as it professed to be, on Henry's Charter it was far from being a mere copy of what had gone before. The vague expressions of the old Charter, were now exchanged for precise and elaborate provisions.

The bonds of unwritten custom which the older grant, did little more than recognize had proved too weak to hold the Angevins; and the baronage set them aside for the restraints of written and defined law. It is in this way that the Great

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Charter marks the transition from the age of traditional rights, preserved in the nation's memory and officially declared by the Primate, to the age of written legislation, of Parliaments and Statutes, which was to come.—' *History of the English People*," *by John Richard Green, M.A., Vol. I., pp. 244, 245.*

(2) **John and the Barons.**—Though the English barons still spoke French, and were proud of their Norman descent, they now thought of themselves as Englishmen and cared for England alone.

John turned furiously on the barons, and was only hindered from attacking them by the new Archbishop, who threatened to excommunicate every one who took arms against them.

It was time for all Englishmen who loved law and order to resist John. Stephen Langton put himself at the head of the movement, and at a great assembly at St. Paul's produced a charter of Henry I., by which that king had promised to put an end to the tyranny of the Red King, and declared amid general applause that it must be renewed by John. It was a memorable scene.

Up to this time it had been necessary for the clergy and the people to support the king against the tyranny of the barons. Now the clergy and people offered their support to the barons against the tyranny of the king. John had merely the Pope on his side. Innocent's view of the situation was very simple. John was to obey the Pope, and all John's subjects were to obey John. A papal legate arrived in England, fixed the sum which John was to pay to the clergy, and refused to listen to the complaints of those who thought themselves defrauded.—"*Students' History of England*," *by Gardiner, Vol. I., p. 181.*

(3) **Section of Magna Charta.**—And whereas We, for the honour of God and the amendment of Our realm, and in order the better to allay the discord arisen between Us and Our barons, have granted all these things aforesaid.

We, willing that they be forever enjoyed wholly and in lasting strength, do give and grant to Our subjects the following security, to wit, that the barons shall elect any twenty-five barons of the kingdom at will, who shall, with their utmost power, keep, hold and cause to be holden the peace and liberties which We have granted unto them, and by this Our present Charter confirmed, so that, for instance, if We, Our Justiciary, bailiffs, or any of Our ministers, offend in any respect against any man, or shall transgress any of these articles of peace or security, and the offense be brought before four of the said five and twenty barons, those four barons shall come before Us, or Our Chief Justiciary, if We are out of the kingdom, declaring the offence, and shall demand speedy amends for the same.

And if We or in case of Our being out of the kingdom, Our Chief Justiciary, fail to afford redress within the space of forty days from the time the case was brought before Us, or Our Chief Justiciary, the aforesaid four barons shall refer the matter to the rest of the twenty-five barons, who, together with the commonalty of the whole county, shall distrain and distress Us, to the utmost of their power, to wit, by capture of our castles, lands, possessions, and all other possible means, until compensation be made according to their decision, saving Our person, and that of Our Queen, and children, and as soon as that be done they shall return to their former allegiance.

Any one whatsoever in the kingdom may take oath that, for the accomplishment of all the aforesaid matters, he will obey the orders of the said twenty-five barons, and distress Us to the utmost of his power: and We give public and free leave to every one wishing to take such oath to do so, and to none will We deny the same.

Moreover, We will compel all such of Our subjects who shall decline to swear to, and together with the said twenty-five barons to distrain and distress Us, of their own free will and accord, to do so by our command as is aforesaid.

And if any one of the twenty-five barons shall die or leave the country, or be in any way hindered from executing the said office, the rest of the said twenty-five barons shall choose another in his stead, at their discretion, who shall be sworn in like manner as the others.

And in all cases which are referred to the said twenty-five barons to execute, and in which a difference shall arise among them, supposing them all to be present, or that all who have been summoned are unwilling or unable to appear, the verdict of the majority shall be considered as firm and binding as if the whole number should have been of one mind.

And the aforesaid twenty-five shall swear to keep faithfully all the aforesaid articles, and, to the best of their power, cause them to be kept by others.

And We will not procure, either by Ourself or any other, anything from any man whereby any of the said concessions or liberties may be revoked or abated; and if any such procurement be made let it be null and void; it shall never be made use of either by Us or any other.

We have also wholly remitted and condoned all ill-will, wrath, and malice which have arisen between Us and Our subjects, clerks and laymen, during the disputes, to and with all men; and We have moreover fully remitted, and as far as in Us lies, wholly condoned to and with all clerks and laymen all trespasses made in consequence of the said disputes from Easter in the sixteenth year of Our reign till the restoration of peace.

And, over and above this, We have caused to be made in their behalf letters patent by testimony of Stephen, Archbishop of Canterbury, Henry, Archbishop of Dublin, the bishops above mentioned, and Master Pandulph, upon the security and concession aforesaid.

Wherefore We will and firmly charge, that the English Church be free, and that all men in Our Kingdom have and hold all the aforesaid liberties, rights, and concessions, well and peaceably, freely, quietly, fully, and wholly, to them and their heirs, of Us and Our heirs, in all things and places for ever, as is aforesaid.

It is moreover sworn, as well on Our part as on the part of the barons, that all these matters aforesaid shall be kept in good faith and without malengine. Witness the above-mentioned Prelates and Nobles and many others. Given by Our hand in the meadow which is called Runnymede between Windsor and Staines, on the Fifteenth day of June in the Seventeenth year of Our reign.—*From Text of Magna Charta, in "The English Constitution," by Jesse Macy, M.A., pp. 495-497.*

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16. THE WARS OF THE ROSES.

The Charter was given in 1215 and the Wars of the Roses began in the middle of the fifteenth century and continued, with various interruptions, until the crowning of Henry Tudor in 1485. During these centuries the conflicts went on between kings and barons and clergy. The barons had drawn their swords on behalf of the liberties of the people, but it was not of the nature of feudal lords to continue to fight for the liberties of the people. Only when confronted by peculiarly dangerous or obnoxious kings, did they curry favor with the people by granting them liberties. It was, however, of immense advantage to the people that both king and powerful subjects appealed to them for support. It was in another baron's war fifty years after the giving of the Charter, that representatives from counties and towns were called to attend the meetings of the National Council. (1) In this way the House of Commons came to be added to the older Council of Notables, which now continues as the House of Lords. On account of conflict among rulers, the Common Law and the courts of law were more favorable to the people than they would otherwise have been. The nobility became divided into more or less permanent factions, and these were known as being opposed or favorable to the rights of the people. These factors finally broke out into the Wars of the Roses, which resulted in wiping out of existence the old feudal armies. The coming in of the Tudors, introduces a new chapter in English history. It is the end of the age of perpetual violence and brute force. The Tudors brought both the nobility and the clergy under the rule of the laws of the land. The common people had long been subject to law. It is the great merit of Henry VII. and Henry VIII. that they made dukes and cardinals likewise subject to law. (2) This history illustrates the principle that the true State is founded upon law and reason rather than upon brute force. Appeal to force tends naturally to destroy the State. The use of force strengthens the State only when it is used to destroy the agencies of violence and extortion.



Henry VIII. of England

Many of the acts of the Tudor kings are accounted brutal and tyrannical. But in nearly all cases they were directed against institutions and persons unfriendly to the people. They looked for support to the law-abiding middle and lower classes, while they restrained and destroyed the unruly upper classes. The famous Star Chamber of Henry VII. is known in later times as an agency of oppression. In the time of Henry, nobles surrounded themselves with armed retainers. They overawed courts and murdered jurors and made it impossible to get justice in the ordinary courts. By the use of the Star Chamber, the king brought these practices to an end. The nobles had built up fortunes by violence and extortion; by the use of the Star Chamber the king appropriated their property for the public good. The Church had for centuries been growing rich and corrupt. In nearly every conflict where the rights of the people were involved, the higher clergy took the side of tyranny and oppression. It was at the instigation of the clergy that the followers of Wiclif were put down. The first Tudor left the Church still in

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possession of its privileges and property. But in the time of Henry VIII. the Protestant Reformation sprung up, and as an incident to the reorganization of the English Church under the impulse of Protestant teachings, it was stripped of much of its property and nearly all of its independent political power. (3)

By the Wars of the Roses, and by the high-handed acts of the first Tudor monarchs, the old balance of power in the State was greatly changed. The feudal nobility, commanding armies independently of the monarch, gave place to an aristocracy exercising power and influence as members of the House of Lords, or as officers of the king, or simply as men influencing the opinions of the people. The Church having a large share in the government and exerting a power independent of both king and nobles had passed away, and England had become divided into two religious societies contending for supremacy. Henry VIII.'s reign was followed by the brief rule of Edward VI., in which Catholics were persecuted; and then followed the reign of Mary, in which Protestants were burned at the stake.



Edward VI. of England.

When Elizabeth began her long rule, England was half Protestant and half Catholic. On the Continent there was war between Protestant and Catholic states. It was Elizabeth's policy to keep the peace between her subjects: to prevent civil war. At the end of Elizabeth's rule, England had become almost wholly Protestant; but the habit of religious controversy remained, and the Protestants were divided among themselves. The Church as an independent political factor had disappeared, but religious opinion had become a political factor of great consequence. There had been more than a century of printing, of "new learning" and of intellectual awakening; and during nearly all this time England had been kept at peace. The people had had time to think. The condition of the masses had greatly improved. From this time forward, England is governed by opinions and beliefs rather than by brute force. A balance of beliefs takes the place of independent factions appealing to the sword to vindicate their rights.

Opinions, however, need organs for expression. In England the House of Commons has become the chief organ for embodying the opinion of the nation in conduct and institutions. Before the reign of Elizabeth, the House of Commons had for centuries been an effective organ for executing the will of the dominant faction of the day. It had never been an organ for the expression of the will of the nation. Any faction which happened to have an effective army at hand, could control the action of Parliament, could cause it to depose kings, to set up new lines of kings, to punish officers of state, to destroy enemies by bills of attainder, and to confiscate estates. For centuries before Parliament was thought of, as an agency for expressing the will of the nation, it had been used as an agency of superior force. But after the unruly classes had been subdued by Tudor rule, after a century of law and order, after the sentiments and beliefs of the people had been stirred to their foundations by religious controversy, the House of Commons came to be looked upon as an agency for carrying into effect the will of the nation, even against the will of the monarch. From the beginning of her reign, Elizabeth had trouble with her Commons. Many times she was induced, or forced to yield to their wishes. Instead of

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a feudal army to redress grievances by unlawful war, the Tudors left a legislative assembly to redress grievances by lawful votes. (4)

16. THE WARS OF THE ROSES.

(1) **Arbitration.**—Simon followed up his victory by an agreement called the Mise of Lewes, according to which all matters of dispute were again to be referred to arbitration. In the meantime there were to be three electors, Earl Simon himself, the Earl of Gloucester, and the Bishop of Hereford. These were to elect nine councillors, who were to name the ministers of state. To keep these councillors within bounds a Parliament was called, in which, with the barons, bishops and abbots, there sat not only four chosen knights for each shire, but also for the first time two representatives of certain towns. This Parliament met in 1265. It was not, indeed, a full parliament, as only Simon's partisans among the barons were summoned, but it was the fullest representation of England as a whole which had yet met, and not a merely baronial committee like that proposed in 1258. The views of Simon were clearly indicated in an argumentative Latin poem written after the battle of Lewes by one of his supporters. In this poem the king's claim to do as he likes with his own, is met by a demand that he shall rule according to law. Such a demand was made by others than the poet. "The king," a great lawyer of the day had said, "is not subject to any man, but to God and the law." The difficulty still remained of ascertaining what the law was. The poet did not, indeed, anticipate modern theories, and hold that the law was what the representatives of the people made it to be; but he held that the law consisted in the old customs, and that the people themselves must be appealed to as the witnesses of what those old customs were. "Therefore," he wrote, "let the community of the kingdom advise, and let it be known what the generality thinks, to whom their own laws are best known. Nor are all those of the country so ignorant that they do not know better than strangers, the customs of their own kingdom which have been handed down to them by their ancestors." The poet, in short, regarded the Parliament as a national jury, whose duty it was to give evidence on the laws and customs of the nation, in the same way that a local jury gave evidence on local matters.—"*Students' History of England*," *by Gardiner, Vol. I., pp. 201-203.*

(2) **Henry VII.**—Henry VII. was a good, virtuous tyrant. He paid little attention to Parliament during his reign, which lasted twenty-four years. There is evidence that his tyranny, virtuous as it was, would have broken down had it been longer continued. His tools of the Star Chamber, Empson and Dudley, were speedily executed by the new king in response to a popular demand.

I admit that it requires an effort to see in the reign of Henry VII. much of the theory of the modern English Constitution. But there is in this reign one thing which should never be lost sight of. It might easily have happened that the great lords during this period should have regained much of their lost power. Henry might very naturally have rested for support upon them instead of upon a large number of middle-class folk. Had he done this, there is reason to believe that the habit of going to war against the king would have continued.

But Henry VII. initiated a policy which was fatal to the leadership of the great lords. This policy was continued and perfected by Henry VIII. Had this work been less thoroughly done, it is not likely that there could have been a century without civil war. If there had not been a century of government according to the forms of law, it is not likely that the Stuart kings would have been called upon to face that state of the public mind which actually confronted them. It is in this rather remote way that Henry VII. may be said to have contributed to the formation of the state of mind out of which the peculiar Constitution of England is constructed.—"*The English Constitution*," *by Jesse Macy, M.A., pp. 217, 218.*

(3) **Church in America.**—In America the Church is regarded as simply a religious society; it has no direct connection with the government. Seeing that the Church of the Middle Ages held and administered large estates, and formed an important part of the government, we may be in danger of neglecting to give due weight to its teaching functions. While it is well to distinguish between the two offices of the Church, it is not well to forget that both existed. The religious teaching of the Church has had quite as much to do with the origin of the modern Constitution as has its government.

It was the consciousness of a common religion that tended most to efface the distinction between Norman and English. In the twelfth century a national religious revival coincided with the preaching of the monks and the founding of religious houses. In the thirteenth century came the Friars and cast in their lot with lepers and beggers on the outskirts of the cities. These occurrences profoundly affected the religious sentiment of the nation. The charitable feelings of men were stimulated; hospitals were founded; and learning was encouraged.

The revival of religion and of learning, with which the name of Wiclifs connected, followed in the fourteenth century. Some of the religious awakenings tended to the purification of the Church, and therefore strengthened it even politically. Others, on the contrary, rather weakened the position of the Church as a part of the government.—*Ibid., p. 27.*

(4) **Victories of Parliament.**—While England thus became "a nest of singing birds," while Bacon was raising the lofty fabric of his philosophical speculation, the people itself was waking to a sense of national freedom. Elizabeth saw the forces, political and religious, which she had stubbornly held in check for half a century, pressing on her irresistibly. In spite of the rarity of its assembling, in spite of high words and imprisonment and dextrous management, the Parliament had quietly gained a power, which, at her accession, the Queen could never have dreamed of its possessing. Step by step the Lower House had won the freedom of its members from arrest save by its own permission, the right of punishing and expelling members for crimes committed within its walls, and of determining all matters relating to elections. The more important claim of freedom of speech had brought on from time to time a series of petty conflicts in which Elizabeth genrally gave way.—"*History of the English People*," *by Green, Vol. II., p. 492.*

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17. STUART RULE.

Previous to the Tudor century the people of England did not greatly trouble themselves with thoughts upon the nature of government. Each class was accustomed to contend for its own interests with little care for the interests of other classes. Early in the reign of Henry VIII. Sir Thomas More wrote his *Utopia*, and this book and its author greatly influenced the mind of the king. A little later the writings of Machiavelli came into England, and it is said these writings encouraged the king and his minister, Thomas Cromwell, to seek to establish an absolute monarchy. In that age it was but natural that statesmen and philosophers should seek to escape from the anarchy and brutality of feudalism, by increasing the power of kings. In France this idea of absolute monarchy was carried to its logical conclusion.



Queen Elizabeth of England.

When Elizabeth died, in 1603, James VI. of Scotland became James I., King of Great Britain and Scotland. As an enemy of England, Scotland had long been closely associated with France. Surely the Stuart kings had the French idea of monarchy, and they continued to the end in close alliance with France.

The Stuart kings turned England into a political debating society, and the debate lasted for a hundred years. Nearly all theories of government that have ever appeared were put forth at some stage of this century of debate. The Stuarts advanced the theory that God's method for maintaining righteousness among men was to choose certain persons to exercise authority. These are divinely set apart to rule. It is made the duty of all others to obey the rulers and to coöperate with them in the fulfillment of their mission. The Stuart theory involved the fusion of Church and State. (1) The king, as head over all, was the fountain of supreme earthly authority. The bishops and priests were his ministers in matters spiritual. Councils, Parliaments and courts of law were his ministers in matters general. The theory of the Stuarts was logical and consistent, and it seemed quite in harmony with the facts of past history. Great reforms had been effected by power in the strong hand.

At the beginning of the debate there were none to propose a consistent and logical theory in answer to the foreign Stuart kings. The English had a Parliament which was accustomed to vote supplies (2) and to make laws. The opponents of the king in the House of Commons maintained that it was the duty of the king to obey the laws, and to faithfully execute the laws passed by Parliament. Parliaments had been used to depose kings and to introduce families of kings out of the natural order. Often had Parliament been used to destroy the king's ministers.

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In the stress of the conflict with the second Stuart king, a House of Commons was used to set up a court to punish a king for high treason. The logic of the Stuart theory of government was met, not by a consistent opposing theory, but by a series of events which made it appear inapplicable. The second Stuart was beheaded, the third was eleven years a vagabond, while England enjoyed an orderly government without a king, and the fourth Stuart was driven from the land, while his family was cut off by law from access to the throne.

The great political debate was at the same time a religious debate. Religious conviction nerved the kings for the conflict. They began as High Church Episcopalians, and they ended as professed Roman Catholics. It was religious conviction, also, that carried the nation to extreme measures against the Stuarts. "England," says Green, "became the people of a book, and that book was the Bible." In the hands of whole-souled and earnest readers, the Bible has ever been an intensely political book. It holds out not the slightest hope of a blessed immortality in a future world to one who does not use his best endeavors to realize a righteous state in this world. Separate from politics, religion degenerates into a feeble sentimentality or into sheer hypocrisy.



James I

Even before the death of Elizabeth, bodies of believers began to be found in England who, in the stress of civil war in the middle of the Stuart century, were prepared to furnish a direct answer to the divine right theory of the king. Brownists, who later became known as Congregationalists, and Anabaptists repudiated all priestly authority. They fell into methods of church organization, which quite resemble the primitive village State of our German ancestors, where families subdued nature, and learned to farm their land by friendly coöperation, and composed their difficulties in town meeting. These new-church villagers first sought a home among the Dutch, where primitive towns were better preserved. Later they boarded the Mayflower and came to the New World. (3) The early churches in New England may be viewed as a sort of restoration of the primitive village state, transplanted to virgin soil after having received Christian baptism. (4) New England became the home of those most opposed to the Stuart rule in England. Democratic government in the church carried with it the same sort of government in State, because the two were united. Some of the most ardent believers in democracy in the New World went to England to share in the conflict with the king, and they boldly put forward the theory that God's method in governing, leads to the establishment of friendly coöperation among the people, and to the ultimate repudiation of authority in both king and priest.

17. STUART RULE.

(1) **Divine Rights.**—But if the theory of a Divine right of kings was certain to rouse against it all the nobler energies of Puritanism, there was something which roused its nobler and its pettier instincts of resistance alike, in James' second theory of a Divine right of Bishops. Elizabeth's conception of the ecclesiastical supremacy had been a sore stumbling block to her subjects, but Elizabeth at least regarded the supremacy simply as a branch of her ordinary prerogative. Not only were the clergy her subjects, but they were more her subjects than the laity. She treated them, in fact, as her predecessors had treated the Jews. She allowed nobody else to abuse or to rob them; she robbed and abused them to her heart's content. But the theory which James held as to Church and State was as different from that of Elizabeth as the theological bent of his mind was different from her secular temper. His patristic reading had left behind it the belief in a Divine right of bish-

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ops as sacred and absolute as the Divine right of kings.—"*Short History of the English People*," *by Green, p. 473.*

(2) **Nation's Reserve Powers.**—The leaders in the House of Commons knew, as James and Charles did not know, the nation's reserve power of resistance to arbitrary exactions. It was of immense advantage to the Commons that in the contest with the King they appeared at the same time to be the champions of the people against arbitrary exactions.

Against the new theory of divine right the Commons had as a defensive weapon the old habit of asking favors and insisting upon redress of grievances before granting supplies. Under the new issue with the Crown this old habit takes on a new meaning.

From the standpoint of the King, Parliament was simply one of the many agencies in his hand for getting supplies. These agencies were all equally legal and equally righteous. Sovereignty was viewed as a simple thing, and in the last analysis, according to the royal theory, sovereignty rested with the Sovereign. Upon his theory it was the duty of the Commons to vote supplies. If they refused to do this, it became the duty of the King to collect the supplies without the vote of the Commons. If the Commons persisted in refusing necessary taxes, then the House of Commons became obstructive, unconstitutional, and revolutionary. In support of this view the King and his lawyers appealed to history.

The Commons also appealed to history in support of their ancient and undoubted right to vote or withhold supplies. They, too, held to the notion of the unity and simplicity of sovereign power. They had long ago vindicated their right, as against the House of Lords, to control the votes of supply. Now, forced to an issue with the king, they made the further claim that in the matter of appropriations the Commons represented the sovereign power of the nation. Under this theory the king was reduced to a state of a mere petitioner. They would grant him supplies or withhold them as they pleased. They asserted in even louder tones than the court lawyers had done, that their view was in accord with the ancient and unchanging Constitution of the English government. In this debate the idea of an ancient and unchanging Constitution was born, and two theories regarding it became prominent. One made the king the predominant power; the other, the nation through the House of Commons. According to the theory of James and Charles these two views of the English Constitution were contradictory and impossible. The events of the first half of the seventeeth century would indicate that this view was correct. Yet it is the mystery of the Constitution of to-day that both of these views have survived, and that they have actually been harmonized with each other.

The lawyers in the House of Commons seemed to see clearly, if modern historians have not, that their strongest argument in this emergency was not found in past history, but in present politics. From ancient history and from their new theory the Commons found themselves in possession of but a small fragment of sovereign power. From the standpoint of pure logic, their position was not enviable; but from the standpoint of contemporary politics, it was superb. Here was a foreign and unpopular king who insisted upon a wholly new theory of absolute sovereignty; yet he asked supplies of the House of Commons. By the simple process of forcing the king to concede something, no matter what, to the demands of the Commons, as a condition of the granting of supplies it would be demonstrated that the so-called sovereign was limited, and the germ of sovereignty which the Commons claimed would thenceforth grow, and in course of time the Commons would be practically sovereign in the making of laws and in the determining of policies. It is not necessary to assume that the party of the Commons had any clear vision of the remote results of their contention. They did, however, see clearly the desirability of checking the growth of the divine-right theory by compelling the king to act inconsistently with his theory whenever he asked for supplies.—"*The English Constitution*," *by Jesse Macy, M.A., p. 269, 270.*

(3) **Compact Signed on Board the Mayflower.**—It was determined to enter into a compact of government which should not only have the binding force of law over all persons disposed to be insubordinate, but which would be, it was thought, of as much virtue under the circumstances in which they were placed as any patent. On the day they entered Cape Cod harbor, therefore, all the men, excepting seven of the servants, entered into and signed this agreement:

"In ye name of God, Amen. We whose names are underwritten, the loyall subjects of our dread soveraigne Lord, King James, by ye grace of God, of Great Britaine, Franc & Ireland king, defender of ye faith, &c., haveing undertaken, for ye glorie of God, and advancemente of ye Christian faith, and honour of our king & countrie, a voyage to plant ye first colonie in ye Northerne part of Virginia, doe by these presents solemnly & mutualy in ye presence of God, and one of another, covenant & combine our selves togeather into a civill body politick, for our better ordering & preservation & furtherance of ye ends aforesaid; and by vertue hearof to enacte, constitute, and frame such just & equall lawes, ordinances, acts, constitutions & offices, from time to time, as shall be thought most meete & and convenient for ye generall good of ye Colonie, unto which we promise all due submission and obedience. In witnes wherof we have hereunder subscribed our names at Cap-Codd ye 11 of November, in ye year of ye raigne of our soveraigne lord, King James, of England, France & Ireland ye eighteenth, and of Scotland ye fiftie fourth Ano Dom. 1620."—*From Bradford's "History of Plymouth Plantation," recovered in full only about forly years ago, and published under the editorship of Charles Deane.*

(4) **Principles of the Reformation.**—If we follow the development of the principles of the Reformation in Europe, first on the continent, then in England and Scotland, and finally in America, we for our part shall have no difficulty in admitting that there was a process of evolution in which the whole Western world took part. Anglo-Saxon democracy failed in the seventeenth century in Europe in its struggle against ancient laws and institutions. It began afresh beyond the ocean, in a new society which had been born again. It was there that the movement of the eighteenth century began; New England was the country in which it burst its bonds, and every one of the colonies of the refugees has had its share, large or small, but none the less real, in giving birth to what has become the mighty American democracy.—"*The Rise of Modern Democracy*," *by Charles Borgeand. Translated by Mrs. Birkbeck Hill.*

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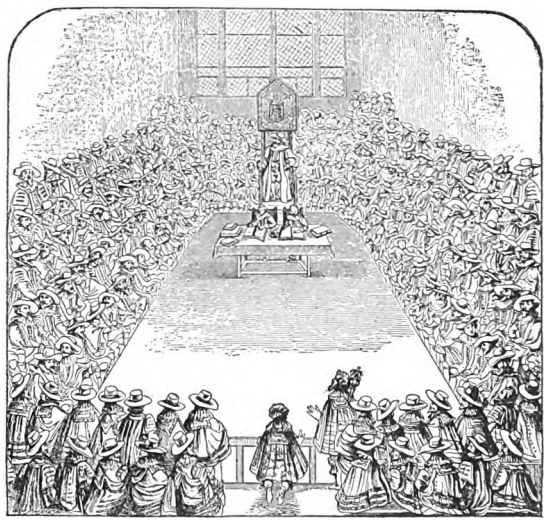
18. THE ADVENT OF DEMOCRACY.

According to the Stuart theory, the State is an agency for imposing the divine will upon the people, through a divinely anointed king supported by consecrated priests. According to the theory of the New England democrats, kings and priests mistake their own for the divine will. The divine will is learned rather through the coöperation of the people, through the common effort to discover right conduct and establish righteous laws. According to the one theory, the State is organized to compel the people to do things they do not wish to do. The other theory teaches that the State enables the people to do more effectively, the things the people want done. The Stuarts demanded that all the people should obey the king. The democrats demanded that the king should obey the people. The Tudor monarchs taught lords and bishops to obey the laws; Cromwell's army, and the House of Commons gave to the world an object lesson, which will never be forgotten, in support of the doctrine that in England, at least, kings also must obey the laws.



The House of Commons in 1623.

The democratic theory of the State was only one among the many theories, that appeared during the Stuart century. Few people at the time, either in the old or the new world, were consistent believers in democracy. (1) The English are expert compromisers. They carry no theory to its logical conclusion. After the Great Revolution, in 1688, in which James II. was debarred from the throne, everybody knew that a king could not, under the plea of divine right, impose his will upon the nation, against the will of the two Houses of Parliament. This is all that the long conflict had really settled. None knew who would control the will of the two houses. I have previously stated that the House of Commons, even in the time of Elizabeth, had gained great power and influence, and that it was an important organ of public opinion. The importance of the House immensely increased during the conflict with the Stuarts.

Other organs of public opinion also appeared a few years before the Revolution of 1688. I refer to the great political parties, Whigs and Tories.(2) The Whigs stood for opposition to the theory of the divine right of kings, while the Tories at first supported that theory. Each party appealed to the English public for the control of the House of Commons. Some of the Tory leaders united with the Whigs in the enactment of the Great Revolution, yet it is known as a Whig Revolution, because it embodied the Whig theory of parliamentary supremacy.

After the revolution of 1688 the Whigs controlled the two Houses of Parliament, with brief intervals in the time of William and Mary and Anne, until the crowning of George III. in 1760. The Tories were friendly to the deposed Stuart family. The first two Georges had to be Whigs, because a Tory rule meant a restoration of the Stuarts. The Whigs never professed to believe in democracy. The leaders believed in government by themselves, as holders of the chief offices of State. So long as they could hold the offices, and control Parliament they were content.

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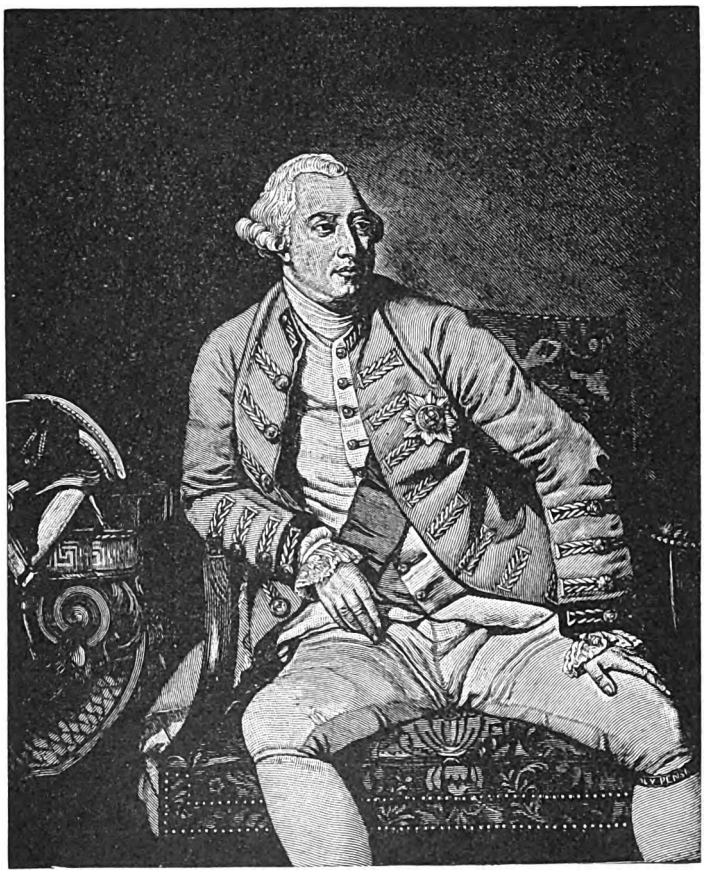
During the time when the monarchs were Whig by necessity, the Whigs perfected a method for the continuous control of Parliament, which is known as the Cabinet System of Government. Under the leadership of a Prime Minister, the chief officers of State, who were at the same time members of one or the other of the two Houses, made themselves, as a body, responsible for the entire conduct of government, both executive and legislative. It was a fundamental Whig doctrine that Parliament is supreme and that the House of Commons is the more important branch. The Whig Cabinet secured the coöperation of the king because of the threatened restoration of the Stuart line. They controlled the Commons through persuasion, through bribery, (3) and the spoils of office. To control the Lords there was the additional method of creating new Peers. The Cabinet met apart from the king, determined its policy and then secured the sanction of the king, and the two Houses.



George III., King of England.

When George III. became king, there was no longer danger of a return of the Stuarts. The king was a Tory. The method of governing which had been perfected by Whigs passed into the hands of Tories, and, with a few brief intervals, the Whigs were kept out of office from 1760 till 1830. During this period, the king controlled the patronage, and administered the corruption funds. He could not only create new Lords, he could create new boroughs as well, for the election of members to the Commons. Few citizens had a right to vote. Parliament was no longer an independent power, but was under the complete control of King and Cabinet. (4)

After having been seventy years out of office; after free governments had been established in America and Switzerland; after the stirring events of the French Revolution and the Napoleonic wars, the Whigs in England determined to make an appeal to the Democracy of England to wrest the power of the control of Parliament from the monarch, and hand it over to a large uncorrupted voting constituency. By the Act of 1832 the corrupt boroughs were destroyed, and the franchise extended. In 1834, an act for the government of cities on democratic principles was adopted. An act removing the spoils of office from influence over elections, was passed in 1858. The franchise was again extended in 1868, and in 1885. Later acts have extended democratic rule over counties and parishes. In these various ways England is coming to be a thoroughly democratic State.

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18. THE ADVENT OF DEMOCRACY.

(1) **Whig Writers of the Period.**—The Whig writers and pamphleteers of the reign of William, founding their arguments upon the principles of the revolution, often advanced propositions which exposed them to the taunts of republicanism from their opponents; but nothing could be more harmless than their writings. It was their aim to uphold the principles, and defend the conduct of their own party—to advocate measures which they favored—and to expose the reactionary principles of their Tory rivals. Their controversies were nothing more than the contentions of rival parliamentary parties, seeking for power and advancement under the monarchy; and to reproach the Whig writers of that day with democratic sentiments can only provoke a smile.

Whatever the principles of the revolution, and of the Whig party, who were its representatives and exponents, it is certain that democracy formed no part of the politics of England. The most advanced opinions were entirely consistent with all the institutions of a limited monarchy. And how far did the principles of freedom, contended for by the most liberal of the political parties, transcend their practice?—"*Democracy in Europe*," *by Sir Thomas Erskine May, Vol. II., p. 461.*

(2) **New Terms.**—In that year our tongue was enriched with two words, Mob and Sham, remarkable memorials of a season of tumult and imposture. Opponents of the court were called Birminghams, petitioners and exclusionists. Those who took the king's side were Anti-Birminghams, abhorrers and tantivies. These appellations soon became obsolete; but at this time were first heard two nicknames which, though originally given in insult, were soon assumed with pride, which are still in daily use, which have spread as widely as the English race, and which will last as long as the English literature. It is a curious circumstance that one of these nicknames was of Scotch, and the other of Irish origin. Both in Scotland and in Ireland, misgovernment had called into existence bands of desperate men whose ferocity was heightened by religious enthusiasm. In Scotland, some of the persecuted Covenanters, driven mad by oppression, had lately murdered the primate, had taken arms against the government, had obtained some advantages against the king's forces, and had not been put down till Monmouth, at the head of some troops from England, had routed them at Bothwell Bridge These zealots were most numerous among the rustics of the western lowlands, who were vulgarly called Whigs. Thus the appellation of Whig was fastened on the Presbyterian zealots of Scotland, and was transferred to those English politicians who showed a disposition to oppose the court, and to treat Protestant nonconformists with indulgence. The bogs of Ireland, on the other hand, afforded a refuge to Popish outlaws, much resembling those afterwards known as Whiteboys. These men were then called Tories. The name of Tory was therefore given to Englishmen who refused to concur in excluding a Roman Catholic prince from the throne.

The rage of the hostile factions would have been sufficiently violent, if it had been left to itself. But it was studiously exasperated by the common enemy of both. Lewis still continued to bribe and flatter both the court and the opposition. He exhorted Charles to be firm: he exhorted James to raise a civil war in Scotland: he exhorted the Whigs not to flinch, and to rely with confidence on the protection of France.

Through all this agitation a discerning eye might have perceived that the public opinion was gradually changing. The persecution of the Roman Catholics went on; but convictions were no longer matters of course. A new brood of false witnesses, among whom a villain named Dangerfield was the most conspicuous, infested the courts: but the stories of these men, though better constructed than that of Oates, found less credit. Juries were no longer so easy of belief as during the panic which had followed the murder of Godfrey; and Judges, who, while the popular frenzy was at the height, had been its most obsequious instruments, now ventured to express some part of what they had from the first thought.

At length, in October 1680, the Parliament met. The Whigs had so great a majority in the Commons that the Exclusion Bill went through all its stages there without difficulty. The King scarcely knew on what members of his own cabinet he could reckon. Hyde had been true to his Tory opinions, and had steadily supported the cause of hereditary monarchy. But Godolphin, anxious for quiet, and believing that quiet could be restored only by concessions, wished the bill to pass. Sunderland, ever false, and ever short-sighted, unable to discern the signs of approaching reaction, and anxious to conciliate the party which he believed to be irresistible, determined to vote against the court. The Duchess of Portsmouth implored her royal lover not to rush headlong to destruction. If there were any point on which he had a scruple of conscience or of honor, it was the question of the succession; but during some days it seemed that he would submit. He wavered, asked what sum the Commons would give him if he yielded, and suffered a negotiation to be opened with the leading Whigs. But a deep mutual distrust which had been many years growing, and which had been carefully nursed by the arts of France, made a treaty impossible. Neither side would place confidence in the other. The whole nation now looked with breathless anxiety to the House of Lords. The assemblage of peers was large. The King himself was present. The debate was long, earnest, and occasionally furious.—"*History of England*," *by Macaulay, Vol. I., pp 238, 239.*

(3) **Political Corruption.**—Therefore the Whigs, even before Walpole secured power, had determined that the electors should not be left to themselves. In many boroughs the right of voting was confined to the corporation; and as large numbers of these boroughs were mere villages, or even hamlets, the members of their corporations were poor men—easily accessible to arguments addressed to their pockets. The wealthiest landowner in the neighborhood was usually a Whig, who would use his influence and his purse in securing the election of his own nominee. Electors found that, if they voted for the Whig candidate, their lives would be made easy to them, whilst if they voted for the Tory candidate, they would be much worse off. In the House of Commons itself the same system of corruption was pursued. What amount of ready money Walpole paid to his supporters has been disputed, and it was certainly much less than has usually been supposed, but he had in his gift all the offices held under the crown, large number of which were sinecures with large pay and no duties. Needy members discovered

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that if they wanted money they must support Walpole, and ambitious members discovered that if they wanted office they could only obtain it by supporting Walpole. It is therefore not surprising that all the rising talent in the country declared itself Whig.—"*Students' History of England*," *by Gardiner, Vol. III., p. 714.*

(4) **Economic Reforms.**—Early in the following year numerous public meetings were held, associations formed, and petitions presented in favor of economic reforms, and complaining of the undue influence of the Crown, and of the patronage and corruption by which it was maintained. It was for the redress of these grievances that Mr. Burke offered his celebrated scheme of economical reform. He confessed that the main object of this scheme was "the reduction of that corrupt influence which is itself the perennial spring of all prodigality and of all disorder; which loads us more than millions of debt; which takes away vigor from our arms, wisdom from our councils, and every shadow of authority and credit from the most venerable parts of our constitution,"

On April 6, Mr. Dunning moved resolutions, in a committee of the whole House, founded upon these petitions. The first, which is memorable in political history, affirmed "that the influence of the Crown has increased, is increasing, and ought to be diminished."—"*Constitutional History of England*," *by May, Vol. I, p. 54.*

THIRD WEEKLY REVIEW.

13. **DEMOCRACY IN SWITZERLAND.**—A prophecy of democracy in Europe.
14. **SOURCES OF POWER.**—The king, the nobles, the clergy and the people.
15. **MAGNA CHARTA BELONGS TO ALL LANDS.**—Contrast between European and Asiatic training.
16. **CONFLICTS BETWEEN CLASSES.**—Wars of the Roses.
17. **THE HOUSE OF STUART.**—The "Divine Right of Kings."
18. **SUPREMACY OF PARLIAMENT.**—Great political parties founded.

QUESTIONS.

13. *What are some of the striking differences between England and Switzerland? Some of the similarities? May a monarchy be also a democracy? When may the Queen refuse to follow the advice of the Cabinet? How does the English nation indicate its approval of a given measure? When may the Lords refuse to pass a Cabinet bill?*

14. *What is meant by "balance of power" in a nation? What are the sources of power and influence in the English state? Why did William I. seek to preserve the local institutions of the English? What are some of the differences between the feudal system in France and in England? What was a common attitude of the lower ranks in nobility and clergy toward the higher ranks? The difference between serfs in England and France? How did English kings promote democracy? What induced the barons to seek to win the support of the English people?*

15. *What are some of the striking differences between European and Asiatic sentiment, toward rulers? Why does Magna Charta belong to all lands? How are abuses corrected in a despotism? How in a progressive state? How was the Charter obtained? What was its object? Did the barons expect John to obey the Charter? Was it obeyed? What important lessons does the Charter teach?*

16. *Did the Charter change the old balance between the classes? How did the House of Commons originate? Is the House of Lords older than the Commons? What were the causes of the Wars of the Roses? What effect did the Wars have upon the old balance of power? Upon whom did Tudor rulers rely for support? Against whom was Tudor rule especially directed? Before the Tudor period, abuses were corrected how? After the Tudors, how? Give some of the effects of the Reformation upon English politics. What was Elizabeth's great mission? How did the House of Commons come to be an agency for expressing the national will?*

17. *What two writers influenced the policy of Henry VIII.? What is meant by the "Divine Right Theory" of government? How did the English answer the theory? How was religion involved in the Stuart debate? Who answered the Stuart theory by a democratic theory?*

18. *What are the chief differences between the Stuart, and the democratic theories of government? What was really settled by the Revolution of 1688? How did political parties originate? What were the chief Whig doctrines? Chief Tory doctrines? What enabled the Whigs to control the offices from 1688 to 1760? What enabled the Tories to control the offices from 1760 to 1830? How did the Cabinet system originate? What methods were employed to control the Houses of Parliament? How has the control of Parliament been transferred from King to People? What monarchs were Whig from necessity? Which party would a monarch naturally prefer? Did the Whig machine (the Cabinet) in the hands of a Tory king, tend to increase the power of the Crown? What great events prepared the English Whigs to appeal to the democracy of England?*

SUBJECTS FOR SPECIAL STUDY.

1. *Similarities between England and Switzerland.*
2. *Liberties of the English people favored by the conflict between classes.*
3. *Political results of Magna Charta.*
4. *Results of the Wars of the Roses, and the accession of the house of Tudor.*
5. *The house of Stuart and the "Divine Right of Kings."*
6. *Formation of the two great political parties—Whig and Tory.*

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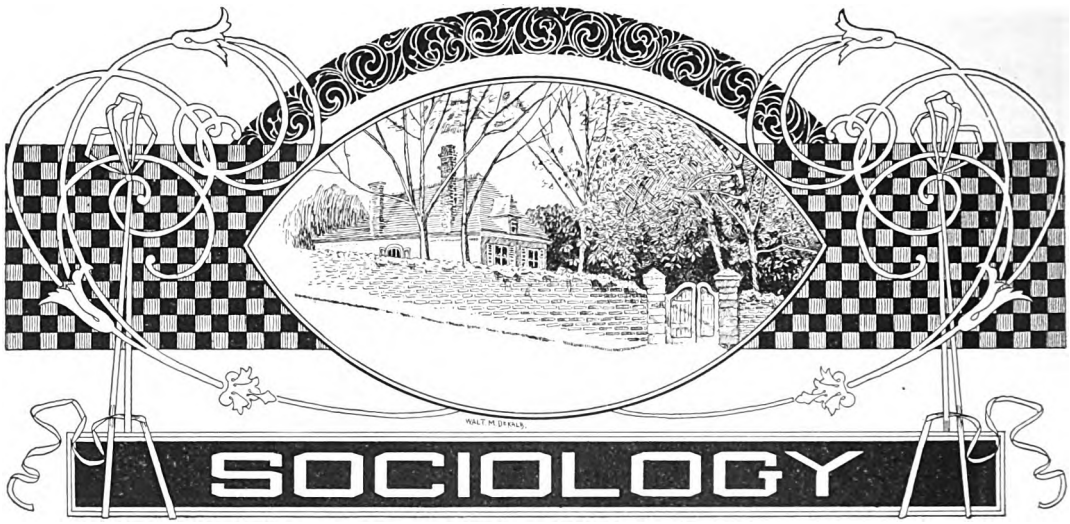

ASSOCIATION, OR THE FORMATION OF SOCIETIES.

BY

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19. AGGREGATION, OR THE COLLECTION OF SOCIAL MATERIAL.

IT is clear that the formation of groups is a perfectly natural outcome of the struggle for existence among living beings. It is suggestive that evolution in this highest phase is closely analogous to evolution at its simplest. The atoms are brought together and welded into a mass, and this massing of atoms, gives power over atoms less grouped, draws them to itself or subjects them to its control.

The analogy may be traced with more or less force into the details of this process as we shall see, thus emphasizing the essential unity of all evolution. We have now to consider some of these details, and see what the social tendency comes to when once it has started.

Every society involves a number of individuals, and some bond that holds them together. Most societies involve much more than this, that is, a complicated organization, but society at its simplest has no complex structure, only members who are all essentially alike, and who are held together by some more or less permanent bond. The members of such a society may be unlike, but their unlikeness is accidental, and in nowise significant to the society. Such a society is best represented by the herds of domestic, and wild animals, with which we are familiar, and hence this simplest kind of association is called aggregation or herding. As a matter of fact it is not certain that any of these herds are quite so simple as here described, but they come pretty near it, and such traces of structure as they have, are generally overlooked.

Writers on sociology have frequently assumed that these simplest societies have virtually no significance for the science. Their attention has been directed mostly to social organization, that is, to the specialized parts, or organs of society, and their adjustments to one another. This is what is commonly thought of, as social

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structure, and since these simplest groups or herds have no such structure, no organs or organization, they seem to have no social significance. This is a serious mistake. When such a group has been formed, and its members cemented together by a strong fellow feeling, the battle is half won. The most fundamental and important thing, in associations, is not difference, but likeness. (1) The first condition of association is that the parts shall stick together. The more these parts differentiate and require adjustment, the more powerful the cohesion must become. (2) Societies quite as often fail in the struggle for existence, through lack of the necessary cohesion, as through lack of the necessary differentiation.

Aggregate, or herd societies, present in a high degree this most fundamental requirement of association. The conspicuous thing about such a group, next to its homogeneity, is the tenacity with which it holds together. Although the members seem to have no very inspiring relations, or interchange of services, they show a strong instinct of companionship. If they are frightened they flee, but if possible, they flee together. If one is separated from the rest, it shows signs of uneasiness and distress. There is thus a social instinct, a kind of molecular attraction that holds together these simplest societies. Such a bond is indeed implied in the very existence of the group. Without it there would be no group, except by temporary accident.

It is a common impression that such social instincts are "natural," and that they are the cause and purpose of association. As a matter of fact they are acquired and are a *result* of association. First profitable and then pleasurable. This is the order in all pleasurable experiences. So whenever we find an instinct, or an inclination, we may be sure that it represents something that has proved itself profitable in the evolution of the species. The social instinct that characterizes the members of such societies, proves that even the most rudimentary association is useful. To explain association is merely to discover this utility, which we must try to do later.

Aggregation is thus characterized by homogeneity and cohesion. (3) Throughout social evolution, it is a prime essential to maintain these fundamental requirements. The social instinct is opposed to innovation, not because it brings change, but because it brings heterogeneity, differences of thought and feeling, which weaken cohesion. Innovation in religion, in government, in morals, in manners, in all lines of social procedure always find the social instinct arrayed against them, as disturbers of the peace. But still, those societies are not most successful that most effectually repress innovation. Society needs *a certain kind* of heterogeneity, as well as homogeneity and cohesion, and success depends on choosing from the mass of innovations constantly proposed, just the right ones to advance the social structure.

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19. AGGREGATION, OR THE COLLECTION OF SOCIAL MATERIAL.

(1) **Dead Weight.**—We sometimes hear it said that "it takes all kinds of people to make a world." The truth is that there are a great many kinds that could be spared without the slightest inconvenience. To be sure, in all but the simplest societies, *certain* differences are indispensable to make an efficient whole, but every such difference that is added, puts a new strain upon social cohesion and can be justified only on the ground that it is useful. Every unprofitable difference that appears in the constituency of society is so much dead weight, which hampers society in the struggle for existence. It is not by any means always clear what kinds of people are profitable and what are not, and so the powers may justly admonish us to be tolerant, but it is no justification for lawlessness and eccentricity.

(2) **Devisive Tendencies.**—Compare the devisive tendencies to be observed in a highly organized society with those of a simple society, say of cultivators of the soil. The former may have multiplied their efficiency tenfold by organization, and yet be so weakened by class jealousies and conflicts that they fall an easy prey to their less organized neighbors. There are few great nations to-day that are not more endangered by internal dissensions along lines of class, than by outside attack. The great problem of social development is to secure differentiation without alienation.

(3) **Social Bonds.**—There is often a much stronger social bond between a man and a dog, for instance, than between two men and two dogs, though the consciousness of kind is incomparably weaker and more remote. On the other hand, two rivals in politics, or love, may be clearly similar, without being in the least drawn together by their "consciousness of kind."

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20. DIFFERENTIATION, OR THE FORMATION OF SOCIAL ORGANS.

We have already said that the very simplest societies are perhaps not entirely simple and homogeneous. Aside from accidental differences of size, and strength, and shape, which perhaps hinder perfect cohesion, but have little social significance, there are almost always some traces of true specialization, and division of labor, with reference to the welfare of the group.

These begin as accidents, and are at first quite unconscious to all concerned. A sheep or a cow, more enterprising and venturesome than the rest, probably leads the herd, without knowing it, or being recognized as leader. An exceptionally vigilant antelope may unconsciously serve as sentinel. Indeed, when differences of any kind creep in, some of them are likely to prove useful, and be perpetuated.

Leaving these doubtful cases, we come to others that are perfectly clear. Herds of bison and other animals have leaders which are selected by the most vigorous competitive tests, and whose special fitness is usually quite apparent. Crows and other species, post sentinels. Sometimes the specialization is temporary, as in the case of sentinels which are necessarily relieved from time to time. Even in such cases, however, the choice is not arbitrary, but rests on a certain fitness. It is safe to assume that the sentinel crow is an old one, and one known to have good eyesight and the ability to tell a gun from a stick. Whenever the conditions permit, the office tends to become permanent. The leader of the herd whose duties do not debar him from grazing, unquestionably holds office for life or during good behavior. In the case of monkeys this leadership is more conspicious and involves more considerable functions. (1)

The most remarkable cases of specialization to be found among the lower animals, if not indeed in all nature, are found in insect societies. (2) Here there are not only well defined differences of functions, but there are the most remarkable differences between individuals. Here all question of rotation in office is at an end.

Starting with the physiological distinction of sex, other equally fundamental differences of bodily structure have been developed, which determine absolutely in advance, each individual's social function. Such societies often attain considerable complexity and are peculiarly stable.

Human societies show a very wide range of differentiation. In their simplest form they are little more than herds, though always with some beginnings of leadership. (3) Soon leadership becomes more pronounced and permanent. Then it divides into various branches, religious, military, political, æsthetic, etc., carrying corresponding divisions through the society.

These distinctions, at first temporary and vague, become fixed and definite, and continually subdivide into new classes and functions. In point of complexity the differentiation in human society, is incomparably more advanced than any other we know, but in physiological adaptation it can not compare with that of the insects. Human societies are therefore relatively unstable.

We have thus two distinct kinds of specialization, physiological and psychical. In the first, individuals have their bodies modified to suit particular functions. Such societies are rigid and stable. There is no mistaking each one's functions. Ants never rebel against the social order or talk about emancipation. This has its advantages, but there are disadvantages too. A warrior ant, however good for his function, is not good for anything else and cannot be made so in an emergency. Progress too is excessively slow.

Psychic specialization is based on differences of taste and habits. The greater differences are hereditary, as the differences between ordinary abilities and talent or genius, but most of the distinctions such as those between trades and professions

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are acquired and are easily changed at each new generation or oftener. (5) Thus, while the insect societies are based on adaptation, these psychic societies are based on adaptability. They are relatively unstable and precarious, but incomparably more progressive than the others.

There is little doubt that physiological differentiation has essentially reached its limits and that the more flexible principle has proved its superiority. (6) We have every reason to believe that association based on psychic differentiation has but begun and has a vast future before it.

20. DIFFERENTIATION, OR THE FORMATION OF SOCIAL ORGANS.

(1) **Primates.**—Finally, among sundry of the *Primates*, gregariousness is joined with some subordination, some combination, some display of the social sentiments. There is obedience to leaders; there is union of efforts; there are sentinels and signals; there is some idea of property; there is some exchange of services; there is adoption of orphans; and anxiety prompts the community at large to make efforts on behalf of endangered members —"*Principles of Sociology*," *by Herbert Spencer, p. 8.*

(2) **Species of Ants.**—Among some species of ants the process of Super-organic Evolution is carried much further—some species, I say; for here, also, we find that unlike stages have been reached by unlike species: the societies they form vary immensely, both in size and complexity.

Among the most advanced, division of labor is carried so far that different classes of individuals are structurally adapted to different functions. Sometimes, as among the white ants, or *termites* (which, however, belong to a different order of insects), there are, in addition to males and females, soldiers and workers; and it has recently been shown that there are in some cases two kinds of males and females, winged and unwinged: making six unlike forms.

Among the Saüba ants there are, besides the two developed sexual forms, three varieties of forms sexually undeveloped—one class of in-door workers and two classes of out-door workers. Beyond the division of labor among individuals of the community thus diversely constructed, we find, in some cases, a further division of labor achieved by making slaves of other ants.

We see, also, that there is a tending of other insects, sometimes for the sake of their secretions and sometimes for unknown purposes; so that, as Sir John Lubbock points out, some ants keep more domestic animals than are kept by mankind.

To which we must add that among members of these communities there is a system of signalling equivalent to a rude language, and that there are elaborate processes of mining, road-making, and building—building of which the methodical character may be judged from the statement of Tuckey, who, in Congo, "found a complete banza [village] of ant-hills, placed with more regularity than the native banzas"; or from the statement of Schweinfurth, who says a volume would be required to describe the magazines, chambers, passages, bridges, contained in a *termites*-mound.—*Ibid., pp. 5, 6.*

(3) **Headless Clusters.**—Groups of Esquimaux, of Australians, of Bushmen, of Fuegians, are without even that primary contrast of parts implied by settled chieftainship. Their members are subject to no control but such as is temporarily acquired by the stronger, or more cunning, or more experienced; not even a nucleus is present. Habitually, where larger single groups exist, we find some kind of head.

Though not a uniform rule (for, as we shall hereafter see, the genesis of a controlling agency depends on the nature of the social activities), this is a general rule. The headless clusters, wholly ungoverned, are incoherent, and separate before they acquire considerable sizes; but along with maintenance of an aggregate approaching to, or exceeding, a hundred, we ordinarily find a simple or compound ruling agency—one or more men claiming and exercising authority that is natural or supernatural, or both. This is the first social differentiation.

Soon after it there frequently comes another, tending to form a division between regulative and operative parts. In the lowest tribes this is rudely represented only by the contrast between the relative positions and functions of the two sexes, the men, having unchecked control; carry on such external actions as the tribe shows us, chiefly in war; while the women are made subject drudges, who perform the less skilled parts of the process of sustentation. But that tribal growth and development of chieftainship which gives military superiority, presently results in enlargement of the operative part by the addition of captives. This begins unobtrusively, While in battle the men are killed, and often eaten, the non-combatants are enslaved; the Patagonians, for example, make slaves of women and children taken in war. Later, and especially when cannibalism ceases, comes the enslavement of male captives; whence results, in some cases, an operative part clearly marked off from the regulative part. Among the Chinooks, Ross tells us that "slaves do all the laborious work." We read that the Beluchi, avoiding the hard labor of cultivation, impose it upon the Jutts, the ancient inhabitants whom they have subjugated. According to Beecham, it is usual on the Gold Coast to make the slaves clear the ground for cultivation. And by the Felatahs, "the male slaves are employed in the various trades of building, working in iron, weaving, making shoes or clothes, and in traffic; the female slaves in spinning, baking, and selling water in the streets."

Along with that increase of mass caused by union of primary social aggregates into secondary ones, a further unlikeness of parts begins to arise. The holding together of the compound cluster implies a head of the whole as well as heads of the parts; and a differentiation analogous to that which originally produced a chief, now produces a chief of chiefs. Sometimes the combination is made for defense against a common foe, and sometimes it results from conquest by one tribe of the rest.

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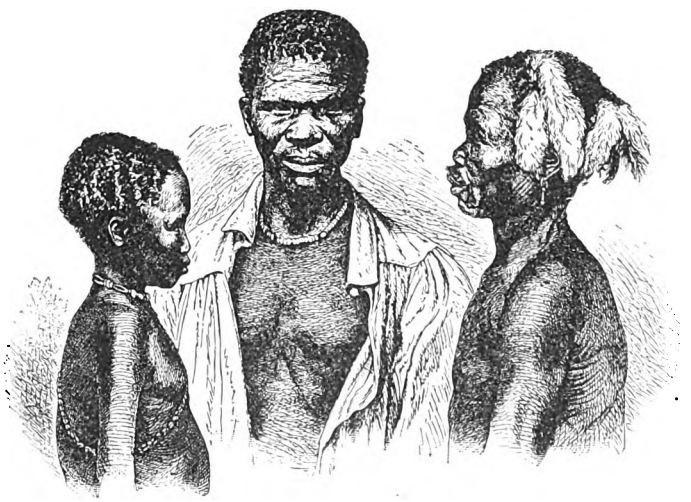
In this last case the predominant tribe, in the maintenance of its supremacy, develops more highly its military character: so becoming unlike the others.—"*The Principles of Sociology*," *by Herbert Spencer, Vol I, pp. 490, 491.*

(4) **Social Growth.**—Societies, like living bodies, begin as germs—originate from masses which are extremely minute in comparison with the masses some of them eventually reach. That out of small wandering hordes such as the lowest races now form, have arisen the largest societies, is a conclusion not to be contested. The implements of pre-historic peoples, ruder even than existing savages use, imply absence of those arts by which alone large aggregations of men are made possible.

Religious ceremonies that survived among ancient historic races, pointed back to a time when the progenitors of those races had flint knives, and got fire by the friction of wood; and so must have lived in such small clusters as are alone possible before the rise of agriculture.



Types of Australian Bushmen.

The implication is that by processes of integration, direct and indirect, there have in course of time been produced social aggregates a million times in size the aggregates which alone existed in the remote past. Here, then, is a growth reminding us, by its degree, of growth in living bodies.

Between this trait of organic evolution and the answering trait of super-organic evolution, there is a further parallelism: the growths in aggregates of different classes are extremely various.

Glancing over the entire assemblage of animal types, we see that the members of one large class, the *Protozoa*, scarcely ever increase beyond that microscopic size with which every higher animal begins.

Among the multitudinous and varied *Cœlenterata*, the masses range from that of the small Hydra to that of the large Medusa.

The annulose and molluscous types, respectively show us immense contrasts between their superior and inferior members. And vertebrate animals, much larger on the average than the rest, display among themselves enormous differences.

Kindred varieties of growth strike us when we contemplate the entire assemblage of human societies. Scattered over many regions there are minute hordes—still extant samples of the primordial type of society.

We have Wood-Veddahs living sometimes in pairs, and only now and then assembling; we have Bushmen wandering about in families and forming larger groups but occasionally; we have Fuegians clustered by the dozen or the score.

Tribes of Australians, of Tasmanians, of Andamanese, are variable within the limits of perhaps twenty to fifty. And similarly, if the region is inhospitable, as with the Esquimaux, or if the arts of life are undeveloped, as with the Digger-Indians, or if adjacent higher races are obstacles to growth, as with Indian Hill-tribes like the Juangs, this limitation to primitive size continues. Where a fruitful soil affords much food, and where a more settled life, leading to agriculture, again increases the supply of food, we meet with larger social aggregates: instance those in the Polynesian Islands and in many parts of Africa. Here a hundred or two, here several thousands, here many thousands, are held together more or less completely in one mass. And then in the highest societies instead of partially-aggregated thousands we have completely-aggregated millions.—*Ibid., pp. 481, 482*

(5) **Caste Tendencies.**—There is always a tendency in human societies to introduce something of the rigidity which characterizes insect societies. This happens whenever and in so far as function is made dependent on birth, and differentiation is thus made hereditary. This characterizes the caste societies of India, and has from time to time gained a strong hold in the civilizations of Europe. Every conspicuous advance in social organization in European countries has been marked by a break in this rigidity and a return to a freer and more efficient specialization. Napoleon's motto, "Career open to talents," a principle which he applied with conspicuous ability, accounted in large measure for the wonderful efficiency of the organization which he introduced into the French army and state.

(6) **Waste in Specialization.**—There is a great waste in physiological specialization due to the fact that functions are not evenly distributed through the life of the society. Thus the males in a bee-society are needed for a time and then killed because their function is completed, and they cannot adapt themselves to a new one. Moreover, heredity, with all its wonderful achievements, has but a limited power to reproduce complicated mechanisms. It produces two sexes in approximately the right proportions with wonderful uniformity, but suppose it had to produce ten sexes in very different proportions. Yet this is but the hundredth part of the differentiation required for the highest societies. It is infinitely more feasible to have people born fairly homogeneous or plastic, and shape them as circumstances may require, the more so since circumstances themselves may be relied upon to do most of the shaping.

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21. ORGANIZATION, OR THE CORRELATION OF ORGANS.

As differentiation proceeds, society is divided into classes with separate functions, These we have called organs in the absence of a better term. The building of a society, however, requires that the differences that appear in individuals should be sorted, trimmed and adjusted, a process which we call organization. It is but a phase of the great process of experimentation by which nature arrives at all her results. It is accomplished by a threefold selection.

In the first place, natural selection, or the struggle between individuals, on their own account, usually coincides in a measure with social interests. The leadership of the herd is best intrusted to the strongest and most sagacious, and these qualities are the ones that prevail in individual conflict.

But beyond these most primitive adaptations, the individual struggle cannot accomplish the social purpose. (1) Here comes in, group selection or the struggle between groups as such. The group that has the most advantageous differentiation, or division of labor among its members, will triumph over the less well organized,(2) and these particular specializations will prevail, because they belong to the prevailing group.(3)

This again will not go very far, without involving a new kind of selection. Only the very lowest groups will trust to luck for the specializations, and adjustments, which are necessary to their existence. Finding by experience that some kinds of individuals contribute to the welfare and efficiency of the group and that others hinder it, the group soon learns to bestir itself to secure the one and get rid of the other. (4)

In this it utilizes, to a large extent, the struggle between individuals, but decides the conflict by throwing its favor into the one scale or the other. More and more the struggle between individuals becomes a struggle for social favor, and the group thus becomes arbiter of all struggles affecting its own interests. The useful, are thus more and more, effectually distinguished from the useless, while the refractory are summarily dealt with.(5) The competition between societies thus becomes a question of selective efficiency.

By this threefold selection, society develops the necessary types, and classifies its members for the different social functions. There is need not only of carpenters, shoemakers, etc., but of a certain proportion between them. If there are too many of the one, and too few of the other, the excess is not without utility, but this utility does not compensate for the lack on the other side. More tables and trunks are desirable, but not if we have to go barefoot to get them. Here again the pressure of the group interest makes itself felt. The carpenters find the public apathetic and prices low. The shoemakers the reverse. Voluntarily or involuntarily, the numbers of the one class decrease, and of the other increase, till the proper proportion is established, which is indicated by their enjoying an equal measure of social favor. This illustration is taken from one of the most artificial and complex of social developments, the field of industrial exchange, but the principle is the same in the simplest and most unconscious societies, as in the most developed. Disproportion means weakness and inefficiency, no matter how good the differentiations in themselves may be. It is not improbable that cases could be found in which societies have succumbed to this weakness. (6)

Sorting and trimming lead the way to adjustment, or actual organization. This process which has been clumsily but accurately described, as subordination and superordination, consists in the establishment of a unified control over the various organs. No matter how well adapted to one another these organs may be, they will not work together unless there is a right of initiative somewhere, and whoever has this right of initiative, has so far as that action goes, a certain preëminence or superiority. Even in the simplest groups, which have little other purpose than uni-

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form action, some one must give the signal. The more functions multiply, the more need there is of direction and control. Ultimately, a whole hierarchy of agents develops, to which society is ever more effectually subjected as a condition of holding together, and exercising its complicated functions.

The dream of a society without subordination and superordination (7) is a perennial utopia which defies the most obvious necessities of social organization.

The needful thing is not to weaken and destroy social direction, but to make it as serviceable as possible. To destroy it would be to destroy society. The growth of society means the growth of dependance among men. Corrrelated dependance must triumph because it means organization and power.

21. ORGANIZATION, OR THE CORRELATION OF ORGANS.

(1) **Individual Struggle.**—That is, it cannot *adequately* accomplish the social purpose. It never ceases to contribute to that purpose, however, even in the highest societies. Wherever men vie with one another in the performance of useful functions, both the stimulus, and the selection resulting, are directly in line with the social purpose.

(2) **Group Selection.**—This group selection is similar to the selection between species. Not only do weak individuals disappear before stronger ones, but the same is true of whole species whose plan of organization proves less efficient than some other.

(3) **International Trade.**—Excellent illustrations of the relation of individual, to group competition, are found in international trade. Two nations may constitute separate groups without excluding individual competition between their members. Thus English merchants may compete with French merchants in selling to French customers. But if the Englishman undersells the Frenchman, the latter can, and usually does, appeal to his government for protection, that is the forcible exclusion of the foreigner from the competition. The result is that the weaker competitor, who would have been forced out of the business, is saved. This seems to him, and usually to his countrymen, to be a great gain. It must never be forgotten, however, that all the weakness that is thus preserved becomes a weakness of the group. Spain is an illustration of the extensive application of this policy. She has everywhere "protected Spanish interests" by requiring her colonies and her own citizens to buy of her own merchants and manufacturers. The result is that thousands of men have been enabled to do business who would have perished in free competition with Englishmen. But nature will not thus be balked. The stopping of individual selection, only results in a substitution of group selection. Spain is impoverished and exhausted with the accumulated incompetency which her "protection of Spanish interests" has kept alive, and the result is irretrievable collapse. Nothing is more perilous than the preservation of those who lower the efficiency of society. On the other hand, as we shall see, there is equal peril in their neglect or careless elimination.

(4) **Exclusion.**—Wolves are known to kill members of the pack. This principle finds very extensive application in human society. It is a prevalent idea that as society becomes more humane, it ceases to eliminate its troublesome members. This is only apparent. Society grows more exacting, as it grows more complex and delicate, and its rejections are increasingly numerous and final. The progress of humanity is not in the direction of greater inclusion, but in the direction of more painless exclusion. Elimination becomes more subtle and inconspicuous, producing less rebellion in its victims, and less painful reaction in the spectators. But society must eliminate the unsuitable and uneducatable, or be itself eliminated, One of the most important parts of sociology is the study of the refined means by which modern societies effect this elimination.

(5) **Elimination.**—The refractory are not by any means the only ones that are eliminated. Many animals kill the old and sick in their number, apparently to prevent being hampered in their movements, or from the experience that such members in the group attract enemies. The Eskimo and other savage tribes do the same. The practice of infanticide, which is always the killing of female infants, prevails in many parts of the world for a similar reason. Women being less strong than men, and in a society with little foresight and feeble prudence, being early married, there is constant danger of a disastrous preponderance of unproductive members in society. This is prevented by the very crude means of reducing the number of female infants.

But there is everywhere in progressive societies, a tendency to restrict the use of violent and summary methods to the elimination of those who resist the social will or attack the social order. Even for this purpose its use is more and more restricted. One indication of this is found in the change in criminal law in England.

By 1797 the number of capital offences was one hundred and sixty, and it rose to two hundred and twenty-two, when the efforts of Sir S. Romilly for reform in this matter, succeeded only so far as to have pocket-picking, which was capital if above one shilling, taken out of the list of capital offences.

In 1811 he failed in his Bill for withdrawing the offence of stealing from bleaching-grounds, from the list of crimes then punishable by hanging; and in 1812 the same ill success met his Bill relating to soldiers and sailors found begging: so also in 1813, 1816, 1818, he failed in his most moderate desire to abolish capital punishment for stealing to the value of 4s. from shops. In 1833 a child of nine was sentenced to be hanged for poking a stick through a patched up pane of glass, and stealing twopence-worth of paint, but he was not executed.

In 1829, however, thanks to the discussion of the question, the practice had been so far modified that only twenty-four were hanged in London for crimes other than murder.

Between 1832 and 1835 a sweeping and general change was at length made, by immensely reduc-

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ing the list of capital felonies, and further reductions were made in 1837 and 1841.

From 1832 to 1844 none were hanged for any other crime than murder. In 1861 the law was made to correspond with this practice, by abolishing that punishment for seven other crimes, which till then could legally be so punished, so that now murder and treason, piracy with violence, and setting fire to dockyards and arsenals, are the only crimes for which death can be pronounced.

Numerous, however, as were the capital executions in the times referred to, culprits being strung up in batches at Tyburn, it would be far from correct to suppose that a sentence of death was mostly followed by execution. In 1805 only sixty-eight persons were hanged out of three hundred and fifty sentenced to death; and though in 1831 no less than sixteen hundred and one persons, received that sentence it was only carried out in fifty-two cases, and of these fifty-two, murder was the crime of twelve of the offenders.

The contrast between the punishment awarded and that which was actually endured if the capital sentence was commuted was almost ludicrous, and justifies Coke's opinion that criminals reckoned on the commutation, so that the penalty and sentences lost their terrors. For instance, of seventeen capitally convicted at Newgate in 1835-36, two suffered, two had three months' imprisonment, and the rest various terms.

Sir James Stephen says that when all restrictions on benefit of clergy had been removed by the beginning of the eighteenth century, the punishment for all common offences became slight. If a man was not hung he was discharged, or at most, imprisoned for a year without hard labor.

It has been stated above that in 1833 the number of executions in England and Wales was fifty-two; in 1831 it was sixty-eight; in 1836 it had fallen to seventeen, and from then to the end of 1883 there have been in the forty-seven years, five hundred and fifty seven persons executed, or an average of twelve a year nearly; the smallest number in any of these years was four, in 1871; and the largest was twenty-two in each of the years 1863, 1876, and 1877. During these years the population of England and Wales had risen from fifteen million, one hundred and three thousand, seven hundred and seventy-eight, to twenty-six million, seven hundred and seventy thousand, seven hundred and seventy-four. The course of the changes by which, during this period, the law has been brought more nearly to accord with the sentiments which governed the practice is very striking. In 1836, 1837, and 1838, there were nine hundred and fifty-four sentences to death, but only thirty-one executions.—"*The Punishment and Prevention of Crime*," *by Col. Sir Edmund F. Du Cane, p. 18-20.*

In the reign of Henry the Eighth, there are said to have been seventy-two thousand criminals executed in thirty years. During a like period in Victoria's reign there have been three hundred and sixty executions, or one two hundredth part as many, though the population is probably at least six times as great.

(6) **Policy of Europe.**—First, the policy of Europe occasions a very important inequality in the whole of the advantages and disadvantages, of the different employments of labour and stock, by restraining the competition in some employments to a smaller number than might otherwise be disposed to enter into them.

The exclusive privileges of corporations are the principal means it makes use of, for this purpose.

The exclusive privilege of an incorporated trade necessarily restrains the competition, in the town where it is established, to those who are free of the trade. To have served an apprenticeship in the town, under a master properly qualified, is commonly the necessary requisite for obtaining this freedom. The by-laws of the corporation regulate sometimes the number of apprentices which any master is allowed to have, and almost always the number of years which each apprentice is obliged to serve. The intention of both regulations is to restrain the competition to a much smaller number than might otherwise be disposed to enter into the trade. The limitation of the number of apprentices restrains it directly. A long term of apprenticeship restrains it more indirectly, but as effectually, by increasing the expense of education.

In Sheffield no master cutler can have more than one apprentice at a time, by a by-law of the corporation. In Norfolk and Norwich no master weaver can have more than two apprentices, under pain of forfeiting five pounds a month to the king. No master hatter can have more than two apprentices anywhere in England, or in the English plantations, under pain of forfeiting five pounds a month, half to the king, and half to him who shall sue in any court of record.

Both these regulations, though they have been confirmed by a public law of the kingdom, are evidently dictated by the same corporation spirit which enacted the by-law of Sheffield. The silk weavers in London had scarce been incorporated a year when they enacted a by-law, restraining any master from having more than two apprentices at a time. It required a particular Act of Parliament to rescind this by-law.

Seven years seem anciently to have been, all over Europe, the usual term established for the duration of apprenticeships in the greater part of incorporated trades. All such incorporations were anciently called universities; which indeed is the proper Latin name for any incorporation whatever. The university of smiths, the university of tailors, etc., are expressions which we commonly meet with in the old charters of ancient towns.

When those particular incorporations which are now peculiarly called universities, were first established, the term of years which it was necessary to study, in order to obtain the degree of Master of Arts, appears evidently to have been copied from the term of apprenticeship in common trades, of which the incorporations were much more ancient. As to have wrought seven years under a master properly qualified, was necessary in order to entitle any person to become a master, and to have himself apprentices in a common trade; so to have studied seven years under a master properly qualified, was necessary to entitle him to become a master, teacher, or doctor (words anciently synonymous) in the liberal arts, and to have scholars or apprentices (words likewise originally synonymous) to study under him.—"*Wealth of Nations*," *by Adam Smith, LL.D., pp. 125, 126.*

(7) **Philosophical Anarchist.**—Something very like this is the ideal of the philosophical anarchist (not to be confounded with the bomb thrower). He believes, as the name of his philosophy implies, in no government, no *enforced* coördination, asserting that the differentiated parts will make the necessary connections, quite spontaneously if left entirely free. It would be difficult to find in human experience any ground for this confidence.

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22. SIMPLE AND COMPOUND ASSOCIATION.

The societies which we have so far considered, are very different from those with which we are familiar. The herd, with its simple mass of cohering units has no counterpart in human societies, and even the simple group with differentiation and organization exists as its were, only artificially (1) or by accident. Yet it is out of these simple social elements, that the exceedingly complex groups of which we are a part, are compounded. (2) This compounding is again a natural continuation of the process of social evolution. It is well to notice some of its main results before analyzing the process.

An organized society in its simplest form, would be a group whose members were specialized for particular functions, and were controlled by a simple directive head. A small factory, or firm, where the few workmen are differently occupied, but are responsible to a single foreman, would be a society of this sort, a highly artificial one to be sure, in this case, being a product of a complex society, and incapable of separate existence, but one which has its counterpart in nature, and represents a stage, through which all higher association had apparently passed. If the group grows to any size, however, a more complex organization is necessary in order to diffuse or distribute the control. (3)

Thus sub-groups appear within the main group. The state is divided into provinces and communities, churches have their episcopates, dioceses and parishes, political parties their larger and smaller divisions, etc. Whenever we find any considerable number of individuals cohering, be it in a definite and tangible, or in a nebulous or loosely united group, we find this same tendency to sub-organization.

It is important to distinguish this compounding, from another process often confounded with it. A parliamentary body appoints committees and sub-committees, but this formation of parts within the whole, is very different from the case we have been considering. Each committee has a special work to perform, and is thus essentially different from all other committees. Such a division is therefore a case under differentiation.

On the other hand the counties which compose the state, are all essentially alike, the only purpose of such a division being to distribute throughout the group the service of coördination, or whatever it may be. In the same way the human body is divided into organs, heart, brain, stomach, etc., which have special functions. This is differentiation. But these several systems, circulatory, nervous, etc., are branched and distributed in the interest of more perfect organization. This is compounding.

As the foregoing analogy suggests, a society may become compound along many lines, each of the social functions dividing in its own way, and evolving its own organization. But now comes in, a complication which seems to have no counterpart in the physical organism. The several lines of organization seem to modify and control one another. Thus, not only political parties, but churches, agricultural societies, etc., tend to organize along state lines, though these lines are frequently quite unadapted to their purpose. But the reaction of one organization upon another, does not stop with this simple influence of suggestion. (4) The persons who compose these several organizations, being largely the same, inevitably carry into one organization the sympathies and antipathies, which they developed in another.

All are familiar with the influence of church, race, language, industrial relations, etc., on politics. The practical politician is aware that many other perfectly irrelevant relations have to be reckoned with, in manipulating an election. (5) Thus each social function or interest, attempts to organize society for its own purposes, but their efforts cross and modify one another, the social organization thus

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passing from the compound to the complex, and becoming ever more difficult to analyze and control.

Still in another direction, appears which we may call coördinate competitive organization. Political parties organize along parallel lines, one holding power and the other waiting its turn. They are not differentiated, for they perform the same function in turn. Nor are they divided for distributive control for they are coördinate. The division is based upon a new function which seems to be indispensable to the maintenance of social equilibrium.

Finally, there is destructive competitive organization, groups formed within groups which they tend to disintegrate or absorb. (6) Sometimes this is intentional, sometimes the reverse. They may be mere morbid subdivisions of the society itself, as revolting provinces in a state. Their significance will be more apparent when we come to consider dissociation, a process which has its constructive side.

22. SIMPLE AND COMPOUND ASSOCIATION.

(1) **Artificial Societies.**—Such artificial societies are the clubs, associations, unions, etc., which are formed in all advanced societies for a great variety of purposes. These, with their president and well-defined constituency, are images of society in its beginnings, but they are possible only when men have been so long accustomed to association that it has become second nature to them "to organize" for everything they do. But while the first societies are involuntary and unconscious these later associations are conscious and voluntary.

(2) **Serial Societies.**—By compounding is meant the establishment of a series of societies, each dependent upon the one above it. A complex organization, on the other hand, is not serial, but made up of societies which have dependencies in several directions. If the first is represented by a chain, the second is more like a spider's web. But these similes are most imperfect suggestions of the complexities of modern social organization.

(3) **Aggressive Type.**—This is true of human societies and of all societies of the aggressive type, to which human societies belong. The growth of organization, along with growth in size, is often asserted as a general rule, as by Spencer and others who find in this fact a close parallel to the development of the individual organism. But if we consider the less aggressive species which seek safety in flight, we find enormous aggregations with little or no organization, or tendency to organize. These vast and unorganized herds seem to have no analogue in physical organisms.

(4) **Suggestion.**—By suggestion is meant the psychological process usually known by this name, though included by the famous French writer, Tarde, under the name imitation. As we shall see later, it plays a very great rôle in organizing and developing society, Its action in this case is very simple. A territory has to be divided up for purposes of organization, and there is no particular reason why one division should be adopted rather than another. In the absence of any other suggestion, the divisions that already exist inevitably occur to us, and are adopted in default of serious reasons to the contrary.

(5) **Reaction.**—An excellent illustration of the reaction of one organization on another, is found in the relation between national and municipal politics. In theory the political differences of the one have nothing to do with those of the other, but in practice they always do. Parties formed for national issues, not only lend their names to municipal organizations, but there is a strong tendency to preserve the same nominal allegiance in the one case as in the other, even in defiance of personal convictions. This is partly a mere matter of suggestion, the party names having acquired favorable or unfavorable associations, so that a man gravitates naturally to the one or the other. But quite apart from this, the division created in national politics produces attractions and repulsions, and even habits of thought and action, which are very real facts to be reckoned with, in municipal affairs. Certain municipal politicians, too, always have an interest in keeping these irrelevant considerations in the foreground, to distract attention from what they are doing. On the other hand, those who are interested in national politics are apt to be apprehensive of new divisions among men for any purpose whatever, knowing that the feelings which keep their parties together are likely to be somewhat weakened by the new alignment.

(6) **Tendency to Disintegration.**—An interesting illustration of the tendency to disintegrating organization within societies, is furnished by the Roman Catholic Church. This remarkable organization, like all others that have had a long history, has had to deal constantly with tendencies to schism or destructive organization within itself. This has been prevented by a process which we may call encysting. The destructive organization has been given freedom within well-defined limits, and has constituted a receptacle for all spirits similarly disposed, who have thus found within the church, a group which furnished affiliations and activities congenial to their temperament. Thus have grown up the great orders which, with all their variety in action and spirit, agree in this, that they confess allegiance to the church.

The Protestant Church, on the contrary, has pursued till recently the policy of no compromise with schismatics. Whatever may be the advantages of this from a religious or an intellectual standpoint, it has been less remarkable as an achievement in organization. For more than ten centuries the Roman Church kept together, under one coördinating and influential control, the divergent elements which in the Protestant Church have formed a multitude of sects which are now somewhat vainly seeking coördination.

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23. PROGRESSIVE ORGANIZATION.

Organization becomes more and more complex as society grows. This complexity takes place mainly in two ways which, however, usually work together and produce joint results. These we may call composition and division. In the first, small groups are amalgamated into larger ones, but without altogether losing their identity and organization. In the second, large groups are divided into smaller groups, but the latter do not become entirely independent. In either case the result is a compound organization or society, though usually with slight differences of form.

The most conspicuous example of the first process is the amalgamation of small states into larger ones, usually through conquest, more recently and rarely by federation. Nearly all great states have been thus formed. The Roman and German empires represent the two methods with slight modifications. (1) The tendency to amalgamate smaller groups into larger ones seems to be universal, and to be quite in harmony with the cosmic and organic processes. The large states now existing as the result of federation or conquest, are already experimenting with alliances, which in some form can hardly help becoming permanent, (2) while the nebulous elements of the savage and semi-civilized world are being slowly attracted to these powerful centers. (3) The amalgamation can hardly be completed without much collision, and breaking up of combinations already formed; (4) but these are apparently but incidents in the process of consolidation. A similar tendency is now apparent among Protestant denominations, minor political parties, temperance societies, charity societies, etc. The reason is everywhere the same. Union means strength, efficiency, survival, while independence means weakness and extermination. Men are not *attracted* together, save it be incidentally by the mere momentum of long-established social relations. (5) They are *forced* together (6) by the necessities of their existence and finally learn to like it.

Combinations thus formed make use of former divisions for purposes of sub-organization. The federated states serve as administrative districts, though often ill-adapted to the purpose, and their former machinery is utilized and coördinated as far as may be. Such a composite is illogical and unsystematic, but it lives on with tenacious vitality. (7)

Division is the opposite of composition. Groups pressed hard by competition are compelled to elaborate and refine their organization, and this involves a minuter distribution of functions by division. Thus in the American Union the states which have been federated into a nation, have in turn been divided into counties, (8) townships, etc., for purposes of administration. These divisions are far more regular and systematic than the accidental division of the Union into states, but they are more superficial.

The United States illustrates a still farther case of division, namely a division superimposed on an amalgamation. The Union, composed of independent states, has been in turn divided for purposes of federal administration, such as justice, revenue collection, etc., but the influence of state lines is traceable in these new divisions.

It must not be supposed that only concrete organizations like the state, undergo this process of amalgamation and division. Nowhere is the process more potent than in those subtle combinations which we seldom think of as societies at all, but which control all social forms. The amalgamation of races in the United States, and of Protestant denominations here and elsewhere, is more complete than the amalgamation of our states. In the case of denominations the external divisions, and formal differences live on by simple inertia, but the profound differences of feeling and interest, which created these concrete differences, have largely disappeared. There has been a psychic, or spiritual amalgamation of the component

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elements of these once hostile groups. The antipathies between North and South, Catholic and Protestant, have also noticeably diminished under pressure of constrained union, and its resulting sympathies and community of interests.

The test of amalgamation is the ability to bear division along new lines. So long as there was a "Solid South" the repulsion between North and South was stronger than the pressure of those interests which tended to constrain people of the two sections to unite. Continued association must promote psychic amalgamation, unless for economic or other reasons, the union fails to secure that collective efficiency which usually results from size.

Then the sense of failure develops suspicion and dissension, and the unprofitable organization disintegrates.

23. PROGRESSIVE ORGANIZATION.

(1) **Formation of Roman Empire.**—The Roman empire was formed mostly by conquest, but it received some accessions by legacy and alliance. The German empire is a federation of rather heterogeneous elements, but with unequal privileges. This confederation would probably never have taken place had it not been for the growing power of Prussia, accomplished by conquest rather than by federation.

(2) **National Alliances.**—Some of the existing alliances seem superficial and temporary, notably the alliance between Russia and France, in which neither geographical, nor race interests are considered, but merely jealousy of a common rival and the hope of mutual advantage. Our own "manifest destiny" has been a matter of doubt, but that we were becoming involved in larger combinations, has long been clear.

The question has been whether that combination would be an Anglo-Saxon alliance, favored by unity of race, or a pan-American alliance based on unity of territory Recent events seem to be answering the question as to the relative feasibility of these two. The only wonder is that we ever needed to wait for this answer.

(3) **Vassalage of Races.**—The uncivilized world is already wholly appropriated. Not a foot of soil in Africa, Asia or America has been left to savage local self government.

The process has now gone farther, and the semi-civilized races are coming into more or less direct vassalage to the great powers. The last few months have witnessed a remarkable decision in the great court of nations, regarding a highly civilized people, the Chinese. Encroachments on the part of certain powers roused others to the critical condition of the Chinese empire, and called forth a vigorous assertion that its integrity must be maintained. But inside of a few weeks, the inertness and helplessness of the great empire led to a reversal of this decision, and the energetic states virtually voted unanimously that China had failed to pass muster as an independent state, and was destined to absorption. And when this, and other absorptions now pending, are finished, other countries will come up for trial.

There must be vast changes in some of them to secure an acquittal. The political unification of the world may not be near, but it is approaching and inevitable. Political unification is relatively an outward and superficial one, but it is the symptom of a social unification which is far more significant and quite as inevitable, but much slower and more difficult.

(4) **Breaking of Combinations.**—Those combinations are most likely to break up, which are merely political, being backed up with little social, religious and industrial unity. It has been said that within two centuries the great powers will be reduced to two, the Anglo-American and the Russian, the others being absorbed or outgrown. If so, the former, despite its loose connection, must prove far more stable on account of its unity of race, language, feeling and culture, a unity which the Russian power with all its autocracy and territorial compactness, cannot acquire in a calculable period.

(5) **Social Bonds.**—When men have lived in some sort of association till they have established a strong social bond, this will bring them together in connections where it has no significance. Thus, race feeling leads foreigners to combine in America, where their race feeling no longer serves any social purpose. So with class reunions, alumni associations and all manner of residual expressions of feeling generated under former conditions of pressure.

(6) **Strength in Union.**—The American colonies were jealous and almost openly hostile toward one another, till the necessity of meeting a common danger forced them to unite. The different parts of the British empire are thoroughly friendly, but they show no inclination to form an organic union. Nor is there the slightest hope of their doing so till the empire is faced with a danger too great for the mother country to meet alone. There is not a case in history of a new combination formed under any other condition than that of compulsion.

(7) **Division of States.**—Notice the division of Massachusetts, especially the eastern part. Also the persistence of the Saxon Heptarchy in modern England. The administrative and judicial machinery of England is a good illustration of this composite manufacture, though it has been much simplified and unified in recent years.

(8) **Formation of States.**—This division has not been uniform. In the original states, the township was apparently the original unit, and the state formed, partly at least, by federation. In the western states, which were more artificially created, the state government was the original unit, and the division into counties and towns was undertaken in an artificial manner, partly in imitation of the eastern states, partly to supply a real administrative need Great differences exist in different parts of the country, as to the proper place of the county and town, and the final adoption of the latter, as a subdivision of the former is neither very vital nor wholly universal.

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24. DISSOCIATION, OR THE DISSOLUTION OF SOCIETIES.

Taken in the largest sense, social evolution has been steadily constructive from the first. Human beings have steadily gained in cohesion and efficiency of organization during all the period of which we have any knowledge. There is every reason to believe that existing societies are the most coherent and efficient that have ever existed. Whether human society, as a whole, must eventually weaken and disappear, as some believe, is not a pressing question. For the present the bonds are strengthened that hold men together.

But this does not mean that individual groups are everywhere gaining at all times, or that each particular social bond is at all times growing stronger. On the contrary, the very processes that we have described, imply a constant displacement of small groups by large ones, and old systems by new ones. (1) A progressive society, like a growing human body, is always building, but is always tearing down, always dissolving its own structure. Dissociation is, therefore, a normal part of association, and upon its efficiency depends in large measure the progress of society. If dissociation is difficult, change is difficult, and progress is necessarily slow. Everywhere the organization of men for political, religious, industrial or other purposes, halts and waits for old and effete organizations to pass out of the way.

It is of the utmost importance that society should have an efficient means of clearing the ground as a condition of its constructive work.

The simplest and best means of social dissolution we may call absorption, a gradual transfer of functions from one group to another.

This is especially apparent when smaller societies of a primitive character are included in larger and more vigorous ones. Thus the patriarchal or composite family gradually found itself included in the larger group of the state. For a long time the functions of justice, religion, industry, etc., were all in the family. The state having control of military operations simply. Slowly these functions were absorbed by the state, and at last the composite family virtually disappeared. (2) Even the simple family, consisting of parents and their offspring, has been steadily deprived of its functions by the state, which now deals with individuals directly in almost all relations. (3)

A similar absorption frequently takes place in amalgamated societies, where it is generally known as centralization. (4) This process is conspicuous in the development of the American Union, and few things are more instructive in the history of this country than the way in which the states have defeated their own purpose to prevent being absorbed by the federal government, which they had constituted. (5)

A different case is that in which rival organizations, or organizations whose relation to each other is not fully determined, come into competition. Such absorption is frequent in governments whose organization is not fully unified. Thus, in the course of six centuries, the English House of Commons has absorbed the functions of the monarch and in large measure those of the House of Lords. Something of the same absorption seems to be going on in our own government. (6) The same issue between temporal and ecclesiastical organization has long since been decided everywhere in favor of the former. (7)

This absorption is accomplished everywhere by competition, the superior pressure of efficiency as demonstrated by experience. The group throws in its influence in favor of the arrangement that seems most advantageous. If it chooses wrong, it too, perishes with its mistaken choice.

This process of absorption through competition for efficiency, is especially marked in industrial organization. Through the wonderful process of exchange, which tests with the utmost nicety the efficiency of industrial organizations, the whole world joins in a systematic (though unconscious) effort to starve out inefficient industrial and social systems, and to encourage the substitution of more efficient

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ones. (8) Machine industry thus absorbs hand industry, and dissolves the social order that is built up on it. (9) This may involve the decline of whole nations in wealth and numbers, even in moral and intellectual power.

Absorption thus leads in many cases to dissolution by rupture and collision. It is rare that absorption proceeds quietly, till the waning organization disappears entirely. More often it is complicated by conflict, which initiates, or hastens, or terminates, the process. A war between states or railroads may cripple one of them, after which absorption is easier. But where the fortune of war subjects a highly civilized people to a lower one, the absorption may be quite the reverse of the conquest. The better organization prevails, whether it belongs to the conqueror or the conquered, surviving by virtue of fitness, which overcomes all prejudices. (10)

24. DISSOCIATION, OR THE DISSOLUTION OF SOCIETIES.

(1) The New Order.

"The old order changeth, yielding place to new,
And God fulfills himself in many ways,
Lest one good custom should corrupt the world.
Comfort thyself; what comfort is in me?
I have lived my life, and that which I have done
May He within himself make pure! But thou,
If thou shouldst never see my face again.
Pray for my soul. More things are wrought by prayer
Than this world dreams of."
—"*Morte d'Arthur*," *by Tennyson.*

(2) Family Group.—There are some relics of the patriarchal family still in the laws of inheritance, and guardianship, which recognize the claim of a man's relatives to his property and his children, in case ordinary ownership or control is in default. These are reminders of the time when property and children belonged, not to individuals, but to the whole complex family group.

(3) Responsibility.—For example, a man used to be held responsible for the crimes committed by his wife and children. Now each is responsible for his own deeds. It is an interesting study to trace the different connections, in which responsibility to the state has been substituted for responsibility to the person.

(4) Transfer of Authority.—France furnishes the best illustration. The transfer of authority, from the local lords to the monarch, was effected principally by Richelieu and exercised the profoundest influence on later French development.

(5) Amendment.—This was especially effected by the passage of XI. Amendment to the Federal Constitution, designed to protect the pecuniary independence of the states, and prevent their being sued for debt. It resulted in weakening their credit, and so in reducing them to relative nuimportance.

It (the eleventh amendment) provides that "the judicial power of the United States shall not be construed to extend to any suit in law or equity commenced or prosecuted against one of the United States by the citizens of another State, or by citizens or subjects of any foreign State."

In speaking of this amendment in the case of Florida *v.* Georgia, Mr. Justice Campbell said: "Various attempts were made in both branches of Congress to limit the operation of the amendment, but without effect. It was accepted, without the alteration of a letter, by a vote of twenty-three to two in the Senate, and eighty-one to nine in the House of Representatives, and received the assent of the State legislature. Georgia ratified the amendment as an explanatory article, her legislature concurring therewith, deeming the same to be the only just and true construction of the judicial power by which the rights and dignity of the several States can be effectively secured. Thus the supreme constitutional jurisdiction of the United States, the concurrent action of Congress and the State legislatures, expressing a consent almost unanimous, corrected the opinion of the Supreme Court, and intercepted its final judgments in these cases by declaring that the Constitution should not be so construed as to allow them."

This amendment brings us back again to the original question,—What remedy has the holder of a repudiated bond against the State which is his debtor? If he cannot bring suit against her, what possible method remains by which he may enforce his rights? Practically none.

The Supreme Court, however, has made desperate efforts to provide one or more, and these must now be examined, although their real utility is exceedingly small. This court has decided, among other things, that the eleventh amendment applies only to cases brought by individuals against States, and not to cases brought by States against individuals. By virtue of this decision, the federal courts may serve as a shield for the protection of the individual when the State attempts to prosecute him unjustly, but it cannot help him when the State has already done him a wrong, and he seeks redress.

This point was elaborated by Chief Justice Marshall in the case of Cohens vs. Virginia. In this case the State sued Cohens for negotiating United States lottery tickets on the basis of a Virginia statute which forbade the sale of such tickets in the State. The State courts found him guilty, and fined him. The case was brought before the Supreme Court on a writ of error, and in arguing the writ it was claimed that cases between a State and one of her own citizens were never intended to be cognizable in the federal courts. In reply to this, Chief Justice Marshall said: "This is very true, so far as jurisdiction depends on the character of the parties; and the argument would have great force if urged to prove that this court could not establish the demand of a citizen upon the State; but it is not entitled to the same force when urged to prove that this court cannot inquire whether the Constitution or laws of the United States protect a citizen from prosecution instituted against him by a State."—"*The Repudiation of State Debts*," *by Wm. A. Scott, Ph.D., pp. 11-13.*

(6) **New York Council.**—Especially in some

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municipal governments. In New York under the the charter of 1873 the control over appropriations was completely lost by the city council and absorbed by the Board of Estimate and Apportionment.

(7) **Temporal Power.**—Wherever the two have been equally centralized the decision has been speedy, as in the case of the Greek church, which long ago passed under the control of the Russian government. The temporal power of the Roman church continued longer, because the secular power kept it artificially alive by its divisions.

(8) **Colonial Policies.**—The colonial policies of England and Spain furnish an instructive contrast. The whole world has unconsciously joined in an effort to enrich the one and ruin the other, with the result that has now become apparent.

(9) **Competition.**—The competition of American agriculture, is popularly supposed to be ruining the agriculture of Europe. In reality it is but reducing the high rent which this agriculture has hitherto yielded, and overturning the social aristocracy which that rent supported. This means a profound change in the social order of Europe, whether for better or worse, it is not easy to decide.

(10) **Roman Civilization.**—When the Romans conquered Gaul they carried their language and their civilization with them. When the Franks conquered it later, they abandoned both their language and civilization, for those of the more civilized people they had conquered. History is full of such cases.

FOURTH WEEKLY REVIEW.

19. **AGGREGATION.**—The Selection of Social Material.
20. **DIFFERENTIATION.**—The Formation of Social Organs.
21. **ORGANIZATION.**—The Correlation of Various Organs.
22. **SOCIAL ASSOCIATIONS.**—Simple and Compound.
23. **ORGANIZATION.**—Increasing Complexity of Social Development.
24. **DISSOCIATION.**—The Dissolution of Societies.

QUESTIONS.

19. *What can you say of the formation of groups? What does every society involve? What do most societies involve? What can you say of society in its simplest form? How is such a society best represented? What is the simplest kind of association called? What assumptions have frequently been made by writers on sociology? Where has their attention been mostly directed? What is the first condition of association? What conditions promote cohesion? How do societies often fail? What societies present, in a high degree, the fundamental requirement of association? What is the conspicuous thing about such a group? Are social instincts natural or acquired? How is aggregation characterized?*

20. *How do the simplest societies begin? What can you say of the leaders of herds among animals and birds? Where are the most remarkable cases of specialization found? What do human societies show? How do they progress and subdivide? How many kinds of specialization have we? Upon what is psychic specialization based? Upon what are insect societies based?*

21. *How is society divided as differentiation proceeds? What does the building of a society require? How is organization accomplished? What group will triumph over others? What group will trust to luck for the specializations and adjustments which are necessary to their existence? How is the struggle between individuals utilized? How does society develop the necessary types? What processes lead the way to actual organization? What is the purpose of the simplest groups? What would be the result of the destruction of social direction? What does correlated dependence mean?*

22. *What can you say of the herd and the simple group? Out of what are the complex groups compounded? What would an organized society in its simplest form be? What can you say of a small factory or firm? How do sub-groups appear in the main group? How is the state divided? How are churches divided? How are political parties divided? What can you say of a parliamentary body?*

23. *How do the several lines of social organization affect each other? What can you say of coördinate competitive organization? What can you say of distinctive competitive organization? What is one result of the growth of society? How does this complexity take place? What is the most conspicuous example of the first process? How do the federated states serve? What is division? What does the United States illustrate? What is the test of amalgamation?*

24. *What can you say of social evolution? How have human beings steadily gained? What can you say of a progressive society? What is dissociation? For what does the organization of man exist? What is of the utmost importance to society? What is the simplest and best means of social dissolution? Where is this especially apparent? How does absorption frequently take place in amalgamated society? Where is this process conspicuous? Mention a different case. How is this absorption everywhere accomplished? How is this process of absorption worked? To what does absorption often lead?*

SUBJECTS FOR SPECIAL STUDY.

1. *The formation of societies from simple to complex forms.*
2. *The formation of social organs by differentiation.*
3. *Society as divided into classes with separate functions.*
4. *Association in its simple and compound forms.*
5. *The complexity of organization in connection with the growth of society.*
6. *The dissolution of societies from various causes.*

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GAZETTEER AND GLOSSARY.

Bagehot (băj'-ot), **Walter.**—A noted English economist, publicist and journalist. He was born at Langport, Somersetshire, Feb. 3, 1826, and died there March 24, 1877. He was graduated at the University of London in 1846, was called to the bar in 1852, and was editor of the "Economist," 1860-77. He was the author of "The English Constitution" (1867), "Physics and Politics" (1869) "Lombard Street" (1873), "Literary Studies" (1879), "Economic Studies" (1880), "Biographical Studies" (1881) and other works.

Freeman, Edward Augustus.—Born at Harborne, Staffordshire, 1823, died at Alicante, Spain, March 16, 1892. A prominent English historian, who was graduated from Oxford (Trinity) College in 1845, and remained there as a fellow until 1847. He was examiner in modern history in 1857-58, 1863-64, and also in 1873.

He became regius professor of modern history at Oxford in 1884, as successor to Professor Stubbs (who became Bishop of Chester). He was a voluminous author. His works include "Church Restoration" (1849), "An Essay on Window Tracery;" Art: "Architecture Antiquities of Gower," "The Architecture of Llandaff Cathedral," "Antiquities of St David's," "The History and Conquest of the Saracens" (1856), "The History of the Norman Conquest" (1867-79). This was his most famous book.

In 1869 he published "Old English History for Children," and the year following, the "History of the Cathedral Church of Wells."

One year later these works were followed by "Historical Essays," "General Sketch of European History," and "Growth of the English Constitution"

He seemed to allow himself no rest, and in 1872 he published "The Unity of History." This was followed only a year later by "Comparative Politics," and in 1873 by "Disestablishment and Disendowment." These works were followed, two years later, by "The Turks in Europe," and "The Ottoman Power in Europe"

In 1879 there was also a book entitled "How the Study of History is Let and Hindered." The next year there was "A Short History of the Norman Conquest," and "Historical Geography of Europe."

In 1881 there was issued from his pen "Sketches from the Subject and Neighbor Lands of Venice," and also the "Introduction to American Institutional History," and "The Reign of William Rufus."

The year following, there were "Lectures to American Audiences," and "English Towns and Districts." "Some Impressions of the United States" soon followed, also "The Office of the Historical Professor," "The Methods of Historical Study," "The Chief Periods of European History," and perhaps half a dozen, or more, other works. The period of his literary activity lasted from 1849 until 1891, which was the year before his death.

George, Henry.—An American writer on political economy and sociology who was born at Philadelphia, September 2 1839, and died in New York in the midst of an exciting political campaign in 1896.

He went to sea at an early age and in 1858 settled in California, where he became a journalist. In 1879 he published "Progress and Poverty." In 1880 he removed to New York, where he founded a weekly paper called "The Standard" He was also the author of "The Land Question" (1883), "Social Problems" (1884), "Protection or Free Trade" (1886) and other works. At the time of his death he was a candidate for the mayoralty of greater New York.

Holy Alliance.—A league formed by the sovereigns of Russia, Austria and Prussia, in person, after the fall of Napoleon. It was signed at Paris, September 26, 1815, and afterward joined by all the other rulers except those of Rome and England.

Its professed object was to unite their respective governments in a Christian brotherhood, but its real one, was to perpetuate existing dynasties by their opposition to all change. A special clause debarred any member of the Bonaparte family from ascending a European throne. The league came to an end after the French revolution of 1830.

Lecky, William Edward Hartpole.—A noted British historian born near Dublin March 26, 1838.

In 1886 he became an opponent of Home Rule, to which he had been supposed favorable. His works include, "The Leaders of Public Opinion in Ireland" (1861), "History of European Morals from Augustus to Charlemagne" (1869).

Stuart or **Stewart** or **Steuart** (stū'-ärt).—A royal family of Scotland and England.

It was descended from a family which for several generations held the office of high steward of Scotland (whence the name).

Walter, the sixth high steward, married Margaret, daughter of Robert Bruce, and on the death of Margaret's brother, David II., in 1371, the only child of this marriage succeeded as Robert II.

The Stuart sovereigns of Scotland were Robert II., Robert III., James I., James II., James III., James IV., James V., Mary, Queen of Scots, and James VI.

The Stuart sovereigns of England and Scotland jointly were James I., Charles I., Charles II., James II., Mary (consort of William III.), and Anne.

Tudor (tū'-dor).—An English dynasty descended on the male side from Owen Tudor, on the female side from John of Gaunt through the Beauforts.

It comprised the sovereigns Henry VII., Henry VIII., Edward VI., Mary and Elizabeth.

Wars of the Roses.—In English history, the prolonged armed struggle between the rival houses of Lancaster and York. The red rose, and white rose, were the badges respectively of the adherents of the two families.

The wars begun in the reign of Henry VI. (third of the Lancaster line). The first great battle ended with the Yorkist victory at St. Albans, under Richard, duke of York, May 22, 1455.

The long contest was ended with the defeat and death of Richard III., at Bosworth, Aug. 22, 1485, and the succession of Henry VII., representative of a Lancastrian offshoot, who by his marriage with a Yorkist princess, united the conflicting interests.

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COMMITTEE LEGISLATION IN THE UNITED STATES.

BY

L. G. McCONACHIE, Ph.D., Author of "Congressional Committees," Etc.

AMERICAN legislatures follow a characteristic committee usage. Parliamentary codes, handed down from assembly to assembly, contain lists of standing committees. These committees may number a dozen or half-a-hundred to the list. Their sizes and jurisdictions are prescribed. Their personnels are usually determined by the presiding officer, who appoints all of them at a stroke early in the first session. Once constituted, they last until the day of final adjournment. Special committees are comparatively rare.

The system differs in important respects from those of Europe. In the German Reichstag and the French Chamber of Deputies, the lot, for example, figures in the forming of committee lists. In the British Parliament committees in which "all who come may have voices," and special committees, for each occasion and time, yet hold their own against supplantation by the standing committee. Parliamentary law is a growth or development and has fitted itself, in the long course of history, to the genius, conditions and needs of each particular society of legislators.

The process of adaptation in America may be traced from the earliest colonial days. From the time of the first Virginia legislature in 1619 and of the first Pilgrim town-meeting in 1620, until Thomas Jefferson completed his legislative manual in 1801, our forefathers drew from British legislative experience. Especially did they faithfully copy the methods of the House of Commons. It is well to state what the committee usage of that foundation practice was.

Select committees then held a very subordinate place in legislation. The legislators transacted the great bulk of their work in full assembly. They were troubled neither by want of time nor by excess of business. They used small committees for such purposes as the engrossment of a bill or the examination of records. To raise—as our ancestors expressed it—a select committee for positive law-making, was with them a matter of long drawn-out deliberateness and particularity. The committee's size, the time and the mode of its appointment, the place and the time of its sitting, its precise jurisdiction and careful instruction, were settled in order and at proper intervals, as though it were going upon a far journey. Haphazard variety in the sizes of such committees prevailed, with a tendency to make them too large. The most primitive mode of selecting their membership was upon the simple motion of any legislator that so and so be appointed. Other legislators would then call out more names which the clerk would take down generonsly until common consent prescribed the limit. To appointment by motion, use of the ballot succeeded. Political majorities and minorities were not recognized in the constitution of a committee; every one of its members had to be friendly to the measure, for the exclusive consideration of which it had been created. Its report upon this single topic once made, it ceased to exist.

Why has the present American committee system developed out of this ancient procedure? For answer a statement of the forces that have shaped our committee practice is needful. Briefly they are,

1. **The Strong Emphasis Placed by Americans upon Human Equality.** — Liberty and equality are maintained and promoted by an ordered symmetry of political organization. William Penn, in his "Frame of Government," divided the business of his council of seventy-two among four standing-committees, each consisting of eighteen members. Later legislatures of the Keystone Colony gave to their committees a uniform membership of three. The spirit of localism often required for every county of the colony one member upon an important committee. Finally, under the sense of individual and representative equality, each legislator demanded that his fellows should not be more favored with committee places than himself. These principles, honored by other colonies, were infused into the later legislative structures. Committees with one member from each state were common in our earlier Congresses. Saving such cases, the standing committees of every national House of Representatives until 1869 were limited as to their sizes to two or three members. The Senate and the House still assign to a committee, representatives of as many states as possible. In the Chicago Board of Aldermen, with but a few exceptions, each of the twenty-two committees has a present membership

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of thirteen. In the New Hampshire Senate, every committee of the nineteen has five members.

2. **The Confinement and Direction of our Legislatures by Written Constitutions.** — These constitutions and charters strictly forbid lawmaking along certain lines and enjoin it along others. The duties imposed are an important basis for the respective standing committee lists. If the constitution of the United States declares that Congress shall have power "to establish post-offices and post-roads," the Senate and the House will create Committees on Post-Offices and Post-Roads; if the constitution of Wisconsin devotes an entire article to "Corporations," Committees on Corporations will develop in the legislature. Every item of the constitution shapes, directly or remotely, the character of the committee.

3. **The Relation, in our Governments, between the Legislature and the Executive.**— The executive has but a small part in lawmaking, and, therefore, a central, all-absorbing, legislative-executive committee like the British Cabinet is impossible. But the President, Governor or Mayor does exercise certain legislative powers, one of which is to point out the topics for new laws. In the colonial period and in the early history of the United States, the address or message delivered upon the opening of a legislative session met with the most careful consideration. Pennsylvania's colonial assembly originated the practice of "dissecting the message" and creating separate committees to consider its several parts. From 1789 onward, the Congress of the United States pursued the same course. By this custom the partition of the legislature into standing committees at the outset of its labors was suggested and encouraged.

4. **The Strong Diversity of American Occupations and Interests.**—For illustration, it was natural in the National House of Representatives that a blacksmith should propose the Committee on Manufactures; a teacher, the Committee on Education; a New Englander, the Committee on Merchant Marine, and Fisheries; and a Californian, the Committee on Irrigation of Arid Lands. The pressure of all for recognition has lengthened the committee lists.

5. **Under Growing Demands for Law, the Necessity of Despatch or Economy of Time.**— A stable and well-ordered procedure of legislation more adequately meets the enormous modern increase in the number and importance of legislative duties. Therefore the special committee has developed into the standing committee and each legislator becomes a committee specialist. If he has held a command in the army, the Speaker assigns him to the Military Affairs; if he has owned and operated mines, to the Mines and Mining; if he has no record or is obviously incompetent—there are committee positions that fit his case.

6. **Imitation of our Older Assemblies by our Legislatures of Later Origin.**—Pioneers of Western states and cities have transplanted the committee methods of the Eastern communities in which they were born. The journals of the Pennsylvania Assembly, printed by Benjamin Franklin, were probably the only models to which Congress had access in 1789 and the printed journals of Congress were probably the only models to which the Illinois legislature had access in 1818.

Such have been the main factors in the production of American committee government, so-called. But a resulting uniformity for all our legislatures must not be presumed. Variety has its wide play. In Congress, the Senate committee chairman is of a different type from the House committee chairman. Three New England state legislatures formulate their important work, by joint committees and the other three use joint committees only for the routine of legislation. A member of the Illinois House gets twelve committee places, whereas a member of the Massachusetts House gets but one. A city council has no Committee on Foreign Affairs, and Congress has none on Underground Wires. Many committee lists need revising. Some are nesting-places for petty spoils and spoilsmen, others are distorted simply because they have not been regulated with changing conditions and time. In the choice of United States Senators by the state legislatures, their Speakers often barter away the important committee positions, for votes upon the Senatorship — an abuse that argues for election of the Senators directly by the people.

Despite the doctrine of equality, a centralizing process has crept into legislative organizations. The legislators of longest service, old members as they are called, hold the committee chairmanships according to a regular order of promotion. Certain committees have absorbed the lion's share of the business and distributed it to their sub-committees. Others have acquired upon the legislative floor important special privileges over their fellow committees. An example of the former is the Committee on Judiciary in state legislatures; of the latter, the Committee on Rules in the National House. The exclusive prerogatives of this small central committee at Washington are: the possession of the Speaker as its chairman, the right to sit even when the House is in session, the right to instant consideration of its reports when they are presented, the right to pass upon all proposed changes of the House rules, and the right to shape the course of business through special orders; that is, practically to say what bills shall fail through neglect and what bills shall be considered. Even the United States Senate has its Steering Committees, appointed by the presiding officers of the secret party caucuses, and its Committees on Committees, which determine the personnels of the standing committees, the prevailing notion that they are selected by ballot to the contrary notwithstanding.

For the relations of the committees one to another, a most vital topic is that of the expenditure of public money. The Michigan Legislature provides that no member of a committee on an executive department or on a state institution – such as the state university—shall at the same time be a member of the Committee on Appropriations. The Kansas House of Representatives prohibits membership of a legislator, upon the committee for a state institution, situated in his own district. Usually the preparation of the entire annual budget has fallen to a single committee, styled the Committee on Appropriations, and the other standing committees have been charged with the framing of general laws The Committee on Agriculture, for instance, will originate a Dairy Division in the Executive Department of Agriculture, and then, year by year, the Committee on Appropriations will say how much money this Dairy Division shall have. Such was the practice in the National House of Representatives until 1879, but in that year the preparation of the Agricultural, and the River and Harbor Appropriation Bills, was taken away from the Committee on Appropriations and given to the Committees on Agriculture and

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on Commerce respectively. Six others of these great money bills have since been distributed—after noteworthy debates in 1880 and 1885—to the Committees on Foreign Affairs, Military Affairs, Naval Affairs, Indian Affairs, and Post-Offices and Post-Roads.

All political tendencies are coöperating to increase the importance of the standing committees. How, therefore, can they be made to serve more truly, the will and the interests of the people? The popular control over them may be strengthened by giving to their sessions that publicity which belongs to the proceedings of the assemblies which appoint them. In honoring so scrupulously the ancient custom of committee secrecy, our legislatures have not kept abreast with the parent legislature in which the custom originated. The modern standing orders of the House of Lords, and House of Commons exact from committees full reports of their proceedings, including the names of present and absent committeemen, and the yeas and nays upon all votes.

CLASSIFICATION OF STANDING COMMITTEES, MICHIGAN HOUSE OF REPRESENTATIVES.

(NOTE.—This is a model Western organization. The Michigan Senate list corresponds with this House list, saving a few omissions and including additional committees on Executive Business, Mechanical Interests, Constitutional Amendments, and Immigration. This classification may be compared with that for the National House of Representatives appended to the writer's book, "Congressional Committees.")

I. LEGISLATIVE DEPARTMENT.
1. Elections.
2. Enrollment.
3. Printing.
4. Rules and Joint Rules.
5. State Library.

II. JUDICIAL DEPARTMENT.
1. Judiciary.

III. NATIONAL GOVERNMENT.
1. Federal Relations.

IV. LOCAL GOVERNMENT.
1. City Corporations.
2. State Affairs.
3. Towns and Counties.
4. Village Corporations.

V. FINANCIAL.
1. General Taxation.
2. Local Taxation.
3. Supplies and Expenses.
4. Ways and Means.

VI. INDUSTRIAL.
1. Agriculture.
2. Drainage.
3. Fisheries and Game.
4. Geological Survey.
5. Horticulture.
6. Lumber and Salt.
7. Mines and Minerals.

VII. COMMERCIAL.
1. Private Corporations.
2. Railroads.
3. Roads and Bridges.

VIII. EDUCATIONAL.
1. Agricultural College.
2. Education.
3. Normal School
4. State Public School.
5. University.

IX. ELEEMOSYNARY.
1. Asylum for Criminal Insane.
2. Industrial Home for Girls.
3. Industrial School for Boys.
4. Eastern Asylum for Insane.
5. Michigan Asylum for Insane.
6. Northern Asylum for Insane.
7. School for the Blind.
8. School for the Deaf.
9. Soldiers' Home.
10. State House of Correction.
11. State Prison.
12. Upper Peninsula Prison.

X. POLICE.
1. Military Affairs.

XI. PUBLIC PROPERTY.
1. Public Lands.
2. State Capitol and Public Buildings.

XII. SOCIAL.
1. Insurance.
2. Labor.
3. Liquor Traffic.
4. Public Health.
5. Religious and Benevolent Societies.

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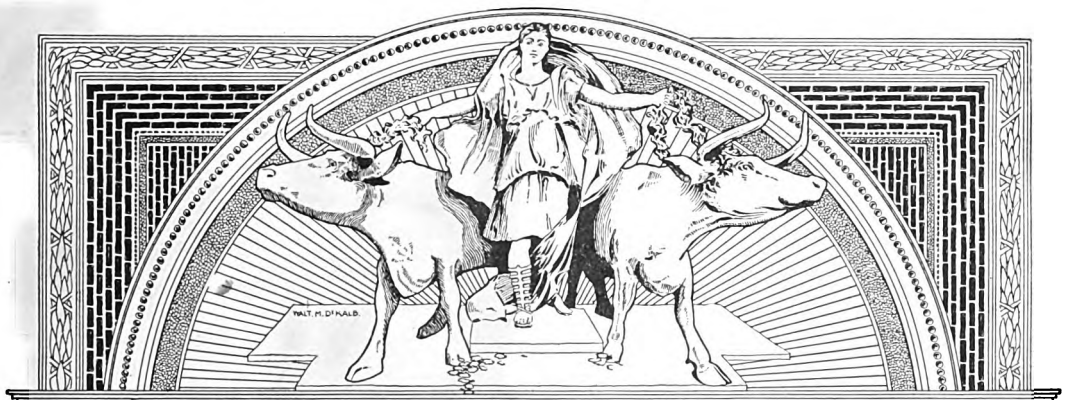

POLITICAL ECONOMY

BY

RICHARD T. ELY, Ph.D., LL.D., Professor of Political Economy, and Director of the School of Economics, Political Science and History, in the University of Wisconsin.

PART III. PRODUCTION (Continued).

1. MONOPOLIES CLASSIFIED. SOCIAL MONOPOLIES (Continued).

WHEN we attempt to give a classification of Monopolies, we must have in mind a clear idea of monopoly as unified control of a business, and we must not at any time lose sight of this idea. Professor Lexis states in his excellent articles on Monopolies, in Conrad's German Dictionary of Political Science (*Handwörterbuch der Staatswissenschaften*) that monopoly implies unified tactics with respect to price, and this authority, as we shall see presently, when we discuss his classification, includes land under monopolies, although neither land owners nor land cultivators, are able to act as one man with respect to price. An earlier writer, Professor Senior, however, makes the mistake of including land in his classification of monopolies, because at the very outset he lacks a clear and definite idea in regard to the nature of monopolies.

When we survey the field of monopolies we find that they are divided into two main classes. These are Social Monopolies and Natural Monopolies. Social Monopolies have previously been called by the present writer Artificial Monopolies; but more mature reflection has convinced him that the term social is preferable, and that for these reasons: Artificial is likely to convey an idea of disapprobation, which is uncalled for, with respect to some of the varieties of social monopolies. Some of them may be objectionable, but it is well to use a term which does not in advance of examination, convey disapproval. Still more important, however, is the following consideration: Social monopolies are those which arise out of the nature of society, or are an expression of the social will; and consequently the term social, expresses their true nature. Sometimes a social monopoly may not be an expression of the will of society as a whole, but of some powerful class or combination within society. It can still, however, be said that in a case of this kind the monopoly is a social monopoly. It is the result of social action, and society as a whole, at least participates in its existence to the extent of toleration.

The Natural Monopolies are those which arise out of qualities inherent in a business undertaking. The expression natural, is used to imply that they do not come about as the result of a deliberate action of society; on the contrary, the prin-

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ciples inherent in the businesses classed as natural monopolies, operate so powerfully, that it has not been possible for society to prevent these businesses becoming monopolies. Society has had more or less to say in regard to the action, which is desirable with respect to these monopolistic businesses. But the first step in any effective control has been the frank recognition of their monopolistic character.

Having explained the two terms social monopolies, and natural monopolies, it is now in order to present the author's classification of monopolies, under these two main heads. It is as follows :

Monopolies are:
- A, Social (or Artificial).
- B, Natural.

The Social Monopolies may be subdivided thus:
- I. General Welfare Monopolies.
  1. Patents.
  2. Copyrights.
  3. Public Consumption Monopolies.
  4. Trade-marks.
  5. Fiscal Monopolies.
- II. Special Privilege Monopolies:
  1. Government (or Public) Favoritism.
  2. Private Favoritism.

Natural Monopolies are :
1. Those arising from limited supply of raw material.
2. Those arising from properties inherent in the business. (1)

It is observed that under social monopolies, we have two main classes, namely, General Welfare Monopolies, and Special Privilege Monopolies. General Welfare Monopolies are those which are established with the express purpose of promoting the weal of society. It is quite conceivable that a mistake may be made in establishing one or other of these monopolies, but they are not something springing up without design. We have in their establishment a case of clear conscious social activity.

Special Privilege Monopolies, on the other hand, are those which do not have in view the general welfare, but rather the interests of a favored few. Even in the case of Special Privilege Monopolies, some claim may be put forward that their existence promotes the general well-being of society ; but we do not recognize this claim as adequate. We recognize the claim at best as only a partial justification ; in other words, we would say to the monopolists of this class : We do not pretend that your existence is altogether and wholly an evil, but we do make the assertion that you exaggerate the social benefits which in your case accrue from monopoly, for we believe that monopolies of the kind under discussion produce more harm than good.

We will consider briefly the terms employed in the classification of, first, the General Welfare Monopolies, and then of Special Privilege Monopolies. Patents give exclusive right to the use of inventions, or allow their use by others than the owners of patents only on payment of royalties. Patents are of special significance in manufactures. It must be understood that a patent which applies to one branch of a manufacturing process, may not give the owner and user any other monopoly outside of the employment of this special contrivance. The patented invention may give its owner an advantage over other competitors, but it may be offset by other advantages which competitors enjoy. The patent may, however, cover so much of a particular pursuit or occupation, that the entire pursuit or occupation is monopolized during the life of the patent. The Bell Telephone monopoly serves as an illustration, although in the telephone business there are other monopolistic forces at work, which will be considered later.

Copyrights give exclusive rights to the products of authorship and intellectual industry generally. A copyrighted book may be produced only by the owner of the copyright, who enjoys whatever advantages may result from unity of control. These advantages sometimes may be very large and yield a fortune, but most frequently they are very small, and sometimes indeed less than nothing. Copyrights and patents are granted for limited periods, and their purpose is to encourage invention and authorship. Society proclaims to all persons its willingness to grant exclusive privileges to inventors, and authors, as a reward for special service, a special service which has a peculiar value not easily overestimated, for intellectual industry which finds vent in invention and in authorship, is that upon which the very progress of

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society depends. Nevertheless, the evils of monopoly are recognized in both patents and copyrights, inasmuch as their duration is limited. The ground for the monopoly is the justice of remuneration for social service, and the promotion of the general welfare. The justice of the limitation consists in the participation of society in intellectual industry of every sort. Every invention is the outcome of previous invention, no invention standing by itself. Authorship also implies social coöperation, for it is through our life in society, that we gain ideas. Shakespeare's individual services are almost immeasurable, but Shakespeare could never have been Shakespeare, had he been born and brought up in China.

1. MONOPOLIES CLASSIFIED

(1) **Senior's Classification of Monopolies.**—Monopolies may be divided into four kinds:

I. Where the monopolist has not the exclusive power of producing, but only certain exclusive facilities as a producer, and can increase with undiminished or even increased facility, the amount of his produce.

The value of a commodity produced under such circumstances approaches more nearly to the cost of production, on the part of the seller, than that of any other monopolized commodity.

It is obvious that its price can never permanently fall below the value of the sacrifices which must be paid by the producer, and, on the other hand, it never can permanently rise above, the value of the sacrifices which must be made by the consumers, if instead of purchasing, they, or some persons on their behalf, were to turn producers.

Sir R. Arkwright's yarn could not sell for more than yarn of an equal quality produced without the aid of his patent machinery; nor would Arkwright have sold it for less than the value of the labor and abstinence employed in its production. The first was the cost of production to the consumer, and the second the cost of production to the producer. But the difference between the two was enormous—the cost to Arkwright was not one-fifth of what it would have been to his customers. His inventions enabled him to produce a greater quantity, but not a better quality.

The finger and thumb constitute an instrument more delicate than any system of rollers, and the muslin formed by the comparatively unassisted labor of the Hindu, is finer and more durable than the produce of our elaborate manufactories.

The price which Arkwright could exact was therefore limited, as we have seen, by the competition of other productive instruments, more expensive but quite as efficient.

* * * * * *

His only mode of stimulating a constant increase of consumption, was to admit of such a constant lowering of price as should constantly widen the circle of those able and willing to purchase. As is usually the case, his own interest and that of the public coincided, and led him to accept a price, far exceeding indeed the cost of production to himself, but falling short of a still wider interval of what would be the cost of production to them.

Sir R. Arkwright's monopoly, therefore, was of the most limited kind. His remuneration was bounded, and it was not his interest, even to approach that boundary.

II. A second kind of monopoly is in the opposite extreme. It exists where price is checked neither by the hopes nor by the fears of the producer, where no competition is dreaded, and an increased supply can be effected.

The owners of vineyards have such a monopoly. Constantia owes its peculiar flavor to the agency of a few acres of ground, and that flavor would be destroyed, if high cultivation were employed to force from that ground a larger quantity of wine.

As no person but the proprietor of the Constantia farm can be a producer, the price is not checked by any cost of production to the consumer. It is not checked by any wish of the proprietor to increase the consumption, since the quantity produced, and consequently the quantity consumed, is incapable of increase.

III. A third and more frequent kind of monopoly lies between these two extremes, and is neither so strict as the last nor so comparatively open as the first. *This comprises those cases in which the monopolist is the only producer, but by the application of additional labor and abstinence, can indefinitely increase his production.*

The book trade affords an illustration. While a work is protected by copyright, no person but the proprietor of that copyright can produce copies, and he may multiply them indefinitely by the application of labor and abstinence. There is here no cost of production on the part of the purchaser, and as far as he is concerned, the price is limited only by his will and ability. The efficient check arises from the interest of the publisher. As is the case with manufacturers generally, the relative expense of publication diminishes as the number of copies published, increases.

It is his interest, therefore, to encourage a large sale by affixing a price but slightly increasing the cost of production, diminished as that cost is, by the magnitude of the produce. A hundred copies of *Waverley* might perhaps have been sold for ten guineas a copy, but there can be no doubt that a larger aggregate profit was obtained by selling ten thousand at a guinea and a-half.

IV. The fourth and last class of monopolies exist, where production must be assisted by natural agents, limited in number and varying in power, and repaying with less and less relative assistance, every increase in the amount of labor and abstinence bestowed on them.

It is under these circumstances that the greater part of the raw produce, whatever it be, which is the staple food of the inhabitants in every country—potatoes in Ireland, wheat in England, or rice in India, is produced. It is, in fact, *the great monopoly of land;* and as there are scarcely any commodities of which the supply is not in some measure limited, by the limited extent of the land essential, or serviceable, to some process in their production, all general theories as to value must be subject to error, until the general laws regulating the value of the assistance to be derived from land have been ascertained.—"*Political Economy,*" *by Nassau William Senior, M.A., pp. 103, 105.*

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2. SOCIAL MONOPOLIES (Concluded).

The third sub-class of Social Monopolies is established to promote wholesome habits of consumption. In the absence of any better term, they are called simply Public Monopolies of Consumption. Like the other monopolies of this general class, they are established in the public interest, but it is a public interest which cannot be brought under any of the other sub-heads. It has been found in cases, that a public monopoly of the production or sale of some commodities, is better calculated to promote the general welfare than private competitive production or sale. One of the best illustrations is afforded by the monopoly in Switzerland of the traffic in alcoholic beverages. This monopoly is established with the express design of lessening the evils of intemperance, and one portion of the profits is used for temperance education. The South Carolina Dispensary System was established for a similar purpose and makes a monopoly of the sale of whisky. It is claimed that Russia and France have decided to establish a Governmental monopoly of the traffic in distilled beverages, but the present writer is not prepared to speak positively upon this last point. We have here an illustration of a public monopoly established to encourage desirable moderation of consumption.

The fourth sub-class of social monopolies designed to promote the general welfare, is termed trademarks. The trademark is a peculiar mark or device, which a manufacturer employs in order to render it easy for the general public to distinguish his goods from those of others. The trademark is calculated to encourage the acquisition of a reputation for excellence, inasmuch as it assists the general public in selecting the commodities which have acquired such a reputation. It prevents competitors from adopting signs, which through the efforts of others have acquired a distinctive value. If I have acquired a reputation as a manufacturer of cutlery, I may use some distinctive sign, and another may not by the adoption of this sign, or mark, palm off his wares on the public as mine. Not even over his own name may he employ that sign or mark, about which traditions of excellence have clustered.

As trademarks are granted exclusively, it seems necessary to name them under the head of monopolies; nevertheless their significance as monopolies is not large. They by no means exclude competition with the single exception, that one producer may not use the mark which belongs to another. The monopoly value of the trademark is based upon personal qualities. Others have a free field to give to their own trademark a reputation which may be highly esteemed.

The fifth sub-class of monopoly consists of fiscal monopolies. These are monopolies which are established in the interests of the public treasury. The tobacco monopoly in France furnishes an excellent illustration. It was established with the purpose of securing revenue from the consumers of tobacco. The government has established in France a complete monopoly of the tobacco business, and it secures there from a large revenue, amounting to nearly, if not quite, four hundred millions of francs. The consideration of fiscal monopolies falls chiefly under the head of Public Finance. The question raised in connection with them is, whether from a revenue point of view, in the case of some particular commodity, a government monopoly is preferable to taxation.

The Special Privilege Monopolies are divided into two sub-classes. The first sub-class comprises monopolies established in the interest of the few by the government. At one time this was an important class, and one which aroused at last a great amount of discontent; it may perhaps even be said, discontent of a revolutionary character. The early constitutions of the American states, include prohibitions of monopolies of this sort. Sovereigns established artificial monopolies, as for example the sale of salt in a particular city, in the interest of some favored individual or combination of individuals. During the reign of the Tudors, monopolies of this

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kind abounded, and were considered the precious prerogative of sovereignty, Queen Elizabeth terming them one of the "fairest flowers" among her prerogatives.

Sometimes no pretext of public weal was advanced in favor of the establishment of monopolies by sovereigns, but at other times the claim was put forward that the general welfare was promoted by these monopolies. At times monopolies were sold in order to replenish the public purse, but it appears to have been a device which was "penny wise and pound foolish," if nothing worse. At other times it was held that the interests of production were furthered by the monopoly. This was the argument advanced for establishing great monopolies, like the old East India Company, in distant foreign lands. It was thought that unless special privileges were granted for at least a period, men would not risk their fortunes, and their lives in such apparently hazardous undertakings as those which received the stimulus of a monopoly. There was undoubtedly a relative amount of truth in this contention, and it must not be supposed that the old class of social monopolies, established by sovereign power was altogether bad. These monopolies, however, have nearly ceased to exist, and they have little or no significance for us. It may, however, be mentioned in this connection, that some persons claim that the protective tariff raises up special privilege monopolies. If it does, then it is contrary to the idea of the protective tariff, which is designed to encourage production, but not to abolish competition. The avowed purpose of the protective tariff is simply to limit competition somewhat. It is possible that the protective tariff may sometimes be of assistance in establishing monopoly, through mistakes made in formulating the provisions of such a tariff. If monopoly is knowingly established through the protective tariff, it is an abuse of the idea of the protective tariff.

The second sub-class of Social Monopolies consists of those which owe their origin to the favoritism of private combinations of individuals or corporations. These are monopolies of a far more serious nature, than those which are due to governmental favoritism. Private individuals, and especially private corporations, are at times in a position to confer monopoly upon favored persons. Monopolies of this sort, arise in connection with one of the great natural monopolies which will be described presently. It may, however, now be said that those who control a business which is by virtue of its inherent properties a monopoly, are frequently in a position to connect some other business with it, not in itself a monopoly, in such a way that it may artificially become a monopoly.

The simplest case of all, is afforded by the transportation of baggage, to and from railway stations in American cities. So far as the solicitation of business in trains is concerned, and also usually in the interior of railway stations, a monopoly is apparently everywhere established. One may go outside of the railway station and find competitors, but this is difficult for a stranger, and sometimes is not at all practicable. The result is, that a price is charged which is often one hundred per cent in excess of the competitive price, and sometimes the excess is even greater. Other monopolies are established in connection with railway stations. Within the station there is no competition in the sale of newspapers or food, and on this account there is also almost invariably, an excess charged of something like a hundred per cent above competitive price, with frequently an inferior quality so far as food is concerned.

But these local monopolies are of less significance than those which may be built up, and which have to a greater extent in the past, than in the present, been aided by the great agencies of transportation. Under the present system of production, freight charges are such a large item, that those who have an advantage over competitors in this one item, may be enabled thereby alone, to establish monopoly. All other monopolistic undertakings, like the telegraph, the telephone, and the gas business, have more or less power to assist in the development of monopolies which

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must be classed under the head of Special Privilege Monopolies, due to private favoritism (1).

2. SOCIAL MONOPOLIES (Concluded).

(1) **Monopolies and Patents.**—Governments, however, are oftener chargeable with having attempted, but too successfully, to make things dear, than with having aimed by wrong means at making them cheap. The usual instrument for producing artificial dearness, is monopoly. To confer a monopoly upon a producer or dealer, or upon a set of producers or dealers, sufficiently numerous to combine, is to give them the power of levying any amount of taxation on the public, for their individual benefit, which will not make the public forego the use of the commodity.

When the sharers in the monopoly are so numerous, and so widely scattered, that they are prevented from combining, the evil is considerably less; but even then the competition is not so active among a limited, as among an unlimited number. Those who feel assured of a fair average proportion in the general business, are seldom eager to get a larger share by foregoing a portion of their profits.

A limitation of competition, however partial, may have mischievous effects quite disproportioned to the apparent cause. The mere exclusion of foreigners, from a branch of industry open to the free competition of every native, has been known, even in enterprising England, to render that branch, a conspicuous exception to the general industrial energy of the country.

The silk manufacture of England remained far behind that of other countries of Europe, so long as the foreign fabrics were prohibited. In addition to the tax levied for the profit, real or imaginary, of the monopolists, the consumer thus pays an additional tax, for their laziness and incapacity. When relieved from the immediate stimulus of competition, producers and dealers grow indifferent to the dictates of their ultimate pecuniary interest; preferring to the most hopeful prospects, the present ease of adhering to routine. A person who is already thriving, seldom puts himself out of his way to commence even a lucrative improvement, unless urged by the additional motive of fear, lest some rival should supplant him by getting possession of it before him.

The condemnation of monopolies ought not to extend to patents, by which the originator of an improved process is permitted to enjoy, for a limited period, the exclusive privilege of using his own improvement. This is not making the commodity dear for his benefit, but merely postponing a part of the increased cheapness which the public owe to the inventor, in order to compensate and reward him for the service.

To this however or any other system which would vest in the state the power of deciding whether an inventor should derive any pecuniary advantage from the public benefit, which he confers, the objections are evidently stronger, and more fundamental, than the strongest which can possibly be urged against patents.

It is generally admitted that the present Patent Laws need much improvement, but in this case as well as in the closely analogous one of Copyright, it would be a gross immorality in the law to set everybody free to use a person's work without his consent and without giving him an equivalent. I have seen with real alarm several recent attempts in quarters carrying some authority, to impugn the principle of patents altogether: attempts which if practically successful, would enthrone free stealing under the prostituted name of free trade, and make the men of brains, still more than at present, the needy retainers and dependents of the men of money bags.

That he ought to be compensated and rewarded for it; will not be denied, and also that if all were at once allowed to avail themselves of his ingenuity, without having shared the labors or the expenses which he had to incur in bringing his idea into a practical shape, either such expenses and labors would be undergone by nobody, except very opulent and very public spirited persons, or the state must put a value on the service rendered by an inventor, and make him a pecuniary grant.

This has been done in some instances, and may be done without inconvenience in cases of very conspicuous public benefit; but in general an exclusive privilege, of temporary duration, is preferable; because it leaves nothing to any one's discretion; because the reward conferred by it depends upon the invention's being found useful, and the greater the usefulness the greater the reward; and because it is paid by the very persons to whom the service is rendered, the consumers of the commodity. So decisive, indeed, are these considerations, that if the system of patents were abandoned for that of rewards by the state, the best shape which these could assume would be that of a small temporary tax imposed for the inventor's benefit, on all persons making use of the invention.

I pass to another kind of government interference, in which the end and the means are alike odious; but which existed in England until not much more than twenty years ago, and is in full vigor at this day in some other countries. I mean the laws against combinations of workmen to raise wages; laws enacted and maintained for the declared purpose of keeping wages low, as the famous Statute of Laborers was passed by a legislature of employers, to prevent the laboring class, when its numbers had been thinned by a pestilence, from taking advantage of the diminished competition to obtain higher wages. Such laws exhibit the infernal spirit of the slave master, when to retain the working classes in avowed slavery has ceased to be practicable.

If it were possible for the working classes, by combining among themselves, to raise or keep up the general rate of wages, it needs hardly be said that this would be a thing not to be punished, but to be welcomed and rejoiced at.

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If they could do so, they might doubtless succeed in diminishing the hours of labor, and obtaining the same wages for less work. But if they aimed at obtaining actually higher wages than the rate fixed by demand and supply—the rate which distributes the whole circulating capital of the country among the entire working population—this could only be accomplished by keeping a part of their number permanently out of employment.—"*Principles of Political Economy*," *by John Stuart Mill, Bk. V., Chap. 10.*

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3. NATURAL MONOPOLIES.

The first class of natural monopolies, consists of those which owe their origin to the natural limits in the supply of raw material, with the production of which, the monopolistic business is concerned. Nature is not always equally bountiful, and sometimes supplies natural treasures only within comparatively few and narrow geographical areas. (1) When the areas of supply are sufficiently limited geographically, and otherwise, so that it becomes possible for a small body of men, capable of acting together as a unit, to gain control of the entire source of supply, we have given the conditions of a monopoly; and when favorable conditions exist the monopoly becomes inevitable, sooner or later, inasmuch as monopoly means higher profits, owing either to economies which can be effected in production, or to higher prices than competitive prices, or to both causes. It is obvious that the limits within which monopolies of the present class may be formed, are variable. How large a body of men can act together as a unit? This number will vary with conditions of time and place. The forces of social evolution, operating in production here as elsewhere seem to bring it about, that an increasing number of men have a capacity of acting together as a unit. But if we have a limited source of supply of some natural treasure the number of men required to secure control of it will vary inversely, in proportion to their wealth. Consequently, the greater the relative concentration of wealth, or in other words, the larger the number of very wealthy men in any community, and for that matter in the world at large, the more prevalent monopoly will be, other things being equal. Also this must be added: The greater the inequalities in managing capacity, as well as wealth, existing among men who have economic relations with one another, the easier it will be, for the superior, to form monopolies of the present class, and for that matter of every other class.

It is said that the diamond fields in some parts of the world are monopolized. The sources of supply of natural gas are so limited, that it presents favorable conditions for the establishment of a monopoly. Anthracite coal is found only within, what is comparatively speaking, a very limited geographical area, and it has thus become possible for a few men, able to act together as a unit with respect to price, to gain control of the anthracite coal fields of the country. Bituminous coal, which exists over such large and widely scattered areas, in the United States, and other countries, furnishes a marked contrast to anthracite coal. (2) We have no evidence as yet that bituminous coal is capable of being monopolized, provided the owners and miners of this kind of coal, receive equal treatment from the railways. The oil supply is so large and covers so extensive an area, that it has not been possible as yet to monopolize it, such monopoly as exists, relating not to the production of crude oil, but to the preparation and sale of the finished product. There are, however, appearances, which make it not improbable that sooner or later, it may be possible for a combination of men to secure a substantial control of the sources of supply of oil. A remarkable monopoly which belongs to the sub-class under discussion, was the monopoly of quicksilver under the control of the London house of Rothschild, which lasted from 1835 until the discovery of mines of cinnabar in the place of that name. This monopoly covered the entire earth, and rested upon an agreement which the Rothschilds had made with the Spanish and the Austrian governments.*

The inequality in capacity and resources existing between highly civilized and semi-civilized nations or barbarous peoples, offers opportunities for the establishment of monopolies by enterprising and pushing men belonging to nations of the first kind mentioned. It is characteristic of those who belong to low stages of civilization, to be sadly wanting in foresight and to have but a very imperfect sense of relative values. Like children, they are ready to part with their most precious

* The authority for this statement is Prof. Wilhelm Lexis, who describes this monopoly in his article on monopolies in the *Handwörterbuch der Staatswissenschaften.*

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possessions, for any gaudy gewgaw which may strike their fancy at the moment. Like Esau, they are willing to sell their birthright for a mess of pottage. History abounds in illustrations. The writer recently listened to a description of the thoughtless improvidence of the native Australians, which shows how easy it must be to get hold of the possessions of uncivilized men, and to induce them to part with such rights as they may have. It appears that the government of South Australia gives an annual distribution of rations to the aborigines. They go to the capital, Adelaide, for their supplies, which consist of blankets and clothing, tents, tomahawks and the like, usually making the pilgrimage to and from the capital on foot, and in groups of ten to twenty at a time. To the women of the group, is entrusted the care of the baggage, the men marching several hours' journey ahead, carrying only their spears, boomerangs and other weapons. About ten miles is a day's march for these people, and then they collect in groups and spend most of the night squatting over a little fire. But it is at the break-up of the little camp next morning, that one may best observe the trait of primitive peoples now under discussion. Of the clothing, blankets, etc., which the group is carrying, and for the sake of which the pilgrimage to the capital was undertaken, no more is carried off than can be conveniently stuffed into such bags as are at hand, even though the best clothing and the cleanest and newest blankets should be left behind. Instead of first sorting the goods, and taking first of all the good things, the bags and packages are filled indiscriminately with whatever comes to hand, even if it be old rags not worth the carrrying, and the march is resumed. As these halts may be numerous if the journey is a long one, most of the good things received from the government are sometimes thus frittered away before the group again reaches its hunting and fishing grounds, leaving often little gain except the diversion, and the romance of the journey itself.

It is, apparent, then, that if in a country inhabited by barbarous or semi-civilized peoples, there are limited supplies of natural treasures of any sort, it is a simple matter for the far-sighted and vigorous man produced by high civilization, to secure control of entire sources of supply. There must be some organized power among these barbarous or semi-civilized peoples, or in the civilized nation to which the monopolists belong, to enforce the agreement upon which the monopoly rests. A friend of the author, of wide knowledge of industries, wrote him some time since as follows, concerning monopolies traceable to the conditions which have just been described: "Large capital can at times corner the market. This is very risky business, if production can be quickly increased in answer to the higher price. But there is a class of commodities, the demand for which, comes from highly civilized, growing communities, and the supply of which, is either limited by nature, or is in the hands of primitive peoples, who use antiquated and wasteful methods of production. The price of these commodities is surely rising, and with adequate capital a corner may be secured through long contracts with producers, and safely held. To this class belong india-rubber, gutta-percha, box-wood, ivory, whalebone, platinum and other rare minerals, and all products of animals or plants, which are threatened with extinction. There is already a purchasing trust or pool which controls the rubber trade of Para in Brazil."

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3. NATURAL MONOPOLIES.

(1) **Monopolies of Location.**—The use of land, of mines, or of water privileges, is necessary to production. Some of these natural agents are narrowly limited in supply, hence it is easy, so long as private ownership is allowed, to monopolize them.

Practically all of the anthracite coal of the United States is found in a small area in Pennsylvania, and it has been possible for the ownership of these coal fields to pass into the hands of a monopoly. Similarly, the petroleum fields are in process of monopolization.

Water powers, facilities for irrigation, and docks giving access to navigable waters, are often monopolized. Steam railroads sometimes possess terminal facilities in large cities that cannot be duplicated, and, therefore, tend to create monopolies.

In some instances, street railroads have been granted locations in particularly desirable streets, so that they monopolize the larger part of the business of their cities.

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Steam railroads, when granted rights of way through mountain passes, or narrow river valleys, possess practically exclusive channels of communication between different sections of a country. In these cases monopolies control the supply of commodities, or services, on account of exclusive advantages of location.

A second group of natural monopolies originates in the necessity of consuming products or services in connection with the plants from which they are supplied.

Gas, water, and electric light can be supplied to consumers only by extending pipes and wires to places where the commodities are used. Such things can be secured only from companies owning plants in the immediate locality where consumers live. The same is true of steam and street railroad facilities.

Such services cannot be supplied by all producers, and cannot be imported from one city to another except by extension of the plants. It follows that if two gas or electric light, or water companies attempt to compete for the trade of a particular locality, a large part of the capital fixed in the rival plants will be needlessly duplicated.

One company can supply the entire demand of a city far more cheaply than two can do.—"*Introduction to the Study of Economics*," *by Charles Jesse Bullock, Ph.D., p. 306.*

(a) **The Coal-Regions of America.**—Of the thirty-seven States composing the Unites Sates of America in 1873, the following contain no coal whatever of any kind, viz.: Maine, New Hampshire, Vermont, Connecticut, New York, New Jersey Delaware, South Carolina, Florida, Mississippi, Louisiana, Wisconsin, and Minnesota. Several others, not named above, nominally contain coal, but is of no commercial value. Among these are Massachusetts and Rhode Island, where a hard, worthless kind of anthracite is found. North Carolina has two small coal-fields of Triassic age, a later formation than the Carboniferous, but they are far in the interior, not at all productive, and will probably never be of more than local importance.

The State of Virginia has, near Richmond, a field of coal, of the same age as those of North Carolina, which was once the most productive and important in the country, but it has long since lost its place in the coal-market. Georgia has a small area of the coal-formation in the northwestern corner of the State, not entitling it, however, to be counted among the great coal-producing States.

There are, therefore, very extensive districts in the United States destitute of coal, and many of them the most thickly populated and the largest consumers of fuel. There are four great carboniferous coal-fields in the United States. The first and most important, in all respects, is called the Appalachian, or, more properly, the Alleghany, and is of continental dimensions, being eight hundred and seventy-five miles in length, extending through important parts of seven States, in a northeast and southwest direction, from thirty to one hundred and eighty miles wide, and producing a great variety of the best qualities of coal. It covers the western part of Pennsylvania, the eastern part of Ohio, the western corner of Maryland, nearly all of West Virginia, the eastern part of Kentucky; it crosses Tennessee, and ends in the central part of Alabama.

It is quite remarkable, however, that several of the largest producing regions are mere outliers, or detached, island-like fields on the borders of this great coal-region. The northeastern fragments are the anthracite basins in the northeastern part of Pennsylvania, the smallest in area, but the most important and productive of all. Also, along the eastern borders of the field are the Blossburg, Clearfield, Broad Top (Pennsylvania), and Cumberland (Maryland) basins, and there are similar very productive detached basins on the northwest, on both sides of the line between Pennsylvania and Ohio. The Pittsburg and Westmoreland district produces the largest quantity of bituminous coal, but this appears to be, at present, the only very productive region in the main body of this great coal-territory.

The second coal-field occupies the central part of the State of Michigan, and, although spread over a large surface, it is inferior in importance to all the others, having only a thin seam of coal of a poor quality.

The third great coal-field is of enormous dimensions, covering two-thirds of the large State of Illinois, the western part of Indiana, and the western part of Kentucky. The best coal from this field is found in Indiana, and, although none of the coal it produces, with this exception, is equal in quality to the best Pennsylvania coal, yet it affords a great abundance of very cheap and valuable fuel.

The same remark applies to the fourth coal-field, which covers the southwestern part of Iowa, the best portions being along the Des Moines River. It also extends southward over a large area in Northern Missouri and into the eastern part of Kansas, the seams of coal being generally thin in all these States. Although it runs into the southeastern counties of Nebraska, it is feared the coal, if there be any, is there too thin for mining. From Kansas it spreads southward into the Indian territory—how far is not known; but a coal-field, which is probably a portion of it, is found in the western part of Arkansas, on both sides of the river of that name; and there is another in Texas, at Fort Belknap, in the northwestern part of that State. The only other carboniferous coal-fields in America, in addition to those enumerated, are those of Nova Scotia and New Brunswick, and the latter is of no practical importance.

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Pennsylvania is at present the great producer, and, speaking in a general way, may be said to supply the United States with coal. Maryland sends annually to tide-water a little more than two million tons of coal; West Virginia about two hundred and fifty thousand tons; Ohio ships from Cleveland annually about five hundred thousand tons; besides a large home consumption. With these exceptions, and the supplying of St. Louis from Illinois, no other State sends any considerable quantity of coal to market, outside of its own boundaries. A few of them produce quite largely, for their home consumption, in localities too remote to be reached by Pennsylvania coal. Of these, Illinois has probably the largest production; that of Ohio is increasing rapidly, as is also that of Indiana. Pennsylvania mined, consumed, and sent to market, in 1871, about twenty-four million tons of coal, of which fifteen million tons were anthracite and nine million tons were of the various kind of bituminous coal. This State, therefore, indisputably stands preëminent in respect to the production, as well as for the variety and unequalled quality of its coal.—"*The Coal-Regions of America*," *by James Macfarlane, A.M., pp. 3-5.*

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4. NATURAL MONOPOLIES (Continued).

Far more important than the class of Natural Monopolies arising from unified control of the limited sources of supply of natural treasures, is the class of monopolies arising out of properties inherent in the nature of various classes of businesses. There are certain businesses which tend by the force of properties inherent in them, to become monopolies. The monopolistic character of these businesses is not always apparent at once, but it manifests itself in the process of their growth. Just as a boy in course of time becomes a man, so a business of the kind mentioned, becomes in its maturity, a monopoly. The monopolistic character of these businesses is not, then, imposed from without, but develops from within.

These businesses, although apparently few in number, are of such vast importance, that they include a very considerable proportion of all the wealth, of all the most advanced nations, and include in their service an equally important proportion of the workers of these nations.

As the number of these industries is so small, it may be well to enumerate the more important among them. They comprise first of all, the ownership of the various means of communication and transportation, of which the most important sub-class, are the highways for the use of which, charges are made. These embrace the ordinary wagon-roads, together with ferries, bridges, canals and harbors, docks and light-houses, and railways of every sort, both local and general. In the case of railways, the monopoly extends to the business of transportation over the railways, whereas in the case of ordinary public highways for the use of which, a charge is made, the monopoly is restricted to ownership of the highway, and may not embrace its users.

The means of communication and transportation, which belong to the postoffice, constitute a great sub-class. The postoffice in most countries includes the telegraph and the telephone, which as means of communication, would seem to belong to the same class as transmission of letters. The telegraph and the telephone are simply for many purposes, improved means of communication. The express business is in most countries absorbed by the postoffice, but in the United States it is rather artificially divided between the postoffice, and private companies organized for the transmission of parcels. All these businesses, whether public or private, are in their nature, monopolies.

We have among the natural monopolies, other centralized branches of municipal supply than those already mentioned, for example, water-supply and lighting, including both gas and electric lights.

Before we examine the nature of the businesses which fall under the present sub-class of natural monopolies, it is well to turn our attention to the actual facts, which the history of the past generation has disclosed. The question which we have to answer, is this: When we survey the history of the businesses which have been named, in our own country and in other countries, do we observe emerging from this history, a clear and unmistakable tendency toward monopoly, ultimately prevailing over all obstacles? To this question an affirmative reply is given. It is believed that if one after another of the businesses, is taken up and examined, it will be found to reveal an irresistible and inherent monopoly-force.

We cannot do better than to begin with the gas business, because this is a comparatively simple one. It is a local business, and its development is rapid, so that at an early stage in its evolution, its true character appears. The gas business is one which is found in every civilized land. In many cities it has been a public undertaking, and in many others a private one. Efforts of every sort that can be suggested, have been resorted to, in order to maintain competition in the gas business as a permanent force. It is probable that in a thousand different cases, competition has been attempted, and these attempts at competition have been encouraged

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by public authority, and by society at large. In many cities, New York and Baltimore for example, old companies have consolidated or been absorbed by new companies, and again other companies have been started, so that there have been repeated and successive attempts to secure competition. As these efforts to bring about competition, have been put forth in all lands and under various political systems, it would seem that the test of experience must be regarded as conclusive. It has to be affirmed, however, that no one is as yet able to point to a single example of successful permanent competition in this business, either in our own country or in any other. (1)

The writer well recalls the last attempt at competition in Baltimore, while he was a resident of that city. Although repeated previous attempts to secure competition, had in every case resulted in combination, the people quite generally put confidence in the representatives of the new company, which distributed circulars widely, soliciting patronage under solemn assurances that the suffering public was at length to have permanent competition. The charter was secured, a new company was started, and what was called a "gas war" broke out, reducing the price of gas to fifty cents per thousand cubic feet, and keeping it there for some years. It is observable that in a case of this kind, the natural and habitual expression, used for the struggle between private companies is not competition, but war. Thus we see in our newspapers, accounts not only of gas wars, but of freight wars, of wars in telephone rates, and the like. There seems to be an instinctive feeling that the word war, and not competition, is the right one, and this is correct. Competition means a steady permanent pressure, whereas war means a destructive struggle temporarily waged, with a termination of hostilities always in view, as the end for which the war is carried on. The war lasted an unusually long time in Baltimore, because it was difficult to arrange the terms of combination; and there appeared to be a belief on the part of many, that at length real competition had been secured.

While this war was going on, the writer held the chair of economics in the Johns Hopkins University, and he used to employ in his classes, the struggle between the rival gas companies, as an illustration of the principles of monopoly, assuring his students that this struggle was a temporary one. At last an agreement was reached concerning terms of combination, and the consolidation which speedily followed, confirmed the predictions made in the class-room.

When electric lighting was introduced, it was quite generally thought that at last, monopoly in the gas business was broken. Doubtless it would not be difficult to discover in the files of newspapers in a great library like that of the Wisconsin State Historical Society, one hundred editorials, and perhaps even a thousand, making this affirmation. When the owners of gas works, however, began to buy electric lighting plants, or to come to some agreement concerning price with their owners, disappointment was experienced, and surprise frequently expressed. Yet that outcome was one, which those who understood the nature of the businesses, could perceive at the very start, was inevitable. The owners of the businesses had more to gain by combination than by competition; and as combination was possible, competition was impossible.

The telegraph business may next be taken up, and very briefly examined. In most countries this was very properly made, at the outset, a part of the postal system; but in England and the United States, it was allowed to become a private business, and it was attempted to secure protection for the general public, through competitition. Over thirty different companies were chartered in England; but the rivalry between these companies was never more than temporary, and at last, in 1869, it was decided by Parliament to purchase the telegraph, as the attempted competition had proved a failure. The number of companies which have entered the telegraph business in the United States is still larger. In 1851 there were over fifty companies, as any one can see by consulting old almanacs of that year. One of the chief attempts, and perhaps the most important of all, to secure competi-

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tion, was that undertaken by the Baltimore & Ohio Telegraph Co. The Baltimore & Ohio lines covered a very large part of the United States, and rates were in very many instances, reduced by more than fifty per cent. It was quite generally believed that the people of our country, were to have the benefits of true competition in the telegraph business. There lies, however, before the writer, a copy of an address which he delivered at Chautauqua, N. Y., in 1887, and which was printed in the Chautauqua *Herald*, in the issues of August 2d and 3rd of that year. At this time the rivalry between the two companies seemed to rest upon as solid a basis as ever. Nevertheless, the following statement is found in the address: "It is so in the nature of things, that I do not see how the Baltimore & Ohio can permanently resist the economic gravitation which draws it to its rival." Not long after this the issue of events convinced the most sceptical.

4. NATURAL MONOPOLIES (Continued).

(1) **Competing Gas Companies in America.**—Every American city which has permitted competing gas companies to lay pipes in the streets has suffered, through the consolidation of the companies, the capital having been increased, and consumers forced to pay higher prices for their experience.

The following cities have received this treatment: New Orleans, Providence, R. I.; Charleston, S. C.; Brooklyn, Memphis, Tenn ; Jersey City, St. Louis, Mo.; Newberg, N. Y.; Chicago, Trenton, N. J.; Buffalo, N. Y.; Harrisburg, Pa.; Detroit, Mich.; Lancaster, Pa.; Albany, N. Y.; Baltimore, Md.; New York City, Savannah, Ga.; Poughkeepsie, N. Y.; Paterson, N. J.

Before consolidation the price of gas in New York City was seventy-five cents per thousand feet, but as soon as the six companies came together, they watered their capital from eighteen million three hundred, and eight thousand, nine hundred and twenty dollars, to thirty-nine million, and seventy-eight thousand dollars, and raised the price of gas one dollar per thousand feet, making it one dollar and seventy-five cents.

In Baltimore the price of gas was advanced seventy-five cents per thousand feet; in Harrisburg it was raised from one dollar to two dollars; in Paterson, N. J., and in Savannah, Ga., the price was also raised.

In Detroit, Mich., a stringent charter was granted on the filing of a bond, to secure the city against the possible combination of the old company with the new one; but in spite of this iron-clad agreement a combination was effected, and the people were forced to pay not only all the expenses of the gas war, and the duplication of works, but also a large dividend on inflated capitalization.

This is a point of such importance that we may well dwell upon it more at length. It is safe to say that one of the worst prejudices of the average American is his unreasoning belief that free competition will protect him from all the evils of industrial monopoly. And that, too, though he is often himself engaged in the very work of effecting a combination by which all competition is effectually prevented in branches where such combination is most difficult, from the nature of the business.

The testimony of one or two experts in the business of gas manufacture may serve to show how clearly those actually engaged in the industry see that the business is and can be only a monopoly.

Mr. Gilbert, of Grand Rapids, Mich., in a speech before the American Gas Light Association, at their meeting in Washington, October 15, 1884, said: "The business of the manufacture and distribution of gas is so peculiar in many of its characteristics as to be almost outside of the domain of rules governing other enterprises. Capital once invested cannot be removed, and if not profitable is lost forever. Competition is so deadly to it that it is impossible for rival companies to occupy the same streets without ruin to both, or without consolidation with its attendant double investment and cheap light rendered an impossibility."

"It is a fact not admitting of controversy," says a writer in the *American Gas Light Journal*, "that the cost of gas to the consumer has never in any instance been permanently lowered through the competition of any opposition company ever established in this country, in spite of the inevitable outcry made by the progenitors and promoters of such schemes as to their willingness and desire to make such concessions to the public in the matter of selling prices. Opposition gas schemes, as a rule, and unfortunately a rule which admits of few exceptions, are instituted with the primary object of raiding as far as possible the business of an established company, which business it may have taken years to develop and acquire.

What better example can be found than that of Brooklyn? During the term of Mayor Schroeder permission was given to the Mutual Gas Light Company to open the streets and avenues of the city for the purpose of laying mains and conduits for the supply of illuminating gas. In consideration of such grants the projectors of the company agreed that a greater price than two dollars per thousand feet should not be charged consumers. What was the result? This company, from its very inception, did all it could to wreck other companies, and the wrecking policy was carried out not by selling gas at a lower price, but rather by efforts which had for their object the depreciation of stock values, in order that a controlling interest could be secured at figures much below its true value.

In reality, instead of selling gas at lower figures, they increased its price. The pledge made to the authorities at the time when a charter was sought, not to demand more than two dollars was given only to be broken. To-day they are charging two dollars and fifty cents in all localities where they have succeeded, through their adept system of stock depreciation, in gaining control of the field.—*E. J. James, Ph.D., Pub. Am. Econ. Assn., Vol. I., p. 70.*

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5. NATURAL MONOPOLIES (Continued).

The telephone business, closely related to the telegraph business, may present some difficulties to the beginner. First of all, however, it may be mentioned, that the owners and managers of the long-distance telephone, have apparently reached an understanding upon many points, with the principal telegraph companies of the country, which can be designated as unity of action with respect to price. If the principles we have laid down are correct, there can no more be a real and effective permanent competition, between the telegraph and the telephone, than there can be between electric lights and gas. For a long time the telephone business of the country, was a monopoly which was placed outside the range of attack by the patents, owned by the Bell Company. It was imagined by many, that these patents alone stood in the way of effective competition.

Now that those patents which prevented the existence of other companies, have expired, we find rivals in this field, and in some small cities at least, like Madison, Wis., a new company has almost driven the old company from the field, so far as local business is concerned, the old company still retaining the long-distance business. The experience of cities where there is more than one company shows, however, the importance of unity in the telephone business. If some of the telephone-users have one system, and other users a different one, the advantages of the telephone are greatly reduced. It appears also that a local telephone system which has no long-distance connection, suffers under some disadvantages. The properties inherent in the telephone business must make this felt in time, and we shall have general unity reëstablished. This unity would naturally be secured through a combination of the former monopolists, with those who have invaded their field; unless indeed our government should follow the example of governments elsewhere, and make the telephone a public function, in which case we would also have unity, but a unity secured through public action.

It is not necessary to take up each one of these monopolistic businesses, and examine it separately. Let us rather proceed at once to that business which offers the most serious difficulties to the student, namely the railway business. When it is said that railways offer the most serious difficulties to the student who accepts the proposition that in their ownership and operation, they are natural monopolies, reference is made to the student in the United States; for in other countries like England, France and Germany, the railways seem to be an unusually clear case. In Germany a serious effort was made to secure competition, the government owning some of the railways and operating them, and allowing private companies to own and operate others, though under strict supervision. This is a plan which has found adherents in our own country, but it was not successful in Germany. In fact the difficulties of competition in the railway business between the government, and private corporations are so enormous, indeed so insuperable, that either the government or the private corporations, must finally abandon the field. If the government service is poor, and its competition ineffective, the result is general dissatisfaction. If the government has an excellent administrative system, and competes seriously with private companies, it can hardly fail to drive them out of the field, because its resources are so much vaster. Even if the government does not push its superior capacity so far as a private corporation would, and allows its rivals to exist, those who feel its competition keenly, will complain bitterly, of what they feel as oppressive action on the part of the government, which they themselves help to sustain. What might have been foreseen by deep thinkers, and undoubtedly was foreseen, actually happened. The private lines were purchased, and have since then been operated as a part of the government system. In France and in England, there have been many private companies, and at one time in both these countries, there appears to have been more or less faith in the possibility of effective competition in

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the railway business.(1) As a result of industrial evolution, however, in each of these two countries, there has been a consolidation of all the lines into a few great systems which in the main, act harmoniously together, pursuing a unified policy with respect to price.

Before turning from these two countries, it may be observed that France offers an illustration of the proposition which was laid down when Germany was discussed. There has been a slight attempt at competition through the ownership, and operation of lines by the government. The best lines, however, always appear to have been private property, and there is no evidence of any effective determined competition on the part of the government. The consequence has been dissatisfaction with the government service.

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5. NATURAL MONOPOLIES (Continued).

(1) **English Railway Development.** — The stability of English business has made it possible to bring railroad competition under control. It was said by a member of Parliament in 1872: "I do not think that there is at this moment a competitive rate existing in the kingdom." As regards direct competition between parallel lines of railroad, the statement was not far from the truth.

A railroad in England can calculate its probable business in advance. So also, if one railway builds a branch to compete with another for traffic, of which the latter has hitherto had a monopoly, it can guess with some degree of accuracy, what share of the traffic it is likely to control. The competition, as long as it exists, is less speculative. And, at any rate, one railroad war will generally settle the matter. With us a railroad war settles nothing. A truce is patched up for a time; but after a few years, or even months, pass, the conditions of traffic are so changed that the roads must fight it out over again. But in England, the relative strength is settled once for all. A division of traffic which is right now, is likely to be right ten years hence. There is no probability that new connections will be built, or new districts developed, in such a way as to seriously alter the relative strength of the competing parties. Still less likely, is it that completely new through lines will be built to contend for their share in a new division. There has been no important case of the kind for more than thirty years.

A division of traffic for fourteen years or more, has not been infrequent in England. In most parts of America it would be impossible. Our traffic agreements have to provide for constant revision of percentages; each revision offers the opportunity for a new quarrel. Arrangements of long standing, like the Chicago-Omaha pool, may be completely unsettled by a new system of connecting lines. Steady maintenance of schedule rates is equally impossible. Competition in America is only held in abeyance for short periods. In England it is really brought under control.

All these facts have an important bearing on the position of the railroads before the law. It may fairly be said that the railroads and the public are more independent of one another in England than in America; not because there is less conflict, but because the community feels the results of any such conflict, less in England than with us.

In the first place, the English companies have less to fear from sudden changes in legislation, or sudden movements of public opinion. They can behave in an exasperating manner without endangering any of their well-recognized rights. Such impudence as was displayed by the companies in the face of the early decisions of the Railway Commissioners would be all but impossible in America.

An American road which should thus openly defy a regularly constituted public authority would raise a wave of public sentiment against it, which would overbear all vested rights and privileges. There is always danger of a kind of public lynch law. In order to disobey the law in America, it would be necessary to make a show of complying with it. But in the majority of cases it may fairly be said that honestly managed American corporations have really tried to conform to the requirements of commissioners, even before the courts have taken the steps to render such compliance necessary. This has not been the case in England.

Even when a law regulating charges is enforced, it affects railroad earnings in England much less seriously than in America. If competition is done away with, you can apply almost any scheme you please with comparatively little harm; if competition is active, you cannot with justice or success do what will cripple one competitor against another.

In America we have to deal with rail and water competition both. In England water competition still exists, and seriously interferes with some of the schemes of regulation; but as far as a railroad competition, pure and simple, is concerned, the authorities have the field almost clear, and can arrange matters to suit their own notions of vested rights. Decisions which would create a panic in America scarcely call forth a public protest in England.

But the effect is not all one-sided. These facts cut both ways. They make the public authorities in America more powerful, but less independent. If legislation is to have such a serious effect it must be framed with the utmost care, or it will react against the men who designed it. The very weakness of American railroads is thus a source of strength.

Any legislation which seriously affects railroad profits will check the increase of railroad facilities. Such increase of facilities is essential to the development of any growing American community. If such a community passes laws hostile to the railroad interest, it soon feels the evil effects.

The Potter law in Wisconsin is an instance in point. The reduction in charges caused a reduction of profits; this stopped the growth of railroads; the growth of the community was thereby brought almost to a standstill.—"*Railroad Transportation*," *by Arthur T. Hadley, pp. 150, 151.*

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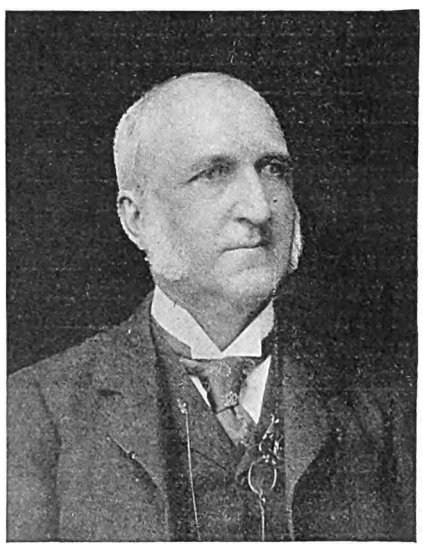
6. NATURAL MONOPOLIES (Continued).

Turning to our own country, we find that there are some things in the United States, which look like real effective competition in the railway business. Nevertheless it is a fact well known to all who are familiar with this business, that the most marked feature of its evolution in our own country, has been consolidation.

If the matter were well spaced, it is doubtful whether this number of PROGRESS would be sufficient, to contain simply a list of railway companies, which have been absorbed by other companies. The railways of our country are gradually being combined into a few great systems, acting together with increasing harmony. Precisely because the country is new and vast, and because the problems presented to the owners and managers of railways, are immensely complicated, and the railway development is even yet far from complete, freight-wars break out from time to time.



Chauncey M. Depew.

Even in the case of railways, however, it is to be observed that popular parlance still speaks of the struggle between railway lines, as war. One difficulty has been this: After, by agreement, a comparatively stable equilibrium has been reached, some new and powerful rival appears in the field. This new and powerful rival may be the result of some new combination, or it may be the result of the construction of a new railway line. A new arrival appearing in the field is like a new cow put into a pasture, with a herd that has been there some time. The cattle which belong to the field, have through struggle, reached what may be called a condition of equilibrium. Each one knows the strength of all the rest, and this strength is respected, so that quarrels are no longer necessary. But a new cow entering the herd, battles have again to be fought to determine the conditions of a new equilibrium. And so in the field of the railways. When the strength of the new rival in the field, is thoroughly tested, a new adjustment is secured. This sort of thing will have to go on, till our railway system has nearly completed its development, so far as its main features are concerned, provided always, that private ownership and management of our railways continue, and about that we will for the present, express no opinion either the one way or the other.

After all, the agreements among the railways are of such a kind, that for the most part, they may be described as unified tactics with respect to price. Passenger-rates and freight-rates are generally fixed by agreement. Even more than this is true. The rate of speed is very frequently limited by agreement, in order that those railways having the best natural facilities for speed, may not utilize these facilities in the public interest, if that is to the disadvantage of other railway companies.

It is thus, that there have been agreements with regard to the time of travel, between New York and Boston, Chicago and Minneapolis, Chicago and Denver; and also, as appears from an interview with Mr. Depew, President of the New York Central, and Hudson River Railway Company, between Chicago and New York. In this interview, as recently reported in the *Outlook*, Mr. Depew made the statement that his road was not allowed to utilize fully the advantages which it enjoyed, for making fast time between the two cities last mentioned. The railways which do not have the best natural facilities for speed, enter upon a rate-war to prevent the most favored line from making its maximum rate of speed. On account of some fast trains,

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which one of the lines between Chicago and Denver recently started, a rate-war was for some time imminent; but it seems to have been averted by some agreement. (1)

It must not be supposed that a monopoly secured by agreement, or even by absolute consolidation, prevents all rivalry. Rivalry is compatible with general unity of management, especially as expressed in price. Agents of various lines, may go out of their way to solicit patronage at stipulated rates, and of course, unless they are held under firm control, they will cut rates. This, however, is being prevented, and that precisely because a firm control is being established. There are also occasional efforts to gain an advantage over rival lines, by offering superior advantages of one sort and another, although this rivalry does not go very far. Lines west of Chicago, for example, have chair-cars without extra charge, but lines east of Chicago do not. Doubtless, as one railway may not with impunity, seek to gain an advantage over others through speed in excess of agreement, so one would hesitate about offering a decided improvement upon present facilities at the old rates, fearing attacks from those who may be left behind in the race. It is difficult to measure precisely, how far one railway line competes with another, with respect to comforts and conveniences, but each reader may on the basis of his own experience, form an estimate, though he must be careful about reaching over-hasty generalizations.

It may in conclusion, be observed that even complete and absolute monopoly, does not prevent all rivalry in the direction of superiority. The various departments of one railway may engage in a rivalry, amounting to quasi-competition among themselves. Very frequently the various departments of one business, do thus engage in rivalry with each other. This is also seen in a university, in which there is rivalry not with other universities merely, but also among its own various departments; and in a well-managed university, this rivalry furnishes a helpful stimulus, though it must be closely watched, lest it degenerate into something baleful.

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6. NATURAL MONOPOLIES.

(1) **Railways in the United States.**—If we trace back the history of almost any of our large railroads, we find that they were formed by the consolidation of many smaller ones. Such a course of events was a necessity. As long as railroads were purely local affairs, each locality might charter, and run its own. The moment any large through traffic grew up, this was found to be a wasteful way of doing business. If they changed cars at every point of junction, the expenses were vastly increased. If they did not change cars, there was still the awkwardness of dividing responsibility, and the evil of having two separate organizations where one would do the work better. It required no special training to see the necessity of such consolidation, and no extraordinary business talent to carry it through.

But there was a point beyond which, these matters did not take care of themselves, and could only be managed by great leaders. The trunk lines of the country reached this point about twenty years ago. At that time the main routes were pretty well consolidated as far as the Ohio river, or the eastern end of Lake Erie; for their through connections to Chicago or St. Louis, they made use of independent roads.

The men who did most to change this state of things, were Cornelius Vanderbilt and Thomas Alexander Scott. Scott began earlier, and went farther; but there was a dashing quality about Vanderbilt's doings which make him the central figure in this movement.

Scott entered the service of the Pennsylvania Railroad in 1850. He was rapidly promoted, and soon made his influence felt in the policy of the road. In 1860 he became vice-president, chiefly through the exertions of J. Edgar Thomson, who gave him active support in all his projects. They had already secured possession of the Philadelphia and Erie, and were busy with other schemes of the same sort, when the war interrupted all these plans. At the close of the war they were pushed on with renewed activity; the system was extended westward to Chicago, St. Louis, and Cincinnati, southward to Baltimore, eastward all over New Jersey, and northward as far as Lake Ontario.

Scott himself went far beyond these limits, and was personally brought into financial trouble, in 1873 in connection with the Texas Pacific. These things did not, however, involve the company, nor did they interfere with his position at its head. On the death of Thomson in 1874, Scott was elected president and held this position till 1880, a year before his death. As a result of this policy, the Pennsylvania Railroad, and its *alter ego*, the Pennsylvania Company, together control nearly seven thousand miles of the most valuable railroad property in the United States.

Vanderbilt was thirty years older than Scott, but he did not go into railroad business until several years later than his rival. Through his early life he had been a steamboat captain, and in the years 1850-1860 he was one of the foremost steamboat owners in the world. But his business sagacity led him to foresee the future of the railroad system; and about the beginning of the war he gradually withdrew from the sea, to invest his capital on land.

In 1863 he began buying Harlem as an invest-

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ment. He bought some of it at .03; thanks to the operations of those who tried to break him down by selling it short, he carried it up to 285. He went into Hudson River in 1864; in 1867, after some opposition, he secured control of the New York Central, and consolidated it with the Hudson River Railroad in 1869. In a desperate attempt to gain control of Erie he was foiled; bnt he and his friends were more successful in their efforts further west, on the Lake Shore and the Canadian roads. There were thus finally united under one general management, (though not under one concern as in the Pennsylvania system) some four thousand miles of railroad between New York and Chicago. —*"Railroad Transportation," by Arthur T. Hadley, pp. 83, 84, 85.*

FIRST WEEKLY REVIEW.

1. **MONOPOLIES CLASSIFIED.**—Social Monopolies and Natural Monopolies, Explanation of terms used, and the classification of Social Monopolies.
2. **SOCIAL MONOPOLIES (Concluded).**—Various kinds of Social Monopolies described.
3. **NATURAL MONOPOLIES.**—Various kinds of Natural Monopolies described.
4. **NATURAL MONOPOLIES (Continued).**—An enumeration of those businesses which are Natural Monopolies, The inductive proof that certain businesses are Natural Monopolies.
5. **NATURAL MONOPOLIES (Continued).**—A further examination of the Inductive Argument.
6. **NATURAL MONOPOLIES (Continued).**—An examination of the Monopolistic Tendencies of the Railway Business in the United States.

QUESTIONS.

1. *Define Monopoly. Give the two main classes of Monopolies. Why is the term "Social Monopolies" preferred to the term "Artificial Monopolies"? Give the classification of Monopolies. Explain General-Welfare Monopolies. What do you understand by Special-Privilege Monopolies? State the arguments in favor of Patents and Copyrights.*

2. *Describe Public-consumption Monopolies. What are the advantages of Trademarks? Do you know any disadvantages in making Trademarks Monopolies? What was Queen Elizabeth's policy with respect to monopolies? Does a protective tariff establish monopolies?*

3. *When does the limited supply of natural treasures lead to monopoly? Has the question of diffusion, versus concentration of wealth anything to do with monopoly? Why is it comparatively easy to establish monopolies among barbarous or semi-civilized peoples?*

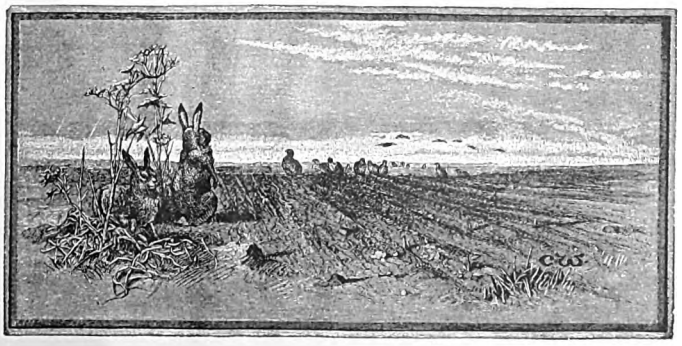
4. *Enumerate the businesses which by virtue of their inherent properties tend to become monopolies. Give any illustrations which have fallen under your own observation.*

5. *What relations or connections exist between the telephone business, and the telegraph business? Can a sound public policy deal with either one separately? What have been the tendencies of railway development in England, France and Germany with respect to monopoly?*

6. *Describe the evolution of railways in the United States with respect to unified control over prices. Does absolute unity in management prevent all rivalry on the part of those engaged in the business thus completely monopolized?*

SUBJECTS FOR SPECIAL STUDY.

1. *Advantages and disadvantages of Patents and Copyrights.*
2. *Substitutes for Patents as Rewards to Inventors.*
3. *The South Carolina Dispensary System.*



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7. CHARACTERISTICS OF NATURAL MONOPOLIES.

Having attempted to prove that certain businesses named, include in themselves properties, by virtue of which they become monopolies, it now remains to examine the essential characteristics of these natural monopolies. These may be summed up under the following three heads: 1. They occupy valuable spots or lines of land; 2, the service or commodity furnished is used in connection with the plant or the business; 3, they involve the employment of capital which corresponds with the law of increasing returns for the entrepreneur.

The importance of unity of management has been mentioned as a characteristic of natural monopoly. This would, however, scarcely seem to be a general characteristic, separate and distinct from the others which have been mentioned. Monopoly means unity of management, and the importance of unity of management, is generally much the same thing as the advantages of monopoly. In the case of the telephone, however, unity of management appears to a greater extent than in the case of the other natural monopolies, to have special weight; and so far as the telephone is concerned, it might not be inappropriate to mention the importance of unity as a distinct characteristic.

It has by others, been given as the characteristic of natural monopolies, that they minister to needs which cannot otherwise be satisfied easily. This, however, cannot be a characteristic. It is possible to have a monopolistic production and sale of a commodity, which ministers to a need very easily satisfied otherwise. The best illustration which occurs to the writer at the moment, is taken from the field of social monopolies. A copyrighted book is a monopoly, but the needs to which it ministers, can often be satisfied very easily otherwise than by the perusal of one particular book. A street-car line in a small city frequently ministers to needs which can in most cases be otherwise met, without very great difficulty. The ease or the difficulty, with which the wants satisfied by a monopoly can be otherwise provided for, is an element determining the value of the monopoly, and in this particular, natural monopolies, as well as social monopolies, differ greatly among themselves.

We will now take up in order the three main characteristics of natural monopolies. It has been stated that they occupy valuable spots or lines of land. It would readily be conceded that this is the case with all municipal monopolies using public streets. The streets admit of only a limited use, and those who have the right to use them enjoy a special privilege. Ordinarily only one street-car line can use a street. Even if we have several elevated railways and underground railways, the number of companies which can provide transportation in cities is so limited, that they can quite easily get together, and reach an agreement with regard to price, and also frequently with regard to the other conditions of service.

One examining the subject only superficially, might be inclined to say that steam railways traversing the country, surely do not occupy peculiarly valuable spots or lines of land. At first thought it seems apparent that while there is only one absolutely straight line, between two great cities like Chicago and New York, the number of lines which can be drawn with sufficient approximation to a straight line—the shortest distance—is practically unlimited. Several things must be remembered, however, in this connection. While traversing a great plain, it is quite possible that fifty or one hundred railways have ample room, but the great plain may reach its limits in high mountain ranges, through which there are few passes. Sometimes between a river and a high range of hills or mountains, there is room only for one railway line. A second line would be obliged to make an extremely expensive cut, or else construct a tunnel.

Even more important is the question of terminal facilities in cities, and in large cities it is becoming increasingly difficult to provide these, and the expense of

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duplicating terminal facilities, like those enjoyed by the Pennsylvania lines in Washington and Philadelphia, or of the New York Central & Hudson River Railway in New York City, is practically prohibitory. Track elevation in Chicago, as well as the expensiveness of real estate in that city, puts a difficulty in the way of duplicating existing terminal facilities. Now, it is of no consequence to a railway to be allowed to traverse vast prairies, if it cannot find terminal facilities in the cities. In this case their position is like that of the owner of land in the far west with no access to water. Those owning the land along the streams and controlling the streams or springs, virtually control the land away from these sources of water supply.

A second important characteristic of natural monopolies, of the kind under discussion, is that the service or commodity which they supply must be used in connection with the plant itself. The gas supply is connected with the gas plant. Telegrams can be furnished only over telegraph wires, and otherwise in connection with the telegraph plant. If gas could be produced and shipped to consumers like flour, then the gas business would also become a competitive business. The same principle holds with respect to electric lines. It may occur to the reader that we now have storage batteries capable of supplying electric lights, and that we have individual acetylene gas plants. But these are as yet imperfect substitutes for gas or electricity furnished from central plants, and can only be regarded as substitutes limiting the power of centralized branches of municipal supply.

The third main characteristic of natural monopolies of the sub-class under discussion is, that they involve the employment of capital which gives increasing returns when viewed from the standpoint of the entrepreneur. Individually the product increases faster than the outlay of economic energy. Expressing the same thing differently we may say: the larger the plant the greater the return. What is decisive in this case, is the fact that this true for the entrepreneur. An industry may yield increasing returns, so far as product is concerned, that is to say goods and services, but this increase in concrete returns might be more than offset by falling prices. In such a case we would have an industry of socially increasing returns, but individually decreasing returns; because in a society in which exchange is fundamental, the individual has to consider what he can receive in return for his products. All this will be considered at greater length hereafter. The essential point is to make it clear that one of the characteristics of natural monopolies is their increasing returns for the entrepreneur. It is true that socially also, these industries are industries of increasing returns, but that is something subordinate in a consideration of their characteristics as monopolies. (1)

Inasmuch as the larger the business, the greater the returns to the entrepreneur, an inducement is always held out by those interested in these businesses to get together. The entrepreneur is in business for the sake of gain, and he knows that consolidation in the case of natural monopolies increases gain. This increment in gain resulting from monopoly is like a magnet, always pulling together those engaged in the same monopolistic pursuit. It does even more than this: It draws together those engaged in closely allied productive pursuits, as for example in the production and sale of gas, and in the production and sale of electricity. This is a force which never ceases to operate. Acting continuously night and day, it finally prevails over all obstacles. (2)

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7. CHARACTERISTICS OF NATURAL MONOPOLIES.

(1) **The Gas Business a Practical Monopoly.**—Another fact is also evident to the most superficial observer, and that is, that the gas business must, from its very nature, be a practical monopoly.

This might be inferred from a simple consideration of the technical and administrative conditions of the manufacture and distribution of gas It is also amply proven by the actual history of gas undertakings, both in this country and in Europe.

In the first place, in order to undertake the gas business with a reasonable hope of profit, it is

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necessary to be able to control a large amount of capital. It is impossible, therefore, for a man of small means to start such an enterprise. It is ordinarily beyond the resources even of wealthy private men, and it is usual to resort to the device of a joint stock company.

This simple fact, that it takes a large capital to undertake the business, practically limits it to a very few men, and tends to make it a monopoly in the hands of a company which has once fairly established itself, since the risks of going into it, when a rival company has the field preëmpted, and is better able to make prices which will drive the the new company out of the field, are usually prohibitive of the enterprise.

In the second place, the gas business differs from such a business as the manufacture of shoes, for example, in that while it makes comparatively little difference where the shoes are manufactured, since they can be easily sent to any desired point for consumption, the gas must be made near the place of consumption.

The opportunities for competition are thus enormously diminished in the latter business, as compared with the former. If gas could be produced anywhere and bottled for consumption at distant places, the whole nature of the business would be changed and it would be much more difficult to establish a monopoly than at present.

There is another point in which it differs greatly from such a branch of manufacturing as shoemaking, which renders it easier to establish a monopoly, and that is, that the process of manufacture produces a large number of most offensive odors, which almost constitute it a nuisance. It could not be allowed that every man who pleased should set up a gas factory on every street corner, even if other preliminaries of the business allowed it.

There is a third important peculiarity of the gas industry which contributes greatly toward making it a practical monopoly. This consists in its mode of distribution. In order to get it to consumers, it must use the public thoroughfare in such a way as to constitute a serious impediment to business.

This would be very evident, if it put its main pipes above the ground, in such a way that bridges would have to be built over them at every street crossing. It is scarcely less evident under the present system, which involves taking possession of the streets for a longer or shorter time, first to lay the pipes and later in order to make repairs.

The existence of the mains in the ground, even after they are laid, constitutes a serious inconvenience, as is plain whenever a sewer is to be constructed, or whenever an explosion occurs as the result of the leaking of a main.

Now, while we might allow almost any number of shoe dealers' wagons to travel along the streets, it is perfectly evident that we cannot allow an indefinitely large number of gas companies to be tearing up the streets in order to lay or repair their pipes.

The ravages of one company, and that a public one, are ordinarily enough to drive citizens almost distracted, to say nothing of the state of things which exist where there are from two to six, competing with one another as to which shall make the greatest nuisance of itself.—*E. J. James, Ph.D., Pub. "Am. Economic Ass'n," Vol. I., pp. 63-65.*

(2) **Recommendations.** — I recommend that legislatures hereafter refuse to grant a charter to any private corporation to supply any municipal corporation in the state with gas, or water, or electric light, but that such undertakings shall always be public; further, that municipalities be encouraged to purchase existing private gas works when favorable opportunity to do so occurs. If, however, charters are granted, they should be sold at auction for a limited period, with reserved right as hereinafter described.

A few municipalities manage their own street car lines, but the time is hardly ripe for that with us. I recommend that legislatures pass a law somewhat similar to that of New York state, but modified in such manner as to secure to the public to a larger extent the benefits of future increments of value. I recommend that all street-car franchises be sold at public auction, to be duly advertised in newspapers, and that the sale be for fifteen years, to the one who will give the largest percentage of gross receipts—never net receipts, for in such cases, by some hocus pocus, net receipts tend to a minimum.

At the expiration of fifteen years the right should be reserved to the local authority "to purchase the undertaking compulsorily on the terms of paying to the company the then value of all land, buildings, and plant belonging to the company at their market value, having regard to their condition and their suitability to the purpose of the undertaking, but without any addition for compulsory purchase, good will, or future profits"

If the city should not choose to exercise this right, the sale of the franchise at public auction under similar conditions, should then be rendered compulsory, the purchaser, if not the existing company, but another, to purchase all the property of the previous company at an appraised valuation, as in the case of the purchase by the city, and under similar conditions.

This method determines the actual value of the franchise which ought to go to the public, to whom alone it is due, and still leaves profit on capital actually invested, to the street-car companies. If a line is worth but little, it will bring little; if much, it will bring much.

A somewhat similar plan is followed in New Orleans as well as in New York, and the enormous profits on street-car lines can be seen in the fact that franchises have been sold in New York for thirty-five and forty per cent of gross revenues.

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A word more may be said about the plan outlined for the treatment of natural monopolies. It is to be observed that it forces no particular system of management upon any city. It leaves the people free from time to time to decide what it is best to do. If it is felt that it is best to adopt private management, this course is open to the city. If, however, it is thought to be best to commit any or all natural monopolies to public management, the way is also clear for that at the expiration of the period.

There are always two ways for the management of natural monopolies. One is the French method, private management under public control; the other, the German, and to an increasing extent, the English, namely, the direct public management of natural monopolies.

Doctrinaires object to public management, that it is inferior to private management. Experience, however, shows that their assertion is based on fancy, not fact.—*"Taxation in America," by Richard T. Ely, Ph.D., pp. 271-275.*

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8. OTHER CLASSIFICATIONS OF MONOPOLIES.

It will be helpful to us to examine briefly two or three other classifications of monopolies, as a comparison of views can scarcely fail to clarify our thought. (1) The subject has received so little scientific attention that there are few classifications of any note. Professor Lexis, however, has worked out a rather elaborate classification which is found in his article on monopoly in Conrad's recent German *Dictionary of Political Science.**

Professor Lexis divides monopolies into two classes; A, Sale-monopolies, and B, Purchase-monopolies. The first main class, or those relating to sales, are the monopolies ordinarily referred to, when monopolies are discussed. The monopolized object may be a commodity or a service, and services may be further subdivided.

The monopolist may be, says Professor Lexis, one person, or a group of persons following a single plan with reference to price. ("Die eine einheitliche Preistaktik befolgen.")

Professor Lexis subdivides his Sale-monopolies (A) into the two sub-classes; I., Natural, and II., Artificial; but much of what he says in this connection would obviously apply equally to the Purchase-monopolies.

Natural monopolies are those which rest upon scarcity. The most easily explained natural monopolies, he says, are personal talents.

This is in part a different principle of classification from that given by the present writer. It would embrace natural monopolies of our first sub-class, merely those arising from a limited supply of raw material, but does not include those which find their origin in properties inherent in monopolized businesses. It seems, however, proper to include this latter sub-class under natural monopolies, because the monopolies in this case arise out of forces which operate almost like laws of external nature. The parallel is sufficiently close, to make the term natural monopolies, a fitting one, and it has been widely adopted because it conforms to ordinary experience.

Personal talents do not in our classification form any considerable group. There are differences of talent, giving one man a great advantage over others, and securing to the favored, differential gains. It is not easy to mention cases, however, in which any one person has had in the past, or now has, such unique talents, as to enable him to secure through these talents alone, monopoly in any field. Talents undoubtedly are of assistance, in enabling a person to avail himself of existing external opportunities for the formation of a monopoly; but the point is this: these external opportunities are indispensable. It is possible that a very few persons may have gifts so extraordinary, that they enjoy something closely resembling a monopoly-power, and that they are able to make this felt in bargains for their services. A few great musicians, painters, lawyers, and physicians possibly could be placed in this category, although our conception would have to be stretched somewhat in order to include them. Doubtless when we consider one single locality by itself, it will frequently happen that the talents of an individual give him a monopoly in some particular field. When, however, this locality is brought into connection with other localities, competition enters; but a competition which may nevertheless leave large differential advantages.

Turning to artificial monopolies we find that according to Professor Lexis, they are brought about by private combinations, or by a secrecy on the part of private individuals respecting technical aids or processes, and also by direct action of public authority. Public authority, however, may grant a monopoly to private individuals, or, it may establish a public institution that is a monopoly. We thus have four sub-classes:—1, Monopolies due to private secrecy; 2, Monopolies due to private

* *Handwörterbuch der Staatswissenschaften*, ed. by Professor Conrad and others.

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combinations; 3, Monopolies conferred by public authority upon private individuals; and 4, Public institutions which enjoy a monopoly.

The monopolies based upon secrecy of processes, must be comparatively few, and also of comparatively brief duration. Secrecy is still prized by manufacturers here and there, as is seen in their care to exclude the general public from their workshops. It would be difficult to tell, however, of how much importance this secrecy is, inasmuch as the number of visitors is generally a very considerable one after all, and inasmuch also, as through employees and otherwise, it must be possible on the part of those who desire it, to gain a tolerably accurate idea of methods followed. One general object of patent law is to prevent secrecy, and it has doubtless done a great deal to lessen its importance.

Artificial combination, says Professor Lexis, takes place whenever the conditions are favorable. If the combination does not rest upon any natural monopoly, an attempt may be made to remove competition by an agreement on the part of sellers. Professor Lexis, however, holds that when the production of commodities can be increased at pleasure under constant conditions, a monopoly is simply temporary, unless aided by state restrictions, as for example prohibition of imports or high protective duties. We shall be obliged to add, however, in view of our discussion of monopolies, unless aided by public authority, or by private individuals or corporations operating a natural monopoly, as for example a railway.

The third sub-class of natural monopolies according to the classification of Professor Lexis consists of the monopolies bestowed upon private persons, by public authority. He mentions under this head, patents, and advantages secured by trade-licenses and high tariffs. He does not, however, hold strictly to his conception of a monopoly, as implying unity of action with respect to price. A high tariff may restrict competition somewhat, and yet leave active competitors in the field. Licenses may confine within narrow limits, the number of local dealers in the community, and yet these local dealers may engage in competition among themselves, observing no unity of action with respect to price.

The fourth sub-class consists of public institutions, and as an example fiscal monopolies are mentioned.

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8. OTHER CLASSIFICATIONS OF MONOPOLIES.

(1) **Classification of Industries.**—There are three classes of industry which more easily than others permit the formation of effective trusts.

1. Industries connected with, or closely dependent on, the nature and properties of land. When the whole or a large proportion of the raw material required for producing any class of goods is confined within a restricted area, the possession of that land by a single body of owners will give a strong monopoly. It was not essential to the Standard Oil Trust in its earlier years to own the sources of the oil provided they could possess themselves of the stream after it had left the source. But they have strengthened this monopoly lately by securing the ownership of the oil lands in Pennsylvania. The most striking example, however, is the monopoly of the anthracite coal region in Pennsylvania by the shareholders of the Pennsylvania and Reading Railway.

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2. Articles which, for economy of transport and distribution, require to be massed together in large quantities, are specially amenable to monopoly. Grains produced over a wide area have often to be collected in large quantities to be reassorted according to quality, and to be warehoused before being placed in the market. So the produce of thousands of competing farmers passes into the hands of a syndicate of owners of grain elevators at Chicago or elsewhere. The same is true of meat, fish, fruit, vegetables, dairy produce. All these things, raised under circumstances which render effective coöperation for purposes of sale well-nigh impossible, flow from innumerable diverse places into a common center, where they fall into the hands of a small group of middlemen, merchants and exporters.

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3. In those industries to which the most elaborate and expensive machinery is applied, and where, in consequence, the proportion of fixed capital to labor is largest, the economies of large-scale production are greatest. . . . Where, owing either to natural advantages, as in the case of oil and coal, or to other social and industrial reasons, a manufacture is confined within a certain district, and is in the hands of a limited number of firms in fairly close commercial touch with one another, we have conditions favoring the formation of a Trust. In most of the successful manufacturing Trusts some natural economy of easy access to the best raw material, special facilities of transport, the possession of some state or municipal monopoly of market, are added to the normal advantages of large-scale production.—"*The Evolution of Modern Capitalism*," *by John A. Hobson, M.A., pp. 139-141.*

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9. OTHER CLASSIFICATIONS OF MONOPOLY (Continued).

Professor Lexis follows his division of sale monopolies into natural and artificial, with a division into I., General, and II., Local monopolies.

Here we have a different principle of classification. As an example of a general monopoly, the monopoly which the London house of Rothschild (*see Glossary*) so long enjoyed, is mentioned. The unsuccessful effort to monopolize copper in 1887 is also mentioned. The failure of the effort in 1890 is attributed to the fact that the production of copper could be too easily increased, and had consequently become too large for the maintenance of monopoly prices.

It may be said in this connection, that each monopoly appears to have a geographical area of its own. Thus the natural geographical area of gas works is a single city, but by combination a city may be divided into sections among several producers, each producer having a section of his own. But this is a far less advantageous arrangement than to have the entire city covered by the enterprise. Recent developments would point to the city as the natural geographical area for local transportation, although in most big cities it is still divided into sections or streets, being parceled out among various industrial units. The natural geographical area for steam railways, as also for the telegraph, appears to be the nation.

Another subdivision of the monopolies in class (A) made by Professor Lexis is into I., Permanent, and II., Temporary.

This is something so obvious that it does not need extensive comment. Monopolies vary in duration. Professor Lexis, however, says that in the case of a permanent monopoly the monopoly value is capitalized, and then that a new purchaser enjoys no monopoly, because his returns are only normal. According to this, if I buy the stock of a gas company which enjoys an absolute monopoly, I have no monopoly, provided I pay so high a price that the returns on my investment are only average or normal returns. Here we have a strange subordination of the social point of view to the individual point of view, which does not seem to be in general keeping with the thought of Professor Lexis. Socially considered I have a monopoly, whether the price I paid for it, be a large one or a small one. In fact to the general public, that must be a matter of comparative indifference. I may, to be sure, ask that this high price be taken into consideration, if a change is proposed by public authority which will injure the value of the monopoly to me, provided I can show something amounting to a clear and explicit agreement on the part of the general public, to the effect that no action adverse to the monopoly is to be taken without indemnification to the monopolist. This, however, is an entirely different matter.

A classification according to still another principle is into Productive and Commercial monopolies, productive monopolies referring to agriculture or manufacture. The old East India Company (*see Glossary*) is mentioned as an example of commercial monopolies.

A classification according to a fifth principle is into I., Absolute or Perfect Monopolies, and II., Relative or Imperfect Monopolies. The absolute monopolies are those which follow unified tactics with respect to price, that is to say, they are real monopolies. The relative or imperfect monopolies are those which do not follow unified tactics with respect to price, and are, strictly speaking, not monopolies at all. Professor Lexis places in the class of relative or imperfect monopolies, land.

About the class (B) (Purchase monopolies), Professor Lexis has comparatively little to say. He states that local dealers sometimes enjoy such monopolies, especially with respect to those who are indebted to them, and he cites as an illustration second-hand dealers. He mentions, however, one very important class sometimes coming under this head, namely producers on a large scale, so far as their labor

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supply is concerned. Doubtless they are able, especially by combination, to secure a monopoly as local purchasers of labor power.

The classification of Professor Lexis, valuable as it is, appears to be defective in important particulars. It follows no single principle, and it does not adhere strictly to the conception of monopoly which its author framed.

Prof. J. W. Jenks of Cornell University, has an article on Monopolies in the United States, in the *Dictionary of Political Economy*, edited by Mr. R. H. Inglis Palgrave. In this article, Professor Jenks mentions three main classes of monopolies, namely Legal Monopolies, Natural Monopolies, and Capitalistic Monopolies. (1) Under Legal monopolies he includes copyrights, trademarks and patent rights. Under Natural monopolies he places those businesses which belong to our second sub-class under Natural monopolies, namely railways, telegraphs, etc. (2) His capitalistic monopolies include those businesses which become monopolies "simply through the advantages that come from the use of large capital."



Prof. J. W. Jenks, Cornell University.

This third class we are not prepared to admit. We do not acknowledge that there are monopolies which are such, simply through the advantages that come from the use of large capital. Professor Jenks mentions as the great example of this class of monopolies the Standard Oil Company, but he acknowledges that it enjoys freight rates lower than its rivals have secured. He mentions as other illustrations of capitalistic monopolies the American Sugar Refining Company (Sugar Trust), and the Distilling and Cattle Feeding Company (Whisky Trust). Professor Jenks then goes on to speak about various capitalistic or industrial monopolies, and adds: "In many instances they have been aided by the railroads which gave them preferential freight rates, sometimes the tariff laws have helped them." We shall have more to say about these capitalistic monopolies presently, and now invite attention merely to the admission made, favorable to our claim that, apart from outside aid and assistance, they are not real monopolies.

Finally, mention may be made of a classification of monopolies found in an article by Mr. Sidney Ball, St. John's College, Oxford, on "Mr. Herbert Spencer on Industrial Institutions", in the *International Journal of Ethics* for January, 1898, although the classification is given only incidentally. It is into: I., Monopolies of efficiency; II., Monopolies of local service and the like; III., such combinations as we find in Syndicates and Trusts. It would doubtless be an injustice to Mr. Ball to regard this as a formal classification. He gives as an illustration of monopolies of efficiency, the Krupp manufacturing establishment, turning out the well known Krupp guns. As has been already stated, we do not admit the existence of monopolies due simply to efficiency.

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9. OTHER CLASSIFICATIONS OF MONOPOLY (Continued).

(1) **Capitalistic Monopolies.**—During the last twenty years the business world has been startled by the growth of giant monopolies in many industries, that do not apparently fall under any of the classes of undertakings previously described. There is hardly an important industry in which attempts have not been made to establish combinations.

The simplest attempts to form monopolies, consist of agreements between a number of producers to limit the product, to maintain fixed prices, or to appoint common selling-agents. These agreements are seldom lived up to, and mutual suspicion among the members, generally breaks them up. Yet a "friendly agreement" between four

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large beef packers in Chicago has sufficed to build up a practical monopoly of the cattle and meat business of the United States.

In other cases, where the number of parties to the agreement has been small, this form of combination has created virtual monopolies. A second and more formal organization is the "pool". This is established by a formal agreement to maintain prices, in which the parties agree to divide the territory, to divide the business, or to divide the earnings.

Pools have been common in the railroad business, but have existed elsewhere, as in cases where nominally competing gas companies agree to serve separate districts in a city, and not to encroach upon each other's territory. Pools have often enough been broken up by the mutual distrust of the members; for, if one party of the pooling agreement breaks it, while the others keep their promises, he may make large profits.

This difficulty is intensified in this country because the courts have refused to enforce pooling contracts, regarding them as in restraint of trade and opposed to public policy.

In a third form of combination, the trust, monopolists finally secured permanent understanding and union of interests among all members. Trusts were formed by having competing corporations place a majority of all their stock in the hands of a board of trustees. These trustees managed the business of the several corporations, and secured harmony of action. The original stock-holders received trust certificates in exchange for their stock, and received dividends proportionate to the certificates.

The Standard Oil Trust, formed in 1882, was the earliest and most successful trust. Courts finally decided that corporations had no right to surrender their stock to trustees, such action being *ultra vires*. Between 1888 and 1892 many States passed "anti-trust laws," and Congress placed such an act upon the statutes of the United States. This hostility of the courts, and of public opinion led to a formal dissolution of trusts. But dissolution meant simply a change of form.

In some cases, one large corporation bought out the smaller corporations composing the trust. In others, a few large corporations were formed, in each of which the original monopolists owned a majority of the stock. The Standard Oil Combination now operates in this form.

The formation of monopolies in nearly all industries has been attributed to the influence of modern capitalistic production; hence the name capitalistic monopolies.

The striking facts of modern business are the growth of large capitals and the concentration of production. It is alleged that the formation of monopolies in industries where large fixed capitals are required, is the natural result of the forces that have led to the replacement of small establishments by large enterprises.—"*Introduction to the Study of Economics*," *by Charles Jesse Bullock, Ph.D., pp. 308-310.*

(2) **Natural Monopolies Defined and Characterized.**—It is a great problem to know how to provide for growing municipal expenditure; yet Nature herself seems to have made provision therefor in those pursuits which may be classed as natural monopolies, and necessarily use local public property.

A natural monopoly is a business which is such by its own inherent properties. While it may be occasionally engaged in a struggle with a rival to determine the terms of combination, or the condition of a truce, as in a division of territory, it is not like other businesses subject to the steady, constant pressure of competition.

The principal natural monopolies with which states, municipalities, and other local political units are concerned, are streets, bridges, railroads, canals, ferries, gas works, electric-lighting works, water-works, harbors, and street-car lines. The following characteristics of monopolies, quoted from a recent writer on this topic, will help to show why they must be monopolies:

"1. What they supply is a necessary.

"2. They occupy peculiarly favored spots or lines of land.

"3. The article or convenience they supply is used at the place where, and in connection with, the plant or machinery by which it is supplied.

"4. This article of convenience can in general be largely, if not indefinitely increased, without proportionate increase in plant and capital.

"5. Certainty and harmonious arrangement, which can only be obtained by unity, are paramount considerations."

The reason why certain pursuits are monopolies may be stated in other words. What they supply can be supplied by one person much cheaper than by two or three.

If two gas companies, with a capital of one million dollars each, operating in a single city, just pay expenses, by combination, although the capital will be doubled, the reduction in expenses will be such that a profit will result therefrom; added to this is the more complete control in price.

It is, therefore, no accident that we have never secured permanent competition in gas supply in Baltimore, with all our attempts. We never can secure it, should we try a thousand times. So it is with all natural monopolies. It is best, therefore, to recognize this fact and act upon it.

PROFITABLENESS OF NATURAL MONOPOLIES.

It is further to be remarked that when natural monopolies charge for services, in contradistinction from free public monopolies, like streets, and are guaranteed a free field, their profits constantly rise with the growth of the city.

The public gas works of Berlin, in Germany, illustrate this. They supply gas for less than one dollar a thousand, and yet have become so remunerative that the profits therefrom defray eighteen per cent of the expenses of the municipal government.

American cities have had somewhat similar experiences. Richmond and Danville, Virginia, and Wheeling, West Virginia, may be mentioned as examples. In Wheeling gas is sold for ninety cents a thousand, and the city derives a profit therefrom. The corruption in connection with the gas trust in Philadelphia, which has become so notorious, has somewhat obscured the real nature of the question. Yet it may be doubted whether private corporations in other cities, which might be named, have had a less corrupting and debasing political effect.

At any rate, the people of Philadelphia wisely determined, after the expiration of the trust, to retain public ownership of gas works, and it is said that the profits on them during the past year exceeded expectations by one million dollars. The receipts from the works figure for nearly three million dollars in the budget of 1887.—"*Taxation in America*," *by Richard T. Ely, Ph.D., pp. 269-271.*

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10. TRUSTS.

The trust, so much discussed nowadays, is in itself no problem. The fact that it has been so widely debated as a separate and distinct problem in itself, and that laws foolish and futile have been passed against trusts, shows that popular thought has been moving along the wrong road, as has occurred so often in the past. And what happens to one who travels on the wrong road? We know that he does not reach his destination.

The trust, as we have already intimated, is simply a business form, a convenient sort of organization, a product of industrial evolution. The idea of a trust is in reality as old as trusteeship. Property and business have from time immemorial, been put in the hands of persons as a trust, to be managed in the interests of their owners. If reasons exist why it is desirable to put a given business, or any number of businesses, into the hands of trustees, some way will be discovered of accomplishing this end, even if the direct natural method is closed by legal prohibition. This must not be misunderstood. What ordinarily goes by the name of trust, namely a combination of individuals and corporations, implies indeed something new. The corporation itself is a comparatively new product. Corporations have, to be sure, long existed; but they have only recently had their present significance.

Naturally, something still newer is an aggregation of corporations. The new thing with which we deal, however, is not trusteeship, is not by any means a form, but it is the substance behind the form, and that substance is monopoly. In other words: in so far as a trust has real significance it means monopoly, and the trust as a monopoly, signifies a new way, more or less effective, of accomplishing familiar ends.

The problem of the trust, is simply the problem of monopoly. It can be attacked successfully only through methods which deal with the causes of monopoly. All discussion of the trust which fails to grasp it, simply as one phase of the monopoly-problem, is unprofitable, and all the practical legislative measures, which simply forbid the trust form of organization, are only an attack upon symptoms, leaving the root-causes undisturbed. Endeavors to suppress trusts by direct prohibition, deserve to be treated as quackery, inasmuch as the discussion of the past ten years, together with the experience of that same period, should have revealed to intelligent persons by this time, their truly unscientific character.

Our discussion of social and natural monopolies, has prepared the way for the presentation of the true significance of the trust. We have those great enterprises called natural monopolies, concerning which, there is no option, inasmuch as the properties inherent in a business of this kind lead inevitably to monopoly. It makes no difference whether the business form is a trust or not; if the most convenient form of business organization is a trust, it is by all means to be favored. An attack upon a gas trust is thus senseless, if not worse. The question in the gas business is, whether the monopoly shall be a public or private one. If it is decided that private management of the gas business is desirable, then by all means let those who have charge of the business, select the form of organization which is most advantageous. This applies generally to businesses within the field of natural monopolies.

But is there, outside of the field of natural monopoly, a universal tendency to an increasing concentration of business, which must ultimately terminate in monopoly? This is the greatest practical and theoretical question in economics, for the future of our industrial civilization turns upon the answer which is given to it. Socialists, and others who do not recognize themselves as socialists, claim that there is in all businesses, a monopoly-force which will ultimately triumph over all obstacles.

It would be interesting, if space permitted, to examine at length the reasons which are adduced in support of the thesis, that there is in all business the seed of monopoly. Here as elsewhere, however, we must leave much unsaid. But a few

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reasons which have been advanced for the hypothesis may be briefly treated. It is claimed that a large business can effect economies in purchases, and the implication is that the larger the business, the cheaper the price at which needed commodities may be purchased. If this were true, a monopoly having possession of the entire field, could enjoy a large advantage over any persons who might attempt to break up the monopoly. It does not seem to be true however, that, without qualification or limit, the larger the purchase, the cheaper the price. Not infrequently those purchasing in a small way can secure better prices, and those who purchase large quantities of commodities, must exercise great caution in order to avoid forcing up prices against themselves. The attempt to secure a monopoly in the market has before this, raised prices to such an extent that they have ruined the would-be monopolist.

The claim is made, again, that what may be called the fixed charges of a business, decrease relatively in proportion as the business increases in size. These fixed charges comprise the class of charges which do not vary readily; for example, the superintendent's salary, within limits, will not vary, whether more or less business is done.

Within certain limits, the same would be true of rent, of the book-keeper's salary, and of various other items of considerable importance. However, when the business reaches a certain magnitude, new fixed charges begin to appear. The kind of superintendent once adequate to the business now becomes inadequate, and a man of a higher order of talent, receiving a higher salary, must be engaged. As business increases, again, the book-keeping forces have to be reorganized, new and larger buildings must be constructed or rented. Moreover, very large businesses have charges unknown to small businesses. Some of the vast businesses of the country, spend considerable sums for detectives, for example, and this is a sort of expenditure unknown to the small manufacturer. Thus it does not appear that the above argument is a valid one.

It is said, again, that a monopoly can secure a plant of maximum efficiency. A business, however, need not be a monopoly in order to enjoy a plant of maximum efficiency. Each kind of business has to attain a certain size, to afford the best plant, and to secure the best organization. This may be far short of a size sufficient to monopolize the business of a country. A watch-factory with ten employees cannot have a plant of maximum efficiency; but it does not, on the other hand, require a force of ten thousand men to make it possible to employ the best plant, and to organize labor-forces most effectively.

Without going into further reasons adduced in favor of business on the largest possible scale, it may be pointed out that there are still arguments in favor of business of moderate dimensions. There is always danger when a business becomes so large that one man cannot survey its entire field, and keep a general unified control over it.

There are also inventions and improvements which are favorable to the small producer. An excellent municipal water-supply, furnishing water at uniform and low rates, is favorable to many small manufacturers. The same is true of cheap gas, furnished at uniform rates to all consumers.

When this subject is discussed, the vast numbers of failures of attempts to secure monopoly must not be overlooked. Bearing in mind the distinction between business on a large scale and monopoly: how many monopolies are there outside the field of social and natural monopolies? The writer does not know any clear case of a great monopoly outside this field, within which he grants all that is claimed by the adherents of the monopoly theory. It must be remembered that we include within our social monopolies, those businesses which have become monopolies through favoritism on the part of those powerful private corporations themselves enjoying natural monopolies.

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10. TRUSTS.

(1) **Nature and Effect of Trusts.**—We shall now discuss somewhat more at length the highest forms of undertakings—the trust, and the corporation or corporations. Here capital and business ability, work in unison toward the regulation of all the elements which contribute to the production of the articles in question. We shall consider principally the largest of them, such as the petroleum, lead, cotton, oil, linseed oil, sugar, cigarettes, matches, whisky, starch, cordage, crackers, rubber, and leather combines.

The goal of undertakings of this sort is rightly expressed by such phrases as the cheapening of production, the regulation of output, and the control of prices.

The large undertakings do not originate in ideal, moral, or general economic considerations; their immediate aims are simply larger and surer profits. Hardly would a Rockefeller in his first efforts have divined what economic mission his action was destined to fulfill; hardly did old Commodore Vanderbilt invest his first money, acquired through the Staten Island ferry service, in railroads, with the intention of establishing a model of centralized railroad administration. But none the less, the existence of these great personalities has been of an extraordinary, and often decisive, importance for the general development of the several industries.—"*Trusts or Industrial Combinations in the United States*," *by Ernst von Halle, pp. 53-54.*

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11. ADVANTAGES AND DISADVANTAGES OF MONOPOLIES, CONSIDERED FROM THE STANDPOINT OF PRODUCTION.

The entire subject of monopolies cannot be considered till we reach subsequent parts of the present course, especially Distribution. Some things, however, may be said concerning the advantages and disadvantages of monopoly, while still confining ourselves to what can properly be placed under Production.

First of all, it is important to observe that we must not lump all monopolies together. No discussion of monopoly can be satisfactory which does not rest upon careful analysis. It is impossible to say generally that monopolies are good or bad. We have to know what kind of a monopoly is under consideration, and also the circumstances under which it operates.

We have both public monopolies and private monopolies. The post office is a public monopoly, and probably we are within bounds when we say that it meets with the cordial approval of nineteen-twentieths of the people of the United States. As a general rule, the monopolies to which objections are urged are private monopolies, although to this rule again there are exceptions.

We have to know not only whether a monopoly is a public or a private one, but what kind of a monopoly otherwise we are dealing with, before we can pass judgment upon it. We have various kinds of social monopolies. Patents and copyrights are generally held to be advantageous, because it is thought that they stimulate the inventive faculties of men, and that the disadvantages of monopolies are in their case more than counterbalanced by social gains. All that is desired by most men with respect to patents and copyrights is a reformation of abuses, leaving the institutions themselves intact.

In other lands we also have fiscal monopolies. Whether or not in the case of fiscal monopolies, the advantages outweigh the disadvantages can only be determined by an examination of each concrete case, and possibly it would be difficult to lay down a general rule, except that of caution in establishing new monopolies of this kind. The tobacco monopoly in France is generally regarded as a decided success, and it is probably on the whole advantageous. It is in that country a desirable form of taxation. The salt monopoly in India, on the other hand, which increases several fold the price of salt, is, according to current reports, an oppressive institution. It has its very grave disadvantages, and unless it can be shown that it is a dire necessity it is unjustifiable.

We have Public Consumption Monopolies, which so far as the writer can judge, in the few cases in which they exist, are advantageous. The whisky monopoly in Switzerland, according to most reliable reports which reach us, appears to be beneficial; that is to say, when we contrast this public monopoly with private competitive

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business of the same kind. The Dispensary System in North Carolina, which has had to contend with tremendous obstacles, many proceeding entirely from without the state, and beyond its control, appears on the whole to work well.

The Special Privilege Monopolies we may put down as disadvantageous, whether the special privileges proceed from government or from private persons. If there ever was a time when they had a relative justification, that day is past.

We turn now to the field of Natural Monopolies. When the principle of monopoly is once fully recognized, and all attempts at rivalry repressed, there is an avoidance of enormous waste, and this is a great advantage in production. It is difficult to estimate the amount of waste, due to attempted competition among railways in the United States alone. The aggregate waste during our entire railway history, it may be safely said, runs up into the thousands of millions of dollars. This waste is avoided equally by private monopoly and public monopoly. The disadvantages of private monopoly are: Corruption of government, which is undertaken to prevent effective governmental control or to secure favors of one sort and another; or on the other hand to prevent unjust attacks proceeding from one branch of government or another, but especially the legislative branch. There is also a danger of inefficiency when the private monopoly is once well secured, as the stimulus of competition is removed. The greatest disadvantage of all, however, is the power of oppression which private monopoly carries with it, both with respect to the laborforces in its employ, and to the general public. (1)

Public monopolistic management also has a disadvantage in the danger that it may become inefficient. This danger can be corrected only by a good administrative system. The danger of oppression, however, in the case of public management is far less than in the case of private management. Whom did the post office ever oppress? What power has it of oppression? That is not a real danger which needs to be dreaded, inasmuch as it is not difficult to avert it. There is also danger of corruption in the case of public ownership, through the manipulation of the civil service for partisan ends.

Outside the field of social and natural monopolies, monopoly means oppression. It crowds out others, and does not give the scope for enterprise which properly belongs to our industrial civilization. It represses talent and energy except in the few, and prevents the development of individuality, inasmuch as it keeps an otherwise unnecessary number in positions of industrial dependence. It carries with it corruption as a means whereby to secure its ends. The garb of philanthropy which it often dons, is out of keeping with its activity in the industrial field, and must be viewed as a menace.

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11. ADVANTAGES AND DISADVANTAGES OF MONOPOLIES, ETC.

(1) **Monopolies in the United States.**—The results of these monopolies are in part beneficial to society, in part dangerous. 1. A great saving to society is effected by working the best plants in the combination at their full capacity and stopping the others entirely. 2. All the production in any one line is put under the management of the leading experts in the country. 3. A great organization with branches in different parts of the country, by supplying its customers from the nearest establishments, is liable to save much in transportation, especially in the case of bulky articles. 4. A very large establishment is able to save much in the way of side products that in a small establishment must be wasted. 5. A very great establishment can often afford to keep in its employ inventors and experts whose sole business it is to devise new and improved methods of production. 6. Through these savings it is possible for the monopolies, while still making a good profit, to lower prices to customers. . . . .

Under monopoly, prices are doubtless somewhat steadier, than under a system of free competition, but when changes are made in price, they are likely to be made with less warning, and to be greater in extent than under the competitive system.

One of the greatest evils in connection with the trusts has been the speculation in their stocks by the managers. Nearly all of the most important of these capitalistic monopolies have been thus dishonestly managed.

Again there is a tendency, on account of the certain market and sure profits, for the managers of monopolies to become less enterprising, inventive, careful in business methods, than those with competitors, though as yet this tendency has not been strongly manifested in the United States.—*Prof. J. W. Jenks, in "Palgrave's Dictionary of Political Economy."*

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12. THE EVOLUTION OF PRODUCTION WITH RESPECT TO THE CONTROL OF MONOPOLIES.

There are two main forms of public control over monopolies. The first is public control with private ownership, and the second is public control through public ownership, and generally with public management. The first may be called the French form of control, inasmuch as it has been highly developed in that country, and the second may be called the German form of control, for a similar reason.

Both forms have developed side by side, although one country may have preferred the one form, and another country the other.

There was a strong tendency in the early days of monopolies, both in this country and in England, to adopt the French method of control. The difficulties of public control with private ownership, have become increasingly apparent. Private ownership carries with it, in its very nature, control over property and its management. What else does it mean, ordinarily and habitually, that I own a business, except that I have control over it, and enjoyment of the profits that may accrue from my management of it? The very definition of private property asserts that it means exclusive control. Now when it is attempted to retain private property in a business, but to control by public agencies in the public interest, the management of that business, what is this but to endeavor to combine two things which in their nature are opposed? It lies in the very nature of things that those whom it is attempted to control, must endeavor to escape from this control, or so to manipulate it as to render it ineffective. The result can scarcely fail to be a corruption of government, and the prostitution of governmental agencies to private ends. Those whom it is attempted to control, will enter politics and use parties for their own purposes.

We have created in this country Boards of Control of one sort and another, especially State Railway Commissions, and the Interstate Commerce Commission. In Massachusetts there is also a Board of Control over the gas business, and the electric light business. Legislative bodies by special legislative acts attempt to control these businesses, street-car lines and other monopolies. It cannot be claimed that the result has been very satisfactory thus far. There are those, however, who hold that it is only necessary to proceed along existing lines, and that in the end perseverance will secure the desired control of monopolies, in the general interest.

On the other hand there is a growing body of men among us, who favor government ownership, and management, because this seems to them to be the natural method of control, public property carrying with it public control. This body of men has been growing in numbers, and in the weight of character of those who comprise it. It includes those who, engaged in monopolistic enterprises, are weary of the attempted control by government, and of the conflicts of one sort and another which it entails. President Blackstone of the the Chicago and Alton Railway, for example, a few years since, advocated in one of his annual reports, government ownership of railways, and recommended a plan for the organization of railway employees, which in his opinion would remove a large part of the danger attendant upon the vast increase in the civil service, should the government acquire the railways.

It is, then, difficult to tell in the United States, exactly what are the tendencies of evolution with respect to the control of monopoly at the present time. Perhaps we can say that on the whole, the tendency is still towards a development of public control over private agencies, so far as those natural monopolies are concerned which are national in their scope. This would take in the railways and the telegraph, leaving the Post Office as an exception. Note, however, must be taken of the fact

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that there is a growing body of opinion, in favor of public ownership, rather than public control of private undertakings.

When we turn to Municipal Monopolies, the tendency of evolution on the whole, appears to be in the direction of public ownership. The writer has had the privilege of examining the MS. of a book on Municipal Monopolies, edited by Prof. E. W. Bemis, which is now in press. This book discusses the subject of Municipal Monopolies, far more exhaustively than any work which has yet appeared, and it seems to make it very clear, that the movement of evolution is in the direction of public ownership. In electric lighting the movement is strong in this direction, but the opposition is also strong. So far as street-railways are concerned, it would seem as if we were simply in the beginning of a movement of this kind, the strongest indication of which, is the report of a Massachusetts commission of eminent and conservative men, appointed to investigate the subject. The recommendation of the commission was in favor of municipal ownership of street-car lines, but with private operation.



Edward W. Bemis.

Turning away from the United States to the world at large, the movement in favor of public ownership of monopolies becomes very clear, embracing the telegraph almost without exception, railways very generally, likewise the telephone, and also all the municipal monopolies. The last noteworthy addition to the group of states which have decided to own, and operate the railways, is Switzerland, at once, one of the most democratic and progressive countries in the world.

Professor Jenks and others, have recommended that a commission be appointed to exercise a general control over trusts. The objections which have been urged against public control of private business, would appear to hold in this case with double force. Moreover, it is not, in the opinion of the present writer, clear that with a proper management of natural and social monopolies, together with such a regulation of the inheritance of property, as will hereafter be described, any special regulation of trusts will be necessary.

12. THE EVOLUTION OF PRODUCTION WITH RESPECT TO THE CONTROL OF MONOPOLIES.

(1) **"Social Control of Monopolies."**—The industries which the State either limits or controls, in the interest either of a body of workers or of the consuming public, may be regarded as passing from a private competitive condition, to a public non-competitive condition. If therefore we wish to ascertain how far and in what directions, social control of modern production will proceed, we shall examine those industries which already exhibit the collective character.

We shall find that they are of two kinds—(1) industries where the size and structure of the "business" is such that the protection afforded by competition to the consuming public and to the workers has disappeared, or is in frequent abeyance, (2) industries where the waste and damage of excessive competition, outweighs the loss of enterprise caused by a removal or restriction of the incentive of individual gain.

As we have seen in the analysis of "trusts," these two characteristics, wasteful competition and monopoly, are often closely related, the former signifying the process of intense struggle, the object and ultimate issue of which, is to reach the quiet haven of monopoly. Generally speaking, social control in the case of over-competing industries, is limited to legislative enactments regarding conditions of employment, and quality of goods. Only those industries tend to pass under public administration, where the monopoly is of an article of general and necessary consumption, and where, therefore, a raising of prices considerably above the competition rate, would not succeed in evoking effective competition. Since the general tendency of industry, so far as it falls under modern economies of machinery and method, is either towards wasteful competition or towards monopoly, it is to be expected that there

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will be a continual expansion of State interference and State undertakings.

This growing socialization of industry, must be regarded as the natural adjustment of society to the new conditions of machine-production. As under the economies of machine-production, the business-unit, the mass of capital and labor forming a single "firm" or "business," grows larger in size and more potent in its operations, the social disturbances which it can occasion by its private activity, the far-reaching and momentous results of its strain of competition, the probability of an anti-social exercise of "monopolic" power over the whole or part of its market-area, will of necessity increase.

The railway and shipping industries, for example, in countries like England and the United States, have already reached a stage of industrial development when the social danger arising from an arbitrary fixing of rates by a line or a "pool" of lines, from a strike or lock-out of "dockers" or railway men, is gaining keener recognition every year.

The rapidly growing organization of both capital and labor, especially in the fundamental industries of coal, iron, and machine-making, in the machine-transport industries, and the most highly evolved manufactories, gives to a body of employers or employed, or to a combination of both, the power at any moment, to paralyze the whole or a large portion of the entire trade of a country, in pursuit of some purely private interest, or in the acquisition of some strategical position, which shall enable them to strengthen their competing power or gain a monopoly.

Although the organization of masses of capital, and of labor may, as is often urged, make industrial strife less frequent, the effects of such strife upon the wider public, who have no opportunity of casting a vote for war or peace, are more momentous. Moreover, as these private movements of capital and labor proceed, the probability of combined action between employers and employed, in a particular industry, to secure for themselves some advantages at the public expense, will be a factor of increasing importance in industrial evolution.—"*Evolution of Modern Capitalism*," *by John A. Hobson, M.A., pp. 356, 357, 358.*

SECOND WEEKLY REVIEW.

7. **CHARACTERISTICS OF NATURAL MONOPOLIES.**—Discussion of unity of management as a characteristic, An examination of the three main characteristics.
8. **OTHER CLASSIFICATIONS OF MONOPOLIES.**—The classification given by Professor Lexis.
9. **OTHER CLASSIFICATIONS OF MONOPOLIES (Concluded).**—Further examination of the classification of Professor Lexis, The classification of Professor Jenks, Mr. Sidney Ball's classification.
10. **TRUSTS.**—The trust simply one part of the monopoly problem, Conditions under which trusts may become monopolies.
11. **ADVANTAGES AND DISADVANTAGES OF MONOPOLIES, CONSIDERED FROM THE STANDPOINT OF PRODUCTION.**—The necessity of examining each class of monopolies by itself, Public Monopolies and Private Monopolies.
12. **THE EVOLUTION OF PRODUCTION WITH RESPECT TO THE CONTROL OF MONOPOLIES.**—Public control over privately owned monopolies *versus* public control through public ownership and public management.

QUESTIONS.

7. *Mention the three main characteristics of Natural Monopolies of the second sub-class. May the importance of unity in management be considered a characteristic of Natural Monopoly? May we say that it is a characteristic of Natural Monopolies that they minister to needs which cannot otherwise be satisfied easily? If not, why not? Describe each one of the main characteristics of Natural Monopolies.*

8. *Mention and describe the two main classes of monopolies according to Prof. Lexis. What objection is urged against regarding personal talents as a cause of monopoly? What four kinds of artificial monopolies are mentioned by Professor Lexis?*

9. *Describe General and Local Monopolies, also Permanent and Temporary Monopolies in the classification of Professor Lexis. What exception is taken to his class of "Relative or Imperfect Monopolies?" Describe Professor Jenks' classification of monopolies. What do you say about his class "Capitalistic Monopolies?" What classes of monopolies are mentioned by Mr. Sidney Ball?*

10. *What do you understand by a Trust? To what extent does the trust present a problem? Is there a universal tendency to monopoly in business?*

11. *What are the advantages, and what the disadvantages of Private Monopolies? What the advantages, and what the disadvantages of Public Monopolies?*

12. *What are the two main forms of public control over monopoly? Describe and compare the difficulties of each one of these two forms of control.*

SUBJECTS FOR SPECIAL STUDY.

In connection with the lessons in economics in the present issue of Progress, the reader can do no better than to examine critically such tendencies towards concentration of business, as are within the range of his observation, as well as the counter tendencies in the opposite direction. If he lives in a city, the development of water-works, gas-works, street-car lines, and also the dry-goods business, would furnish subjects for investigation and discussion.

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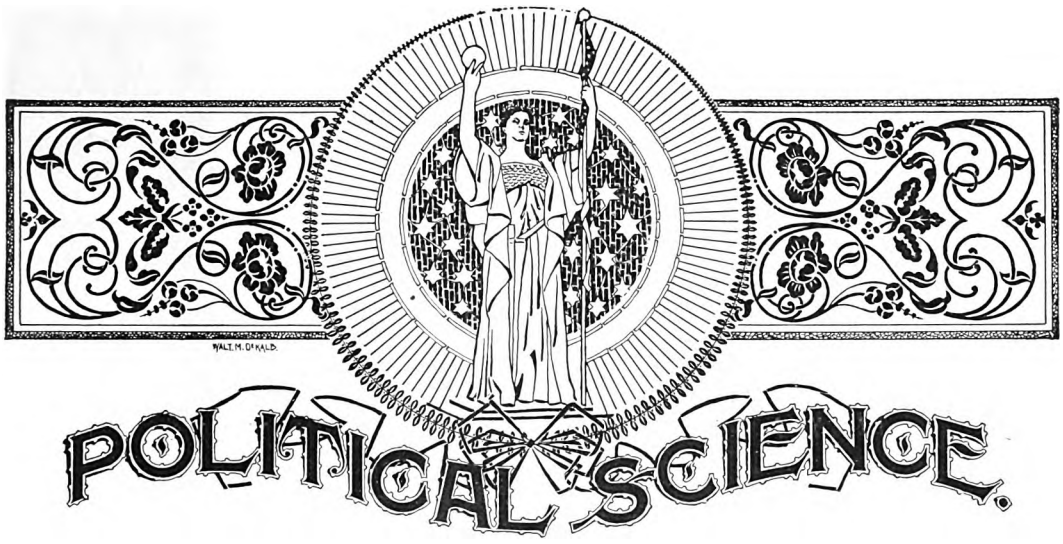

DEMOCRACY IN THE NEW WORLD.

BY

JESSE MACY, M.A., LL.D., Professor of Political Science, Iowa College, Grinnell, Iowa.

13. THE VACANT CONTINENT.

JOHN STUART MILL says that in matters political, little things not only have little influence, but they often have no influence at all. Poets and historians have cheated the American citizen out of the most important lesson in his history by giving undue attention to the American Indian. The thing above all others that the student of politics needs to appreciate is, that the continent north of Mexico was practically vacant when the white man came.(1) There are probably as many Indians now in this land as there have been at any time since the continent was discovered. Remove now all the white, and the black, and the yellow men, and the continent would again be vacant. The red men that would remain, may be counted as one of the little things that may be ignored.(2) The poets have peopled the continent with imaginary Indians, and then they have destroyed them by imaginary wars. When Benjamin Franklin told the ministers of George III. that rather than submit to their demands, he would take his gun and his fishing-rod and cross the Alleghanies, he did but call attention to the one fact of tremendous importance in the settlement of North America.

North America has been occupied by people who were running away from tyranny and want. In coming to the New World, not only did they strive to escape tyranny and want, they actually did escape from both. For well nigh three hundred years, there has been room for all who would come. Only a few years ago a newly arrived Russian could make his mark upon a hundred and sixty acres of rich prairie soil, and without one penny, he could borrow enough upon the land which the government gave him, to furnish all needed supplies, until the products from the land would support him. Under such conditions there can be no serious industrial problems. For more than two centuries our vacant land has solved, not only our industrial problems, but our chief political and social problems, as well. Tramps and the unemployed, became permanent classes only, after there were no longer valuable lands to give away.

In former lessons we have seen that the few miles of water, separating England from the Continent made a great difference between English and Continental his-

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tory. The English were in a measure left to themselves, and worked out a separate destiny. The great ocean separated America from the Old World. Crossing the ocean has been, until recent times, a formidable task. For this and other reasons, American settlers were left to work out their own destiny. There was not only the vacant Continent, there was isolation from the Old World.

In the case of the Forest Cantons of Switzerland too, the fact of isolation, or separation, had a great deal of influence in the preservation of the primitive institutions and customs so essential to the formation of the Swiss democracy. It was of immense importance to the development of liberty, that the villagers in the Forest Cantons, were for a few generations left to themselves. It was of immense importance that there were perpetual natural barriers in the form of mountain, lake and ice. Yet the Swiss were so near to the surrounding nations, the barriers were so feeble, that their institutions were constantly threatened. The life of Switzerland was the life of Europe. The little republic has expressed and preserved the freest and the best of that life. England, too, while separate, was also closely united to the rest of Europe. The English themselves came to the island as conquerors in the fifth and sixth centuries. Later, the Danes conquered the country. Last of all came the Norman conquest, in 1066. At all times the English had powerful enemies, in the Islands or on the Continent, who threatened their existence as an independent nation.

How different has been the history of America. Americans left the strife of the Old World behind. There were no inhabitants in the New World, to furnish serious opposition. All the Indian wars, and all the European wars, that affected the Colonies may be reduced to the space of a very few months; and they involved but a small fraction of the people. It has been the great work of Americans to spread themselves over a vacant continent. Nothing at all like this has ever occurred before.(3)

Who were the Americans? They were English, Dutch, French and Scandinavians from Europe. They were the most enlightened people in the world—people who carried with them the ideas and institutions, which were the result of a thousand years of enlightenment. Never before have such peoples had such unlimited opportunity for spreading themselves. In the Old World, tribe has pressed upon tribe, and nation upon nation. In the New World, the experience, the wealth, and the tools of the most civilized nations of the earth have been applied to the simple task of conquering nature. American history has been unique and exceptional. To conquer nature is not a formidable task where the land is fertile and easily accessible, where there are no wild beasts or poisonous reptiles or insects which endanger the life of man; where there is no noisome pestilence; where natural resources are boundless. In the case of North America there has been the peculiar concurrence of favorable circumstances—a country most easily conquered, occupied by a people most highly equipped. The American who does not rightly read this lesson will read awry, many another lesson. It is important that the American should ever bear in mind that it is because his ancestors came to such a vacant continent, that there has been three hundred years of peculiar and exceptional experience. This exceptional experience is now coming to an end. Now, for the first time, Americans are called upon to face the old problems of the Old World.

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13. THE VACANT CONTINENT.

(1) **The Mobilian Family of Tribes.**—Such is a synopsis of the American nations east of the Mississippi. It is not easy to estimate their probable numbers at the period of their discovery. Many of them—the Narragansetts, the Illinois—boasted of the superior strength of their former condition; and, from wonder, from fear, from the ambition of exciting surprise, early travelers often repeated the exaggerations of savage vanity.

The Hurons of Upper Canada were thought to number many more than thirty thousand, perhaps even fifty thousand, souls; yet, according to the more exact enumeration of 1639, they could not have exceeded ten thousand. In the heart of a wilderness, a few cabins seemed like a city; and to the pilgrim, who had walked for weeks without meet-

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ing a human being, a territory would appear densely peopled where, in every few days, a wigwam could be encountered.

Vermont, and Northwestern Massachusetts, and much of New Hampshire, were solitudes; Ohio, a part of Indiana, the largest part of Michigan, remained open to Indian emigration, long after America began to be colonized by Europeans. From the portage between the Fox and the Wisconsin, to the Des Moines, Marquette saw neither the countenance nor the footstep of man.

In Illinois, so friendly to the habits of savage life, the Franciscan Zenobe Mambré, whose journal is preserved by Le Clercq, describes the "only large village," as containing seven or eight thousand souls; Father Rasle imagined he had seen in one place twelve hundred fires, kindled for more than two thousand families: other misionaries who made their abode there describe their appalling journeys through absolute solitudes; they represent their vocation as a chase after a savage, that was scarce ever to be found; and they could gather hardly five, or even three, villages in the whole region.

Kentucky, after the expulsion of the Shawnees, remained the wide park of the Cherokees. The banished tribe easily fled up the valley of the Cumberland River, to find a vacant wilderness in the highlands of Carolina; and a part of them for years roved to and fro in wilderness west of the Cherokees. On early maps, the low country from the Mobile to Florida is marked vacant.

The oldest reports from Georgia exult in the entire absence of Indians from the vicinity of Savannah and will not admit that there were more than a few within four hundred miles. There are hearsay and vague accounts of Indian war parties composed of many hundreds: those who wrote from knowledge furnish the means of comparison and correction. The whole population of the Five Nations could not have varied much from ten thousand; and their warriors strolled as conquerors from Hudson's Bay to Carolina,—from the Kennebec to the Tennessee.

Very great uncertainty must, indeed, attend any estimate of the original number of Indians east of the Mississippi and south of the St. Lawrence and the chain of lakes. The diminution of their population is far less than is usually supposed: they have been exiled, but not exterminated. The use of iron, of gunpowder, of horses, has given to the savage, dominion over the beasts of the forest, and new power over nature. The Cherokee and Mobilian families of nations are more numerous now than ever.

We shall approach, and perhaps exceed, a just estimate of their numbers two hundred years ago, if to the various tribes of the Algonquin race we allow about ninety thousand; of the Eastern Sioux, less than three thousand; of the Iroquois, including their southern kindred, about seventeen thousand; of the Catawbas, three thousand; of the Cherokees, twelve thousand; of the Mobilian confederacies and tribes,—that is, of the Chickasas, Choctas, and Muskhogees,—fifty thousand; of the Uchees, one thousand; of the Natchez, four thousand;—in all, it may be, not far from one hundred and eighty thousand souls.

The study of the structure of the dialects of the red men sheds light on the inquiry into their condition. Language is their oldest monument, and the record and image of their experience. No savage horde has been caught with it in a state of chaos, or as if just emerging from the rudeness of undistinguishable sounds. No American language bears marks of being an arbitrary aggregation of separate parts; but each is possessed of an entire organization, having unity of character, and controlled by exact rules. Each appears, not as a slow formation by painful processes of invention, but as a perfect whole, springing directly from the powers of man. A savage physiognomy is imprinted on the dialect of the dweller in the wilderness; but each dialect is still not only free from confusion, but is almost absolutely free from irregularities, and is pervaded and governed by undeviating laws.

As the bee builds his cells regularly, yet without the recognition of the rules of geometry, so the unreflecting savage, in the use of words, had rule, and method, and completeness. His speech, like everything else, underwent change; but human pride errs in believing that the art of cultivated man was needed to resolve it into its elements, and give to it new forms, before it could fulfill its office. Each American language was competent, of itself, without improvement from scholars, to exemplify every rule of the logician, and give utterance to every passion. Each dialect that has been analyzed has been found to be rich in derivatives and compounds, in combinations and forms. As certain as every plant which draws juices from the earth has roots and sap vessels, bark and leaves, so certainly each language has its complete organization.—"*History of the United States," by Bancroft, Vol. I., pp. 251-255.*

(2) **The First Americans.**—It happened to the writer more than once, during the late civil war, to sail up some great Southern river that was to all appearance unfurrowed by the keel of man. If it was not the entrance to a newly discovered continent, it might as well have been. No lighthouse threw its hospitable gleam across the dangerous bar, no floating buoys marked the intricacies of the channel; the lights had been extinguished, the buoys removed, and the whole coast seemed to have gone back hundreds of years in time, reverting to its primeval and unexplored condition.

There was commonly no sound except the light plash of waves or the ominous roll of heavy surf. Once only, I remember, when at anchor in a dense fog off St. Simon's Island, in Georgia, I heard a low continuous noise from the unseen distance, more wild and desolate than anything else in my memory can parallel. It came from within the vast girdle of mist, and seemed as if it might be the cry of lost souls out of some Inferno of Dante; yet it was but the sound of innumerable sea-fowl at the entrance of the outer bay. Amid such experiences I was for the first time enabled to picture to myself the American Continent as its first European visitor saw it,—"*History of the United States," by Higginson, p. 1.*

(3) **Sectional Life.**—The life of a nation, like that of an individual, depends mainly on two factors; the moral and mental make-up of the nation or the individual, and the opportunities of improvement which are placed within reach. On the one hand, a weak and indolent race, as for example the Spanish-American, has made slight use of great natural resources; on the other hand, a strong and energetic race, as the Danish, has accomplished little in countries like Iceland and Greenland. In the territory now occupied by the American nation, a strong people found opportunities for development such as no other country of equal size possesses.—"*Channing's Student's History of the United States," p. 1.*

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14. LOCAL GOVERNMENT IN THE NEW WORLD.

Both in England and in Switzerland the primitive local institutions of German ancestors played an important part in the development of democracy. In Switzerland, local customs and habits prevented the formation of any effective general government until the advent of democracy in the present century. And even now a large share in the government is in the hands of the separate Cantons. In England, kings carefully preserved the local governments in towns, parishes and counties as a means of protection against their powerful subjects. It was by centuries of education and training in the management of their own affairs in counties, cities, and towns, and in workingmen's guilds, that a democracy was finally created to which appeal could be made, in the settlement of the general affairs of state. Local governments have been the chief schools of training for democracy.

The Vacant Continent became a favorite place for starting anew the primitive state.(1) At first, each town in New England had nearly all the essential attributes of an independent State. Among our heathen ancestors, the primitive State was chiefly occupied in learning the arts of farming, and the care of domestic animals. In New England, the chief occupation of the primitive State was the support of the Church. The town was at the same time a Church. And after the care of the Church, the most important business of the town was the education of youth.

Like the primitive town, the New England town also administered common lands and provided for the care of domestic animals. The support of Church, and School, required important measures of taxation. The New Englander was a highly civilized man, and the town taxed itself not only for the support of Church and School, but for the making of roads, the care of the poor, for the common defense, and for many other purposes.

At first the town was an all-sufficient government. But a town is too small an area to support a gallows, a jail, and a court-house. The town of Plymouth did indeed hang one of its citizens the second year after landing. But for the punishment of serious crime, a higher court was demanded just as early as the support of such a court was possible. As the town was built up around the Church and the School, so the County was formed around the Court-House and the jail. But the county was merely supplemental. It did not take over, work previously done by the towns. In New England, therefore, the business of the county was exceedingly limited. The towns were democratic in form, and they retained nearly all the business of local government.

In the various American colonies there was much variety in the forms, and in the importance of local governments. Only in New England, where the support of the Church was the chief function of the new town, did the town system reach its highest development. In New York, where there was a mingling of Dutch and English settlers, the town became an important local government, but the county was a government of yet greater consequence. The democratic town meeting was retained, but a large part of the business which in New England remained in the hands of the towns, was in New York taken in hand by the counties. The New York county also drew to itself a part of the business, which was in other states given to the state legislatures. A county legislative body, composed of the chief administrative officers from each town, not only provides for the holding of courts, as do county officers in New England, but it has a share in nearly all local government in the county. The county legislature in New York passes by-laws for the government of towns.

In Pennsylvania there originated another distinct type of local government. The county and the township were kept separate, and the business divided between the two, the larger share going to the county. In Virginia and the Southern States, a different type still appears. The town, or township government was omitted

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entirely, and the county assumed the whole control of local matters. The local governments set up by the early settlers have continued, with slight modifications, to the present day. As the settlers moved to the west, they carried with them the local institutions of the east. The New York system appears in Michigan and Wisconsin, the Pennsylvania system in Ohio and Iowa, and that of Virginia throughout the South.

These local institutions, transplanted from the Old World, are the most enduring of our institutions.(2) As they were in the beginning, so with slight modifications are they to-day. Outside of New England, where school and church were not so closely identified with the government, there was little governing to do. It is only in recent years that education by the state has become universal. Each colony was in the beginning simply a local government, taking the form of town or county as the case may be. As neighboring settlements were made they took the form of the original. Only gradually were general governments set up, exercising authority over the separate settlements. The colonial legislature was composed of representatives from these separate settlements. The several towns or counties kept their original powers in their own hands. The general colonial governments were merely supplemental. Thus, in each of the colonies there was, from the time that two separate settlements were united under a general colonial government, a Federal system of government. The town or the county retained many of the powers of an original State, while they became united or federated together under a more general government. It was this long experience of the separate colonies which prepared the people, when the time for separation from the mother country had arrived, to form a yet more general government to attend to matters not easily managed by the individual states.

14. LOCAL GOVERNMENT IN THE NEW WORLD.

(1) **The Township.**—But it was in its political or constitutional aspect that the township occupied a unique position. The ancient *tunscipe* was, no doubt, as we are informed by the highest authority, the constitutional unit of the Saxon state. But neither the tunscipe nor its successor, the parish, was ordinarily brought into direct contact with the central power. It was overshadowed by the higher organization of the county and the hundred Knights of the Shire and not town deputies took their seats in the House of Commons; and it was the sheriff and the constable who accounted for the taxes in the exchequer.

In New England, on the other hand, the town was the political atom in a most vital sense. Here the hundred never made its appearance; and when the county was instituted—in some instances many years after the first settlements were planted—the towns were not subordinated to it politically. The shire, as we shall see, discharged administrative functions of no little importance.—"*Local Constitutional History of the United States*," *by George E. Howard, Vol. I., p. 59.*

(2) **Local Government.**—The first New England settlers were Puritans in religion, and sometimes inclined to republicanism in politics. They were largely townsfolk, accustomed to municipal life and to vestry meetings. They planted their tiny communities along the seashore and the banks of rivers, enclosing them with stockades for protection against the warlike Indians. Each was obliged to be self-sufficing, because divided by rocks and woods from the others. Each had its common pasture, on which the inhabitants turned out their cattle, and which officers were elected to manage. Each was a religious as well as a civil body politic, gathered round the church as its center; and the equality which prevailed in the congregation prevailed also in civil affairs, the whole community meeting under a president or moderator to discuss affairs of common interest.

Each such settlement was called a Town or Township, and was in fact a miniature commonwealth, exercising a practical sovereignty over the property and persons of its members—for there was as yet no state, and the distant home government scarcely cared to interfere—but exercising it on thoroughly democratic principles. Its center was a group of dwellings, often surrounded by a fence or wall, but it included a rural area of several square miles, over which farmhouses and clusters of houses began to spring up when the Indians retired. The name "town" covered the whole of this area, which was never too large for all the inhabitants to come together to a central place of meeting.

This town organization remained strong and close, the colonists being men of narrow means, and held together in each settlement by the needs of defense. And though presently the towns became aggregated into counties, and the legislature and governor, first of the whole colony, and, after 1776, of the State, began to exert their superior authority, the towns (which, be it remembered, remained rural communities, making up the whole area of the State) held their ground, and are to this day the true units of political life in New England. The solid foundation of that well-compacted structure of self-government which European philosophers have admired, and the new States of the West have sought to reproduce. —"*The American Commonwealth*," *by James Bryce, pp. 561, 562.*

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15. THE FEDERAL SYSTEM.

Why did the same or similar local institutions result in Switzerland and America in a federal, or decentralized, system of government, and in England in a centralized government? (1) In both Switzerland and America, the people were left to themselves. They were either so far away or so poor that it was not profitable to rob them or tyrannize over them. The people themselves held on to their local institutions against all who sought to rule them. The feudal system was itself a decentralized form of government. The Swiss did not take kindly to lords, and while the lords held sway in the surrounding States, the kings were not strong enough to oppress the Swiss. When the kings became strong enough they could not agree among themselves as to who should have Switzerland. Thus at all times, in one way or in another, the Cantons of Switzerland, like the Colonies in America, were left to the management of their own affairs. The Cantons could be united into no effective general government until after the French Revolution, when the spirit of democracy possessed the minds of the people, and a general government was formed which the people approved. The Canton in Switzerland corresponds to the State in America. A federal government was the only sort possible for Switzerland. The people would not surrender the government of their Cantons.



King Charles I.

It took more than a thousand years to train the Cantons for their democratic mission, while the American Colonies reached a corresponding position in less than two hundred years. But the people who came to America were already educated. Many of them had very decided convictions upon many matters affecting church and State. Persecuted Puritans settled New England. Persecuted Quakers found a home in Pennsylvania. Persecuted Catholics found a place for liberty in Maryland. Huguenots driven from France, were scattered throughout the Colonies. Liberty was in the very air of the New World. Cavaliers who in England professed to believe in the divine right of kings, in Virginia believed and practiced local self-government. The Church of England in Virginia, would have no bishop to rule over the parishes. There was a sentimental regard for the Stuart family, manifested at the time of the beheading of Charles I., but the Virginians were better pleased with the rule of the Commonwealth. The rule of the restored Stuarts represented by Berkeley, led to rebellion in Virginia twelve years earlier than the rebellion arose which drove James II. out of England.

The significant fact about the experience of the Colonies, was that for the most part they were neglected and left to themselves. The few years during which they were subjected to the rule of tyrannical governors, served only to bind them more firmly to their local institutions. Each colony became attached to its own legislative assembly as a means of defending its liberties. There is a common belief that the Colonists wanted to be represented in the British Parliament. (2) Nothing can be farther from the truth. They did indeed object to being taxed by a legislature in which they were not represented, and individuals expressed a willingness to be represented in Parliament. But each colony wanted to be taxed only by its own

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legislature. This was the only Parliament in which the Colonists wished to be represented. (3) Even after the separation from England, several years of bitter experience were necessary before the thirteen States would suffer themselves to be taxed, even by a General Congress of their own construction. In the formation of the general government, the States would not surrender local independence. In America, as in Switzerland, the federal system alone was possible.

In England the case is different. Here the people were never left to themselves in the management of their local affairs. There was a very close relation between the king's government and the local governments. The local institutions were kept alive and in working order, because kings, and lords, and bishops, were contending among themselves for the place of supreme power. The central government protected the local governments from falling entirely into the hands of local tyrants. The people have for centuries been trained to look to king, or Council, or Parliament, or Cabinet, or some central authority, for the protection of their local liberties. The result has been a centralization of authority. The people lost the feeling of local independence, and the efficiency of local government became greatly impaired. Yet, no sooner did democracy begin to control the action of Cabinet, and Parliament, than a movement was commenced to organize local government on democratic principles. Within three years of the passage of the Reform Act of 1832 provision was made for the government of cities, and for caring for the poor in the country by locally elected boards. Along with the more recent extensions of the franchise there have been agitations for home rule in Ireland, in Scotland, and in Wales, and recent acts of Parliament provide for the government of counties, cities, and parishes by councils chosen by the people. Thus the government of England is being decentralized by various acts of Parliament.

In the United Kingdom of Great Britain and Ireland, the government is centralized. Over these countries, Parliament exercises all power. Parliament also controls the government of India. But Canada is a self-governing colony, having only a nominal subordination to British rule. The Canadians have a federal system modeled in part upon that of the United States. There are provinces with legislatures of their own corresponding to our States, and the Dominion government attends to matters of more general interest, after the manner of our government at Washington. In Australia and the adjacent islands, are a number of self-governing colonies, and these are now engaged in the formation of a Constitution for a government of the united colonies of Australia. We may expect that a similar form of government will be worked out in the British possessions of South Africa. If, as some English statesmen propose, there should be formed an Imperial Parliament composed of representatives from every part of the Empire, and if there should be separate parliaments for England, Wales, Scotland and Ireland, and if the people of India and other alien races in the British possessions, should be trained to the management of their own local affairs by legislatures of their own, then the entire British Empire would be federal in its form of government and democratic in its principle.

Already the New World has this form of government. The nineteen Republics of America south of the United States, have copied our Constitution and are gradually learning to govern themselves in accord with its principles.

15. THE FEDERAL SYSTEM.

(1) **Distinguishing Marks of the Federal State.**—The federal State has, as contrasted with a confederation, these distinguishing features: (*a*) A permanent surrender on the part of the constituent communities, of their right to act independently of each other in matters which touch the common interest, and the consequent fusion of these communities into what is practically a single State. As regards other states they have merged their individuality into one national whole: the lines which separate them are none of them on the outside, but all on the inside of the new organism. (*b*) The federal State possesses a special body of federal law, a special federal jurisprudence in which is expressed the national authority of the compound State.

This is not a law agreed to by the constituent communities: as regards the federal law there are no constituent communities: it is the spoken will of the new community, the Union. (*c*) There re-

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sults a new conception of sovereignty. There exists in the federal State no completely sovereign body, and the functions of sovereignty are parcelled out among authorities national and local. In certain spheres of state action, the authorities of the Union are entitled to speak the common will, to utter laws which are the supreme law of the land; in other spheres of State action, the constituent communities still act with the full autonomy of completely independent States. The one set of authorities is no more sovereign than the other: the attributes of sovereignty are, so to say, "in commission."

All modern federal States have written constitutions; but a written constitution is not, of course, an essential characteristic of federalism, it is only a feature of high convenience; such delicate coördinate rights and functions as are characteristic of federalism must be carefully defined: each set of authorities must have its definite commission.—"*The State*," *by Woodrow Wilson, Ph. D., LL.D., pp. 587, 588.*

(2) **Examination by the Commons.**—Question: How, then, can they think they have a right to levy money for the crown, or for any other local purposes?

Answer: They understand that clause to relate to subjects only within the realm; that no money can be levied on them for the crown, but by consent of Parliament.

The colonies are not supposed to be within the realm; they have assemblies of their own, which are their parliaments, and they are, in that respect, in the same situation with Ireland.

When money is to be raised for the crown, upon the subject in Ireland, or in the colonies, the consent is given in the Parliament of Ireland, or in assemblies of the colonies.

They think the Parliament of Great Britain cannot properly give that consent, until it has representatives from America, for the Petition of Right expressly says: It is to be by common consent in Parliament; and the people of America have no representatives in Parliament to make a part of that common consent.—"*Life of Benjamin Franklin*," *Edited by John Bigelow, p. 499.*

(3) **Representation in Parliament.**—Another topic, nearly allied to this, occupied public attention at the same time. It became a question, whether all difficulties might not be adjusted, and a permanent union be established between the two countries, by admitting representatives in Parliament from the colonies. Politicians invented theories and suggested plans. Dr. Franklin thought that such a representation, on fair and equal terms, afforded the only basis of a union, which could be expected to endure. But the proposal must first come from England; he was persuaded this would never be done, and he hoped little from the project.

"The time has been," said he, in a letter to Lord Kames, "when the colonies might have been pleased with it; they are now *indifferent* about it; and, if it is much longer delayed, they too will *refuse* it. But the pride of this people cannot bear the thought of it, and therefore it will be delayed. Every man in England seems to consider himself as a piece of a sovereign over America; seems to jostle himself into the throne with the King, and talks of *our subjects in the colonies*. The Parliament cannot well and wisely, make laws suited to the colonies, without being properly and truly informed of their circumstances, abilities, temper, etc. This it cannot be, without representatives from thence; and yet it is fond of this power, and averse to the only means of acquiring the necessary knowledge for exercising it; which is desiring to be *omnipotent*, without being *omniscient*."—"*Life of Benjamin Franklin*," *by Jared Sparks, pp. 308, 309.*

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16. THE HOLY ALLIANCE.

One object of these lessons is to give a clear idea of the nature of the State. In former lessons there are brief outlines of the origin of European states, and a more detailed account of the origin of three democratic states. Incidentally, frequent allusions have been made to monarchs and aristocratic classes. There have also been various references to Asiatic civilization as contrasted with that of Europe. The marked difference is found in the fact that in ancient Palestine, and modern Europe, it has been customary for prophets, teachers and other subjects to arraign their rulers for their sins, and to demand the punishment of disorderly rulers; while in Asia, rulers are withdrawn from all such contact with ordinary subjects, and are venerated as divine beings regardless of their personal conduct.

No progress can be made in determining the nature of the State, until there is a determination of the preliminary question as to which of the two varieties of states are to be considered. The Western democratic state differs from the Oriental monarchial state in almost every particular. The nature of one cannot be the nature of the other. Aristotle taught that it is the nature of a large portion of the human race to be slaves, while it is equally the nature of another portion to be masters. This view can never be harmonized with the Declaration of Independence. To our cost, we in America discovered that there was an irrepressible conflict between the two views. There is likewise an irrepressible conflict between Western democracy, and Oriental monarchy. If it is true that in each nation, a certain family is divinely appointed

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to rule, and that by nature, all others are ordained to serve and obey, the Western democracy is all wrong. The lessons of liberty must be unlearned, and the masses of men must learn to live by the permission of the few.

With the growth of monarchy upon the breaking up of the feudal system in Europe, Oriental ideas of government prevailed in many places. The "divine right" theory of the Stuarts in England was an instance. Nowhere, however, was there such a masterly development of the theory as in France. In France also there was exhibited the most conspicuous instance of the irrepressible conflict between Eastern and Western civilization. The monarchs of Europe felt that their position was assailed by the French Revolution. And their position was assailed. The king of Prussia was correct when he called upon the monarchs of Europe, to assist in saving the throne of France, lest they should lose their own thrones. The Revolution and the meteoric career of Napoleon kept every monarch in terror for more than twenty years.

When quiet again came to the monarchs of Europe, they naturally fell into a thoughtful state of mind. Presently the three monarchs of Russia, Prussia and Austria formed what is known as the Holy Alliance. (1) The object of the Alliance was to establish a rule of righteousness among the Christian nations. The originator of the plan was Alexander I. of Russia. There is no good reason to doubt that these rulers were acting from the best of motives. They were doubtless honestly seeking to apply the principles of the Gospels as they understood them, to the government of the nations. It is probably not fair to accuse these monarchs of being engaged in a conscious conspiracy to crush out republics, and make monarchy universal. In a former lesson we have seen that this same Alliance assisted in the establishment of the republic of Switzerland.



Alexander I., of Russia.

The Holy Alliance was essentially a Russian product. Russia is partly in Asia, and partly in Europe. The people in European Russia have an Oriental reverence for the Czar; and the Czar has a truly patriarchal interest in his people. It is not to be expected that the Czar of Russia should appreciate the really good things about the French Revolution; while it is quite to be expected that the established reigning families in Europe, could easily be led to sympathize with the Czar's way of looking at the relation of monarch and subject. The restored Bourbons in France joined the Alliance. England also was for a time accounted a member.

In 1821, six years after the formation of the Alliance, the Allies, in the face of the protest of England, determined to assist the restored Bourbon king of Spain, to put down rebellion and make himself absolute. About the same time an army from Austria crushed out rebellion in Italy. In 1823 the Allied monarchs formed a plan to assist Spain to recover her provinces in America. At this time the English minister suggested to the President of the United States the propriety of a joint declaration against the policy of the Alliance. In his message to Congress in December, 1823, President Monroe notified the powers of Europe, that the United States would deem it an unfriendly act for European governments to seek to extend their authority over any state in the New World, whose independence the United States had acknowledged. The Holy Alliance had crushed out rebellion in Italy; it had

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put down revolt in Spain, and had established there the absolute rule of the Bourbons. It was on the point of making a united effort to enable Spain to regain possession of her revolted colonies in America. The opposition of England, supported as it was by the opposition of the United States, as outlined by Monroe's message to Congress, effectively thwarted the plan of the Holy Alliance.

This is another instance of the irrepressible conflict between the two sorts of government. English liberty was based upon successful revolt against the "divine right" claims of the Stuart monarchs. American liberty was based upon successful revolt against George III., who was attempting to revive Stuart methods of government. The minds of English statesmen were already being prepared for that effective appeal to the democracy of England, which occurred in 1832. The policy of the Alliance had led to the conviction that it was the intention of the monarchs to impose their rule upon the world. There can be no harmony between rulers who believe that they have a divine mission to impose their authority, and the statesmen and people who believe that it is their duty to resist such authority.

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16. THE HOLY ALLIANCE.

(1) **The Holy Alliance.**—The three monarchs of Austria, Prussia and Russia were peculiarly affected by the general feeling, and they expressed it in the terms of the union known as the "Holy Alliance." Their language is couched in the highest strain of lofty aspiration.

After putting on record their conviction, derived from experience of the events of the last three years, and of the blessings showered by Divine Providence upon states placing their confidence in It, and in It alone, of the necessity for settling the conduct of the Powers in their mutual relations upon the firm foundations of the Christian religion, they "solemnly declare that the present Act has no other object than to publish, in the face of the whole world, their fixed resolution, both in the administration of their respective States, and in their political relations with every other government, to take for their sole guide, the precepts of that Holy Religion, namely, the precepts of Justice, Christian Charity and Peace, which, far from being applicable only to private concerns, must have an immediate influence on the councils of Princes, and guide all their steps, as being the only means of consolidating human institutions and remedying their imperfections."

And in the spirit of this noble declaration they proceed to announce their adhesion to three Articles.

"Art. I. Conformably to the words of the Holy Scriptures, which command all men to consider each other as brethren, the three contracting monarchs will remain united by the bonds of a true and indissoluble fraternity, and considering each other as fellow countrymen, they will, on all occasions and in all places, lend each other aid and assistance; and, regarding themselves toward their subjects and armies as fathers of families, they will lead them, in the same spirit of fraternity with which they are animated, to protect Religion, Peace and Justice.

"Art. II. In consequence, the sole principle of force, whether between the said governments or between their subjects, shall be that of doing each other reciprocal service, and of testifying by unalterable good will the mutual affection with which they ought to be animated, to consider themselves all as members of one and the same Christian nation; the three allied Princes looking on themselves as merely delegated by Providence to govern three branches in the one family, namely, Austria, Prussia and Russia, thus confessing that the Christian world, of which they and their people form a part, has in reality no other Sovereign than Him to whom alone power really belongs, because in Him alone, are found all the treasures of love, science and infinite wisdom, that is to say, God, our Divine Savior, the Word of the Most High, the Word of Life. Their Majesties consequently recommend to their people, with the most tender solicitude, as the sole means of enjoying that Peace which arises from a good conscience, and which alone is durable, to strengthen themselves every day, more and more in the principles and exercise of the duties which the Divine Savior has taught to mankind.

"Art. III. All the Powers who shall choose solemnly to avow the sacred principles which have dictated the present Act, and shall acknowledge how important it is for the happiness of nations, too long agitated, that these truths should henceforth exercise over the destinies of mankind all the influence which belongs to them, will be received with equal ardor and affection into this Holy Alliance."

These men were not hypocrites. This was not, as Brougham thought, a mere convention for enslaving mankind under the mask of religion. These were merely men escaped from a mighty peril. France, the Netherlands, Würtemberg, Saxony, Switzerland and the Hanse Towns acceded to the Holy Alliance.

The Prince of Wales, then Regent, while excusing himself on constitutional grounds, from accepting the invitation to formally accede to the treaty, wrote conveying his entire concurrence in the principles laid down, and his resolve to frame his conduct in harmony therewith.

But the distance is wide between the gratitude of recent deliverance and the zeal of continued perseverance.

The next four years attached a strange commentary to the text of the terms of the union. Alexander I., under the influence of Madame Krudener, dreamt at Vienna the magnificent dream of Universal Peace. The first sovereigns to break the peace of Europe were the originators of the "Holy Alliance."—"*The Science of International Law*," *by Thomas Alfred Walker, M.A., LL.M., London, 1893, pp. 140-142.*

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17. THE MONROE DOCTRINE.

One who believes in the absolute rules of kings must look with disfavor upon the setting up of republics. The French Revolution was encouraged and promoted by the success of the American Revolution. The Allied monarchs may have been never so sincere in their plans to establish the Christian religion, and to promote peace among the nations; yet their method of promoting peace was by sending armies into neighboring states to fasten upon the people a sort of government which they were in the act of rejecting.

England opposed the policy of the Alliance in setting up absolute governments in Italy and Spain. England also openly opposed the plan to assist Spain in restoring her rule over the revolted colonies in America. Mr. Canning, the English Foreign Secretary, proposed that England and the United States should unite in a joint declaration of opposition to the Alliance. Some of the American statesmen were in favor of an open joint alliance with England. Among these was Thomas Jefferson the inventor of the phrase "entangling alliances with none." (1) President Monroe and his Secretary of State, John Quincy Adams, reached the conclusion that American interests would be better served through an independent declaration on the part of the United States. Hence the famous Message, sent to Congress in December, 1823. Thus England and the United States, each as an independent nation, were openly pitted against the Allied monarchs. The one stood for the right of the people to determine their own government; the other for the duty of rulers to assist each other in imposing governments upon unwilling peoples.



James Monroe.

At the date of the Message, no steamship had ever crossed the ocean. Railways were in the experimental stage. We had just added Florida to our dominions, and made a treaty with Spain, defining our otherwise indefinite possessions west of the Mississippi. The vacant Continent was still unsubdued. America was still isolated from Europe. With England and the United States, each openly committed to the policy of home rule, it was not difficult for the Spanish American colonies to make good their independence.

Washington, in his Farewell Address, said, "With me, a predominant motive has been to endeavor to gain time for our country to settle and mature its yet recent institutions, and to progress without interruption to that degree of strength, and consistency which is necessary to give it, humanly speaking, the command of its own fortunes." "Why forego the advantages of so peculiar a situation? Why quit our own, to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity, in the toils of European ambition, rivalship, interest, or caprice?"

The Monroe Doctrine has been a source of confusion because it involves two policies capable of becoming contradictory. One is the policy of isolation in the New World. Since America lets Europe alone, it was maintained that Europe should let America alone. As thus interpreted the Doctrine is in most literal accord with Washington's Farewell Address. But the Monroe Doctrine involved also opposition to a particular kind of government.

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It involved the threat of interference with the affairs of independent states. It involved the coöperation of the United States with one great European state, to thwart the policy of other European states. As believers in free government it was the duty of the United States, to strengthen the hands of other free states whose existence was jeopardised. By no possible policy could America, at the time of the Monroe Message, give more effective aid to the aspirants for freedom in Europe, than by preëmpting the New World for democracy. Crossing the ocean was still a formidable task. It was comparatively easy to ward off alien despotism from the peoples of the New World, while the monarchs of Europe were utterly powerless to ward off from the minds of their subjects, the effects of the New World democracy.

The Monroe Doctrine remains simple enough, so long as the policy of isolation from the politics of the Old World, is at the same time, the most effective method of giving aid and encouragement to the promoters of free governments in all lands. Apart from this chance coincidence, Americans may be compelled to choose between alternate policies. The policy of isolation has been justified by the peculiar condition incident to the development of a new country, and by the unfavorable condition of European international relations. These are each subject to change.



John Quincy Adams.

But the Message was called out by the fact that the monarchs of Europe represented a principle of government which threatened the very existence of the American states. It was the setting up of *such* governments, that we decided to treat as an unfriendly act. This is the enduring element which was involved in the controversy between England and the Holy Alliance. Everything else which has been connected with the Monroe Doctrine, is a temporary accident of time and circumstance. Those who believe with Louis XIV. that the monarch is the state, must in the nature of the case be arrayed against the believers in the right of the people, to govern themselves. Every consistent believer in democracy must account it an unfriendly act whenever a people, in any part of the world, who have shown the ability and the wish to govern themselves, have an alien rule put upon them by brute force.

Democracy makes no attack upon monarchy. The democratic principle requires that the people who want a monarchy shall have a monarchy. And the democratic principle likewise requires that every government of every form, shall maintain its existence by winning, and retaining the loyal support of its subjects.

The democratic principle does involve a continuous attack upon goverment maintained by mere brute force. If the democrat consents to the act of imposing a government upon an unwilling people it must be with the *bona fide* intention of training that people to habits of self-government.

This controversy did not originate with the Holy Alliance. It is as old as history. It arises from contradictory views of human nature, contradictory methods in education, contradictory interpretations of the Christian religion, and contradictory interpretations of the nature of law.

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17. THE MONROE DOCTRINE.

(1) Jefferson's Letter to President Monroe.

MONTICELLO, October 24, 1823.

DEAR SIR:—The question presented by the letters you have sent me, is the most momentous which has ever been offered to my contemplation, since that of Independence. That made us a nation, this sets our compass and points the course which we are to steer, through the ocean of time opening on us, and never could we embark on it under circumstances more auspicious. Our first and fundamental maxim should be, never to entangle ourselves in the broils of Europe. Our second—never to suffer Europe to intermeddle with cis-Atlantic affairs. America, North and South, has a set of interests distinct from those of Europe, and peculiarly her own. She should therefore have a system of her own, separate and apart from that of Europe.

While the last is laboring to become the domicile of despotism, our endeavor should surely be, to make our hemisphere that of freedom.

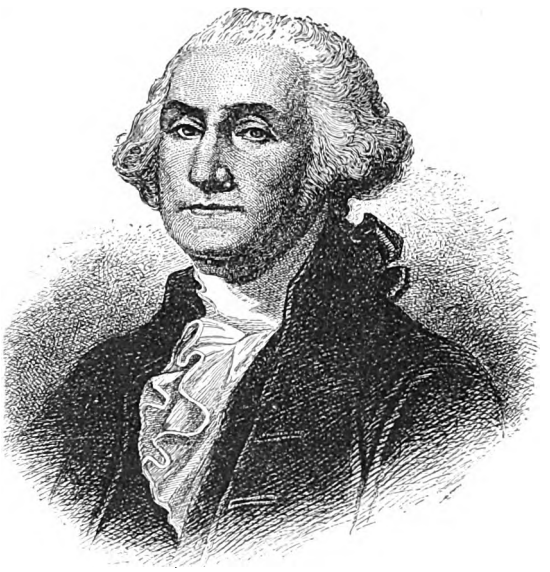
One nation, most of all, could disturb us in this pursuit; she now offers to lead, aid, and accompany us in it. By acceding to her proposition, we detach her from the bond of despots, bring her mighty weight into the scale of free government, and emancipate a continent at one stroke, which might otherwise linger long in doubt and difficulty.

Great Britain is the nation which can do us the most harm of any one, or all on earth, and with her on our side, we need not fear the whole world. With her then, we should most sedulously cherish a cordial friendship, and nothing would tend more to knit our affections, than to be fighting once more, side by side, in the same cause. Not that I would purchase even her amity, at the price of taking part in her wars, but the war in which the present proposition might engage us, is not her war but ours.

Its object is to introduce and establish the American system, of keeping out of our land, all foreign powers, of never permitting those of Europe to intermeddle with the affairs of our nations. It is to maintain our own principle—not to depart from it, and, if to facilitate this, we can effect a division in the body of European powers, and draw over to our side, its most powerful member, surely we should do it.



Thomas Jefferson.



George Washington.

But I am clearly of Mr. Canning's opinion, that it will prevent, instead of provoking war. With Great Britain withdrawn from their scale, and shifted into that of our two continents, all Europe combined would not undertake such a war. For how would they propose to get at either enemy without superior fleets? Nor is the occasion to be slighted, which this proposition offers, of declaring our protest against the atrocious violations of the rights of nations, by the interference of any one in the internal affairs of another, so flagitiously begun by Bonaparte, and now continued by the equally lawless Alliance, calling itself Holy.

But we have first to ask ourselves a question, Do we wish to acquire to our own confederacy any one or more of the Spanish provinces?

I cordially confess that I have looked on Cuba as the most interesting addition which could ever be made to our system of States. The control which, with Florida Point, this island would give us over the Gulf of Mexico, and the countries and isthmus bordering on it, as well as those whose waters flow into it, would fill up the measure of our political well-being.

Yet, as I am sensible that this can never be obtained, even with her own consent but by war; and its independence (and especially its independence of England) which is our second interest, can be secured without it, I have no hesitation in abandoning my first wish to future chances, and accepting its independence, with peace and friendship of England, rather than its association at the expense of war and her enmity.

I could honestly therefore, join in the declaration proposed, that we aim not at the acquisition of any of those possessions, that we will not stand in the way of any amicable arrangement between them and the mother country.

Your obedient servant,

THOMAS JEFFERSON.

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18. SPECIAL POLITICAL LESSON.

Three hundred years of exceptional experience have had important effects upon the political training of the American people. Their sense of achievement is something wonderful. A Continent has been subdued. Living men remember a time when there was no Chicago or San Francisco. Americans have built railways, founded states and cities, and possessed the land. Wealth has been increased at rates before unknown. It is an easy matter to secure due appreciation of the facts of material development. It is not so easy to secure an equal appreciation of the exceptional conditions under which our achievements have been wrought. Our experience in taking possession of a vacant continent is worth absolutely nothing for the future guidance of mankind. There are now no other such continents to occupy. We may be proud of our achievement, but it assists us not a whit in the solution of future problems.

Rich agricultural lands now have people upon them. Future problems have to do with people. There have all the time been a few Indian villages within the limits of the United States. No intelligent American can honestly say that he is proud of our success in dealing with these Indians. In our zeal for the occupation of the vacant land, we for a time threatened to depopulate the wilds of Africa, by the forcible deportation of black men to fell our forests and to till our fields. We are not wont to boast of our achievements in dealing with the colored race. The object of our boast is the triumph over inert nature. We have built great cities. We do not boast of the attainment of justice and righteousness by the people who live in those cities.

Not only has our peculiar experience not tended to qualify us, for dealing with the most serious political and social problems, it has in some respects had a positively disqualifying tendency. For two or three centuries, Americans have been on a vacation as touching the most serious problems of life. The result is that multitudes of the most intelligent Americans have entirely lost a sense of the reality of these problems. They live in a fool's paradise, and have no sense of personal obligation for the default of government. This vacation is now at an end. Upon the generation now living, will come the brunt of the change from the exceptional to the normal condition. Switzerland and England, and France have had no vacation. Americans have been wont to say that our case is peculiar; that we cannot in the New World, be guided by the experiences of the old. In the past this has been true. In the settlement of the new country we had to "blaze" our own way. But in the government of cities, and in all political and social problems, we can learn from the Old World, and it is of the utmost consequence that we be willing to learn.

While the peculiar American experience has in some respects, tended to unfit our citizens for dealing with political problems, it has in other respects been of immense advantage. It has removed the iron from the soul, it has given boundless courage and daring; it has freed us from the trammels of custom; it has created a new composite race with opportunities for leadership possessed by no other people.

If England is the mother of Parliaments, the United States is the Father of written Constitutions. The peculiar experience of Americans has made them deliberate and conscious constitution-builders. The Virginian Colony adopted three Constitutions within a very few years; and before the Pilgrims landed at Plymouth, the Virginians had worked out for themselves a Constitution which secured for them a legislative assembly. Before their landing, the Pilgrims sat down around a table and drew up a Constitution, that they might be a body politic the instant they should touch the shore. A body of Puritans in England adroitly secured from Charles I. an act of incorporation for the government of a colony, with unlimited powers over the admission of members. Having obtained the Charter,

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these shrewd Yankees boarded a vessel and came to Boston bringing their Charter with them. And having admitted to membership all church-members, they used their Charter as a democratic Constitution for the government of the Colony. (1)

When the time for separation from England came it was quite natural that representatives should meet in the various states, and write out their Constitutions. Their character and peculiar training had fitted them for this. After a dozen years of experience in the making, and working of State Constitutions, delegates were prepared to meet in Philadelphia, and frame a Constitution which Mr. Gladstone has called the greatest work which has ever been struck out from the human mind at one time.

Democracy involves the conscious and deliberate doing of things, on the part of the great body of the people. (2) This is America's great contribution to the politics of the world. The people have been let alone. There has been long training in the conscious control of public affairs. In the Old World the people are victims of Constitutions which are a part of their growth. Even in democratic England, the Constitution has come without observation. A Chicago lawyer once said to me with an air of impatience : "Why don't the people of England make an end of their folly, and reduce their Constitution to writing." Said he "I could write them a constitution in forty minutes. And I would insure it working, too." And immediately he proceeded to outline one. In the perfecting of democracy many things need to be planned and executed. The American by nature believes at least in the possibility of accomplishing the yet unachieved.

18. SPECIAL POLITICAL LESSON.

(1) **The Dorchester Company, 1623.**—Under the lead of the Rev. John White, the Dorchester was formed for trading and fishing, and a station was established at Cape Ann: but the enterprise did not prosper. The colonists were disorderly, and the company made an arrangement for Roger Conant and others, driven from Plymouth by the rigid principles of the Separatists, to come to Cape Ann.

Still matters did not improve, and the company was dissolved (1626).

But White held to his purpose, and Conant and a few others moved to Naumkeag, and determined to settle there. Conant induced his companions to persevere, and matters in England led to a fresh attempt, for discontent grew rapidly, as Charles proceeded in his policy.

A second Dorchester Company, not this time a small affair for fishing and trading, but one backed by men of wealth and influence, was formed and a large grant of lands was made (1628) by the Council for New England to Sir Henry Roswell and five others.

One of the six patentees, John Endicott, went out during the following summer with a small company, assumed the government at Naumkeag, which was now called Salem, and sent out exploring parties.

The company thus formed in England was merely a volunteer partnership, but it paved the way for another and a much larger scheme. Disaffection had become widespread. The Puritans began to fear that religious and political liberty alike were not only in danger, but were doomed to destruction, and a large portion of the party resolved to combine for the preservation of all that was dearest to them, by removal to the New World.

The Dorchester Company was enlarged (1629), and a royal charter was obtained incorporating the Governor and Company of Massachusetts Bay.

The freemen of the company were to meet four times in every year; they could choose a governor, deputy, and eighteen assistants, who were to meet every month. They were authorized to administer oaths of supremacy and allegiance, admit new associates, defend themselves by arms, transport settlers, and manage in every way their own affairs. Nothing was said of religious liberty, for this famous instrument was as shrewdly, as it was loosely drawn. Omit the word company, and we have the constitution of an independent state with very ill-defined powers.

* * * * * *

The company acted cautiously, but it was clear that they meant to exercise absolute control, and exclude opponents from their domain.

Meanwhile events moved fast in England. Charles was determined to rule arbitrarily and alone, and the Puritans took the next step in their plan of colonization by resolving to remove the company and its government to New England. Winthrop was chosen governor and Humphrey deputy.

The leaders were country gentlemen, merchants and soldiers, men of wealth and position, while the bulk of the emigration was, as a rule, from the farmers and yeomanry, who were people of substance.

It was the migration of a people, not the mere setting forth of colonists and adventurers. The trading purposes of the corporation soon disappear, we can see the whole broad scheme of the Puritan leaders, and how, under the disguise of a trading company, and a commercial charter, they went forth to found a State, and erect an independent government.

Those of the company who did not go to America, remained in England to enter the Long Parliament, and fight in the civil wars.

If we run over the names of those connected

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with the Massachusetts Company, we find nearly all the leaders of the Puritan party, the magnitude of the scheme becomes apparent, and we see that if all had been lost in England, there would in a few years have sprung up in America a great Puritan state, powerful enough to have defied the mother country, and stood out as her equal at the very outset.—"*History of the English Colonies in America*," *by Henry Cabot Lodge, pp. 342-344.*

(2) **Conscious Development of Institutions in America.**—Throughout their development, therefore, the colonies presented, in still another equally important respect, a marked contrast to English development in this, that the formulation of their institutions was conscious and deliberate. The royal colonies, like the proprietary and the charter colonies, exercised their rights of self-government under written grants of privilege from the Crown: their institutions grew within the area of written constituent law; from the first, they had definite written "constitutions" wherein the general fabric of their governments was outlined.—"*The State*," *by Woodrow Wilson, Ph.D., LL.D., p. 467.*

THIRD WEEKLY REVIEW.

13. **THE VACANT CONTINENT.**—Too much attention has been given to the Indians.
14. **LOCAL GOVERNMENT IN THE NEW WORLD.**—Local institutions an important factor in the development of democracy in England and Switzerland.
15. **THE FEDERAL SYSTEM.**—A federal government arose in Switzerland because the people could be united under no other.
16. **THE HOLY ALLIANCE.**—Marked difference between Asiatic and European civilization.
17. **THE MONROE DOCTRINE.**—The Monroe doctrine is understood only upon the assumption of conflict between two sorts of governments.
18. **SPECIAL LESSONS FROM AMERICAN EXPERIENCE.**—The triumph over nature does not assist in the solution of political problems.

QUESTIONS.

13. *How many Indians have lived at a given time in the country now known as the United States, since the discovery of America? How many are there now? What colonies had Indian wars? How much time was occupied by Indian wars? How many white men have ever been killed by Indians? How did the vacant continent enable Europeans to escape both tyranny and want? Explain the difference between the isolation of the Swiss, and the English, and the isolation of Americans. Why has North America been easily settled? How has it happened that the immigrants have been well equipped for the task?*

14. *Why have local governments been training schools for democracy? The case of England and Switzerland. Compare the New England town with the primitive State. How did the New England county originate? Compare the local government of New York with that of Pennsylvania and that of Virginia. How did a federal system of government originate in the separate colonies?*

15. *How did the Federal System originate in Switzerland? Why did American colonies attain a federated democracy in so short a time? What sort of people were the early Americans? What colonies had tyrannical governors? How long did they rule? Did the colonies want to be represented in the English Parliament? By whom were the colonists willing to be taxed? Would the Thirteen States surrender to the general government control over local matters? How did it happen that the people of England did surrender to the central government, control over local matters? What steps have the English democracy taken towards decentralization? Over what parts of the world does the federal system prevail?*

16. *What is the chief difference between Asiatic and European States? At what period of history did the monarchs of Europe gain Oriental ideas of government? Give instances of conflict between the two ideas of government. Did the French Revolution endanger the thrones of Europe? What was the object of the Holy Alliance? What did it do, in Italy, in Spain? What did it propose to do in America? How were its plans thwarted?*

17. *Did the policy advocated by Monroe, involve participation in European politics on the part of America? Did it involve coöperation with England? What was the real objection on the part of England and America to the Alliance? Does the principle of democracy preclude monarchy in case the people want a monarchy? If a believer in democracy consents to the imposing of a particular government upon a people, what must be his ultimate attention?*

18. *Why does the American experience in settling the continent, furnish no useful guidance for future conduct? Are Americans proud of their Indian history? In what way has their peculiar experience tended to disqualify Americans for dealing with future problems? What are some of the favorable results? Give early instances of conscious constitution-making. How were Americans trained for this great work?*

SUBJECTS FOR SPECIAL STUDY.

1. *The people who have come to America. Our Indian policy.*
2. *Howard's "Local Constitutional History," or briefer texts, Macy's "Our Government," Fiske's "Civil Government."*
3. *Bryce's chapters on Federal Government in "The American Commonwealth."*
4. *The doctrine of Interference as treated in works on International Law.*
5. *Clayton-Bulwer Treaty 1850. Interoceanic Canals. Maximilian in Mexico 1865. The Venezuela boundary.*
6. *The making of constitutions, by growth and adaptation, by conscious act, and by copying.*

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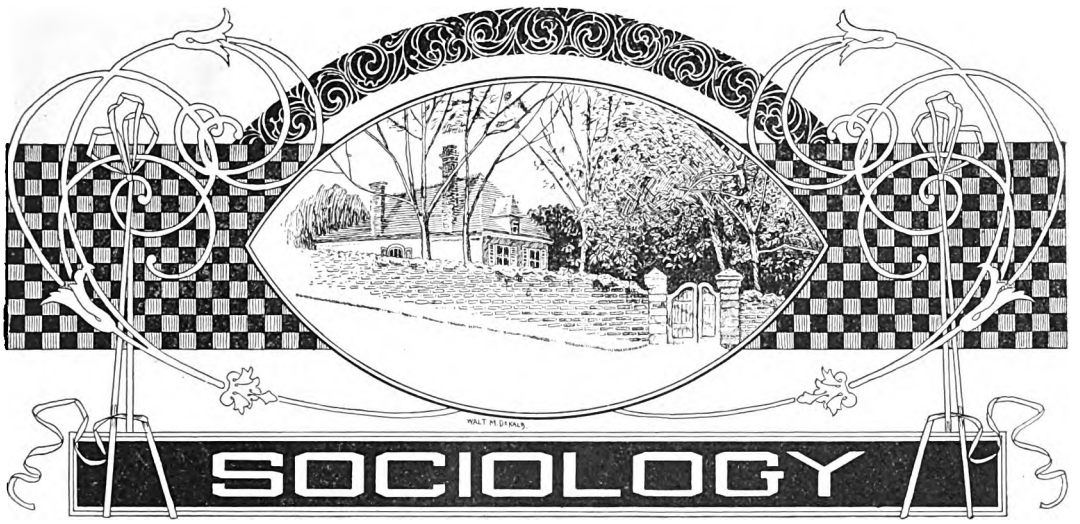

THE FUNCTIONS OF ASSOCIATION.

BY

H. H. POWERS, Ph.D., Ex-Professor of Economics and Sociology, Leland Stanford Jr. University, Cal.

19. RUDIMENTARY ADVANTAGES OF AGGREGATION.

IN the preceding lessons, we have simply described the main features and processes of association, postponing their explanation till the forms themselves were fully before us. To this explanation we now turn. It has been already said that to explain the phenomena of life is merely to determine their function. It cannot be too often insisted that all possible forms and types, all adaptations, organizations and devices exist and are what they are, because they are serviceable to life. Association exists because it favors life, and all social forces and forms exist as they are, because they favor association. The service thus rendered is a function, and our explanation thus becomes a study of functions. The old idea that everything has a use, thus acquires a new meaning. Everything has a use, but not necessarily a use for man, only a use for life, small or great.

The simplest form of association is a mere cohesion of like individuals. Such a cohesion is a necessary condition of the complicated social organization, which eventually develops, but we must not imagine that it is formed in anticipation of these later developments. Unintelligent organisms do not anticipate the remote future. They do not stick together in the hope that the arrangements will sometime benefit their posterity. What then is the utility of simple aggregation? (1)

First, there is an advantage in simple numbers, even unorganized, when it comes to fighting. A pack of wolves will attack an animal which a single wolf would carefully avoid, worrying and tiring it out. Swarms of insects often make large animals their prey. In these cases the advantage is, in the obtaining of food. In other cases the advantage is rather in the repulse of dangerous enemies. Flocks of small birds often put hawks to flight, by their incessant and annoying attacks, while bees and hornets usually make short work of powerful intruders. In human societies, mere hordes usually prevail little against organized bodies, but cases are not wanting in which mere numbers have tired out and vanquished groups which had the advantages of valor, skill and organization. (2)

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The advantage of aggregation is less apparent in the case of animals, which do not fight, but rely for safety on speed and keenness of sense. But it is animals of this class that form the largest herds, indicating that they find aggregation especially advantageous. Antelope, pigeons, etc., seldom fight, but their herds or flocks vastly outnumber the little bands of wolves and fighting birds before mentioned. It must be remembered, too, that these great flocks are really a hindrance to the getting of food, so that their other advantages must be very considerable. The utility of the arrangement is plain, however, when we remember that the enemies of these animals are solitary and pursue them by stealth. (3) The all-important thing, therefore, is to detect their approach. If the antelope were scattered, each could be captured without warning the rest. But if one is captured from a herd, no farther capture from that herd is possible for a time at least. If a hundred lions pursue a thousand scattered antelope, there is a good chance of their getting one apiece. If they pursue a herd they will likely get none. The chances of capture are enormously diminished because the hunting area is lessened, and because stealthy approach to a spot swarming with sentinels, is so much more difficult.

A third case is that of animals whose reliance is in concealment. These, whether their tactics be offensive or defensive, gain nothing by uniting in groups. (4)

Man originally belonged to the first of these groups, having little speed or power of concealment, and depending both for food and protection on his prowess and skill in combat. Originally, therefore, we find men forming little herds or packs —we can scarcely call them societies—which are rigorously prevented from growing to any size by the difficulty in obtaining food. (5) It is only by a remarkable development which we shall have occasion to consider later, that this difficulty is overcome and large groups become possible. (6) Even then the process of consolidation is slow and painful, immunity from brute enemies giving place to conflict among men.

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19. RUDIMENTARY ADVANTAGES OF AGGREGATION.

(1) **Present Utility.**—There are plenty of cases in which arrangements are perpetuated which have *no present* utility, but which once met a need of the organism. These are known as survivals, and are obviously due to the simple momentum of heredity. In general they show signs of weakening and disappearance, being often mere rudiments of structures once fully developed.

(2) **Advantage of Numbers.**—The battle of Thermopylae, and the defeat of Custer, are familiar illustrations. Every victory which is due to superior numbers, whether the organization be much or little, is an illustration of the value of aggregation, complicated, of course, by the addition of another principle.

(3) **Advantage Secured by Aggregation.**—The case of plants is of course different. The more indirect and circuitous advantage secured by aggregation in such cases, probably applies as well to the case of many insects and other animals. The advantage mentioned in the text is only one of many, though probably the most considerable.

(4) **Union in Groups.**—This statement is true in general and such animals are usually more or less solitary. But there seem to be exceptions, especially among insects, and to a less degree among other animals. All we can say of such cases is, that a species puts various degrees of reliance in various adaptations, and all manner of balances of advantage are found. When the locust with its protective coloring, makes itself visible by collecting in swarms, it simply sacrifices this advantage in order to gain a greater. It is only a seeming exception to the rule.

(5) **Herds or Packs.**—It has been estimated that savages dependent upon the chase require fifty thousand acres per capita for support. A tribe of a hundred, would thus require a territory of nearly eight thousand square miles, about as much, we may assume, as they could possibly cover effectually. If the tribe increases the area must be increased, and this can only be done by scattering.

(6) **Social Groups.**—It is thus with the minor social groups combined into a major social group. Each tribe, originally self-sufficing, had within itself such feebly-marked industrial structures as sufficed for its low type of life; and these were like those of each other tribe. But union of them greatly facilitates exchange of commodities; and if, as mostly happens, the component tribes severally occupy localities favorable to different kinds of production, different industrial actions are initiated, and there result differences of industrial structures.

Even between tribes not united, as those of Australia, there is barter of products furnished by their respective habitats, so long, of course, as they are not at war. And evidently where there is reached such a stage of integration as in Madagascar, or as in the chief Negro states of Africa, the internal peace that follows subordination to one government, makes commercial intercourse easy. The like parts, being permanently held together, mutual dependence becomes possible; and along with growing mutual dependence there goes growing unlikeness of parts.—"*The Principles of Sociology,*" *by Herbert Spencer, pp. 492, 493.*

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20. ADVANTAGES OF DIFFERENTIATION; INDIVIDUAL EFFICIENCY.

The advantages of simple aggregation, vary with the character of the animal, as we have seen. For the passive type, mere herding is of the utmost value and is capable of indefinite extension so far as numbers go. But the very nature of this advantage is such, that it does not lead to differentiation. The two great necessities of every organic life, food and protection, to eat and to avoid being eaten, present very simple problems to a herd of antelope. The first reduces itself to grazing, the second to running away. The first process admits of no coöperation, the second of very little.

In all such cases differentiation reduces to the lowest limit. There is nothing that such animals can do for one another beyond a little sentinel duty, and this calls for almost no specialization. (1) What is required is absolute uniformity in instinct and action. Where aggregation is most useful, therefore, it is incompatible with differentiation.

With animals of an aggressive type the case is very different. Their problem is one of coöperation, the combining of many small forces into one larger force, capable of coping with a larger force in turn. Wherever association involves active coöperation, there is a tendency to differentiate and organize the individuals into a more or less compact group. The reason is that the joint activity of the group, though it all has one or two purposes in view, involves a great variety of different activities. A colony of ants has to fight enemies, to build houses, to collect food, to care for eggs and young, etc., all of them, processes having their own peculiarities, and offering a good deal of opportunity for skill. (2) While the most primitive human societies show less organization than the ants, the societies with which we are familiar, immensely surpass them. Men have long since ceased to live by bread alone, and have become dependent on an infinity of activities and devices. How this all came about, we have not now to inquire, but the result of it all is, that in human society, as in all societies, based on active coöperation there are many different things to do. No matter whether these things are hard or easy, they all become easier if the organism is adapted to the doing of them. But if these things are very different, an organism can not be highly adapted to them all. The old saying, "Jack at all trades, good at none," embodies a profound law of nature. Skill and efficiency depend on specialization; adaptation to special things.

Though the principle is perfectly familiar, few persons realize how much it means in practice. In fact the efficiency which comes from specialization is so great, that a small part of a group devoted exclusively to a particular work, can usually learn to accomplish more in a given time, than the whole group could accomplish without this special training.

The more peculiar the activity in question, the more the gain of specialization. The difference between the higher and lower industrial pursuits, is primarily a difference in the specialization which they require. Other things being equal, too, the advantage of specialization increases as the process is carried farther. If there is a gain in having part of the community devoted to agriculture, and part to manufactures, there is a gain in dividing the agriculturalists into stock, grain and fruit raisers, the manufacturers into weavers, shoemakers, etc. Further, if it pays to devote one's self entirely to weaving, it will pay also to specialize on woolen weaving, or even on a small branch of woolen weaving. It is difficult to set any limit to this process which is rapidly increasing. The making of a watch has been divided into a hundred or more distinct trades, and even the making of pins into a dozen or more.

It is true that in these latter days quite another reason has appeared for this specialization, (3) but the gain in individual efficiency always remains.

Specialization is most profitable in the case of constant or normal activities.

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In the production of cloth, the gain is so great that a few persons can supply the steady demands of society on a scale which all the unskilled persons in the community could not do. This is profitable, for these persons can be kept constantly employed.

The efficiency of a soldier is increased quite as much by specialization as that of the weaver, and so long as war was pretty constant, the need was met in precisely the same way. But when wars become rare and irregular, it does not pay to keep a large class of military specialists in idleness nine-tenths of the time. Thus those nations which have nearest solved the military problem, restrict permanent specialization to officers, and rely on extensive employment of less specialized individuals, for the emergencies which arise, at ever rarer intervals. The gain in war capital thus realized, more than compensates for the loss in military skill.

20. ADVANTAGES OF DIFFERENTIATION; INDIVIDUAL EFFICIENCY.

(1) **Differentiation and Specialization.**—The terms differentiation and specialization are here used as synonyms. Each means the development of unlikenesses with reference to adaptation.

Differences which arise in individuals, which are not of the nature of adaptations, are known as variations. Division of labor is a synonym for specialization, with emphasis upon the task, rather than upon the person. It is not a wholly fortunate phrase, but the great example of Adam Smith and long usage seem to have thoroughly established the phrase in economic science.

(2) **Social Insects.**—But, as hinted above, though social insects exhibit a kind of evolution much higher than the merely organic—though the aggregates they form simulate social aggregates in sundry ways; yet they are not true social aggregates. The evolution we see in them is, in essential respects, intermediate between the organic and the super-organic, as here to be understood. For each of these societies is in reality a large family.

It is not a union among like individuals substantially independent of one another in parentage, and approximately equal in their capacities; but it is a union among the offspring of one mother, carried on, in some cases, for a single generation and in some cases for more; and from this community of parentage *arises the possibility of classes having unlike structures and consequent unlike functions.*

Instead of being allied to the specialization of function which arises in a society, properly so called, the specialization of function which arises in one of these large and complicated insect-families, is allied to that which habitually arises between the sexes.

For instead of two kinds of individuals descending from the same parents, there are several kinds of individuals descending from the same parents; and instead of a single coöperation between two differentiated individuals in the rearing of offspring, there is an involved coöperation among sundry differentiated classes of individuals in the rearing of offspring.

4. The only true rudimentary forms of Super-organic Evolution are those to be found among certain of the higher types of vertebrata.

Some birds form communities in which, beyond mere aggregation, there is a small amount of coördination. Rooks furnish the most familiar instance. Among these we see such integration as is implied by the keeping-together of the same families from generation to generation, and by the exclusion of strangers. There is some rude form of government, some recognition of proprietorship, some punishment of offenders, and occasionally expulsion of them.

A slight specialization is shown in the stationing of sentinels while the flock feeds. And there is usually an orderly action of the whole community in respect of times of going and coming. Clearly there has been reached a coöperation comparable in degree to that shown us by those small assemblages of the lowest human beings, in which there exist no governments.

Gregarious mammals of most kinds display little more than the union of mere association. In the common tendency toward supremacy of the strongest male in the herd, we do, indeed, see a faint trace of government organization.

Some degree of coöperation is shown, for offensive purposes, by animals that hunt in packs, and for defensive purposes by animals that are hunted; as, according to Ross, by the North American buffaloes, the bulls of which assemble to guard the cows during the calving-season against wolves, bears, or other enemies. Certain gregarious mammals, however, as the beavers, carry social coöperation to a considerable extent; and their joint actions yield remarkable products in the shape of habitations.

Finally, among sundry of the *Primates*, gregariousness is joined with some subordination, some combination, some display of the social sentiments. There is obedience to leaders; there is union of efforts; there are sentinels and signals; there is some idea of property; there is some exchange of services; there is adoption of orphans; and anxiety prompts the community at large to make efforts on behalf of endangered members.

5. These classes of truth, which, by one having adequate knowledge, might be enlarged upon to much purpose, I have here set down and illustrated for several reasons. Partly it seemed needful to point out that beyond organic evolution, there tends to arise in various directions a further and higher order of evolution.—"*The Principles of Sociology*," *by Herbert Spencer, pp. 6-8.*

(3) **Profitable Specialization.**—Specialization within a given species is merely a continuance of the process by which the species themselves have been formed. Each species is in reality, a specialized form of a more homogeneous group, that went before it and is an adaptation to some particular situation in nature like a trade or profession.

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21. ADVANTAGES OF DIFFERENTIATION; INCREASE OF FUNCTIONS.

It is plain that specialization increases skill, often to an enormous extent, and that this correspondingly increases the efficiency of individuals and of the group to which they belong. But the conspicuous thing about advanced societies is not so much the increase of functions as their multiplication. Civilized man does not simply catch more fish, or kill more deer, than the savage. He differs from him not so much in the way he does things, as in the kind of things he does. Most of the activities of civilized life are quite unknown to the savage. The gain that comes from specialized skill spends itself in increasing, not the quantity, but the variety of work done.

The reason for this is, that the most primitive wants of men are inelastic. So if men learn, by specialization or otherwise, to supply these wants, with half the effort that was required before, they will not care to eat or wear twice as much as before, and will find part of their time unemployed. What shall be done with this leisure? At first all kinds of random and alien things, largely nothing at all. And this might continue indefinitely were it not for competition between societies. But as it is, some society will make a profitable use of this leisure and will grow stronger, beginning to absorb or overpower the less enterprising rivals. (1) The latter may learn by experience and adopt the better plan, or they may be absorbed or exterminated. The result is all the same. Men have learned new arts which fortify and strengthen life, and specialization has increased specialization. Thus specialization brings skill, and skill brings leisure, and leisure brings new activities, from which competition selects those that favor life, and these become henceforth new functions and necessities.

It is important to realize the inevitableness of this evolution from the first to the last. It is often assumed that individuals and societies have a certain margin of time and resources which they can use as they like. In the long run they are held accountable for it all. There are certain things which societies like men, must have or perish, things which competition has made a part of their working machinery. Beyond this, is a certain margin of time and resource which it is assumed can be safely wasted. And it could be, if all competitors would waste it equally. But some will not. They will devote it to new arts and inventions, new guns, or machines, or sciences, and their spendthrift rivals will be crowded to the wall. Nothing is harder than to tell just what uses of this marginal resource are, or will prove to be useful, but in the long run the useful is the indispensable.

The tendency in all differentiated societies is thus to continually set free a certain number of workers to do something new. But this process wears a very different aspect when looked at from the standpoint of the persons concerned. They do not talk of being liberated to take up new functions; they are out of a job. This progressive specialization of society is a process that involves much hardship. The reason is, that the organization of new functions out of society's marginal resource involves friction and delay. Eventually the persons thus displaced find a new employment, but not at once. In the meantime they undeniably suffer. It must be remembered, however, that these persons are not chosen at random. Out of a contracting circle of industry, there come at all times two classes, the enterprising and the incompetent. The former are fitted both to endure the hardships, and accomplish the ends of this life on the social frontier. They are venturesome, inventive, sanguine and capable. To those who discover most speedily, and exploit most successfully the possibilities of the situation, society offers the most generous rewards which, like a magnet, draw out of society its hidden resources of enterprise and invention.

But some are not tempted out, but forced out. These are not the growing, but

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the dying end of the society. They go not into the newer but into the older and simpler employments, getting not rewards but short rations. They fill the sweat-shops (2) and the ranks of the unemployed, (3) dropping off at the lower margin into pauperism and vice, rejected by society. Fast or slow, they go to the inevitable goal, extinction. The process is not pleasant to them or to us, the lookers-on. But what would happen to a society that did not discriminate in favor of competency and power?

Specialization thus not only multiplies the functions of society and augments its power, but in so doing, it sorts and sifts its members, and puts them where they are worth the most. This selective action is not the least of the services which specialization renders to society.

21. ADVANTAGES OF DIFFERENTIATION; INCREASE OF FUNCTIONS.

(1) **Extermination.**—It is perfectly plain that certain nations at present do not appreciate the danger of devoting their surplus resources to innocent but unproductive purposes. Their customs often appeal to our sympathy, as calculated to increase the "good of living," but if they are maintained at the expense of national sinew, they are suicidal. This is apparent especially in the picturesque and most enjoyable festive customs of the peoples of continental Europe, which are being surely exterminated by the relentless thrift and the superior bank accounts, and more effective industrial organization of England and America.

It is useless to expend our sentiment on these vanishing goods. The old order is a perfectly feasible one, if the new countries would only adopt it, but they will not, as they never have done at any point in the long course of development.

(2) **Two Classes of Productive Work.** — At present it appears that there are two great classes of productive work which have not fallen under machine-industry and capitalism in its typical form. There is that work which machinery is technically competent to perform, but which it cannot economically undertake so long as large quantities of very cheap labor are available.

This class comprises the bulk of what are called the "sweating" trades, the cheap, low-skilled, domestic workshop labor. The other class consists of artistic and intellectual work, which cannot be successfully undertaken by machinery.

The first of these classes is universally admitted to comprise cases of arrested development. The irregular working of the more highly-evolved industries, the successive supplantation of branches of skilled labor by machinery, the blind migration of labor from distant parts, keeps the large industrial centres supplied with a quantity of unskilled and untrained labor, which can be bought so cheaply, that in the lowest branches of many trades it does not pay the *entrepreneur* to incur the initial cost of setting up expensive machinery and the risk of working it. The social and moral progress of industrial nations requires, as a first condition of orderly progress, that these cases of arrested growth shall be absorbed into the general mass of machine-industry. These problems of "the sweating system" the unemployed, the pauper class, the natural products of the working of a system of competition, where the competitors start from widely different lines of opportunity, can never be solved by the private play of enlightened self-interest, unless that enlightenment take a far more altruistic form than is consistent with the continuance of competitive industry. This is the fundamental paralogism of that school of reformers who find the cure of industrial maladies in the humanization of the private employer. A whole class of employers sufficiently humane and far-sighted to consistently desire the welfare of their employees (and no fewer than the whole class would suffice, for otherwise the less benevolent will undersell and take the business from the more benevolent) would be so highly civilized that they would no longer be willing to compete with one another so as to injure one another's business: they would, out of pure good will, organize into a "monopoly," and working this monopoly for the exclusive interest of themselves and their employees, rack-rent the consuming public; or if their benevolence extended to all their customers, they would socialize their business, conducting it for the greatest good of all society. Such a form of socialized industry, dependent upon the moral character of perishable individuals, would possess all the weaknesses charged against State socialism, without any of the educative advantages, or the security and stability of that system. The "captain of industry" remedy is a sentimental and not a scientific one. Once regard "sweating" as a case of arrested development; and the true line of progress will be seen to lie in the absorption of these backward industries into the main current of industrial movement, leaving them to pass through the necessary phases of machine-production, and to be subjected to an increasing pressure of social control, until they are ripe for society to undertake. —"*Evolution of Modern Capitalism*," *by John A. Hobson, M.A., pp. 360, 361.*

(3) **Unfortunates.**—It must not be for a moment supposed that all the unemployed are incompetent. When a whole factory shuts down, all its employees, good and bad, are out of employment, and such things happen continually. In times of panic and general industrial paralysis, large numbers of perfectly competent men are often unemployed. But it is clear that so far as employers can make any distinction, the least competent are the first to be discharged, and the competent are the first to find places. In normal times the unemployed are far below the average in competency, and are fairly well selected by nature for elimination.

Nor must it be assumed that the fate of these people is a matter to be regarded with indifference. Quite aside from the sound material which is mixed up with this perishing mass, and the loss of which weakens society, the very fact of indifference to human suffering itself, weakens society far more.

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22. THE ADVANTAGES OF ORGANIZATON; COLLECTIVE POWER.

Differentiation, or the adaptation of individuals to special functions results as we have seen, first in a great saving of time and strength, and then in a corresponding development of new and useful functions. A savage having occasional need of getting across a deep river may get astride a floating log, and slowly paddle himself across with a stick. If he devotes himself to this business entirely, he will learn to hollow the log, and shape the paddle besides learning to use it with far greater skill. He can now do the paddling for twenty or a hundred men who can devote themselves to other things. Other improvements will follow till his craft becomes a model of ingenuity, and his skill becomes an art.

But no amount of skill will enable him to cross the ocean. The waves are too high, the storms too violent. A ship able to withstand them would be too large for him to handle alone. *He must combine* with other boatmen. It is perhaps conceivable that this should happen without any farther differentiation or correlation, but as a matter-of-fact it doesn't. There must be organization and headship, in this case a captain and crew. Of course ocean navigation to be efficient or safe, requires very much more organization than this. A modern ship's crew involves a large number of intricate and highly specialized functions, and an organization of extreme minuteness and vigor.

This brings us to a new fact of the utmost importance in the development of society, namely, the growth of large group functions which one man, no matter how skilful, could never perform. This is accomplished by differentiation and organization. With differentiation we are already familiar, but the differentiation required for organized functions, is very different from that required for individual functions. A ship's crew requires captain, mates, boatswains, quartermasters and a host of other functionaries understood only by the initiated, and quite unknown before the crew was organized.

It is true that in a sense whenever there is differentiation there is more or less organization. A man cannot give his whole time to shoe-making without a tacit understanding that others shall specialize on other useful things, and exchange their surplus for his. But this organization for exchange involves no other advantages than those we have considered under differentiation, namely, increased skill and variety of function. The kind of differentiation we are now dealing with, does not multiply individual functions, but creates large composite functions which could have no individual existence.

But between these two stand an intermediate class, individual functions which existed before, but which are pursued more advantageously by means of organization. Such are armies, fighting organizations in which individuals do the fighting, it may be in a very individual way, but which gain immensely by organization.

The Persian army was little more than a horde prevailing by mere force of numbers. The career of Alexander demonstrated the prodigious advantage of organization in warfare. The Roman army was as highly organized as the Macedonian, but preserved better the integrity of the individual soldier, and was thus in the long run more efficient. (1) The tendency of military development is to rely increasingly on organization. (2)

The most important of these intermediate organizations is that of industry. Until the present century the process of industry was mostly one of specialization or "division of labor." Since then it has been one of organization with the new specialization which this requires: The advantage of this lies in the fact, that men by means of organization are able to harness in the forces of nature. For the most part these cannot be utilized by individuals, not so much because they are beyond his power, as because the harnessing is expensive, and doesn't pay except on a large

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scale. (3) But when thus utilized, its efficiency is enormous. The tendency to bring men together so that they may divide the power of a steam engine or a water wheel among them, has resulted in the factory system with its vast consequences in the transformation of society. (4)

This simple form of factory, where independent workers combine, merely to share the power of nature, leads to a higher type with joint action and composite functions. A steel rail mill does not exist to furnish power for individuals to make rails. It enables them by *joint* utilization of this power to make what individuals can not make. It is thus, one of the highest examples of organized collective power. (5)

22. THE ADVANTAGES OF ORGANIZATION; COLLECTIVE POWER.

(1) **Efficient Organization.**—The Macedonian phalanx, a development of the Spartan organization, consisted of men standing close together completely protected by large shields and carrying long lances, so long, Plutarch tells us, that those of the sixth rank back, projected through the front line. It was almost impossible to break this solid mass which mowed down all before it.

The Roman soldier was armed with a short sword, and was supposed to have a space six feet square, thus allowing great freedom of movement. The organization was less mechanical and more a matter of intelligence than the Macedonian.

(2) **Military Organization.**—Early histories of the civilized, similarly show us how union of smaller social aggregates for offensive or defensive purposes, necessitating coördination of their actions, tends to initiate a central coördinating agency.

Instance the Hebrew monarchy: the previously-separate tribes of Israelites became a nation subordinate to Saul and David, during wars with the Moabites, Ammonites, Edomites and Philistines.

Instance the case of the Greeks: the growth of the Athenian hegemony into mastership, and the organization, political and naval, which accompanied it, was a concomitant of the continued activity of the confederacy against external enemies.

Instance in later times the development of governments among Teutonic peoples. At the beginning of the Christian era there were only chieftainships of separate tribes; and, during wars, temporary greater chieftainships of allied forces.

Between the first and the fifth centuries the federations made to resist or invade the Roman empire did not evolve permanent heads; but in the fifth century the prolonged military activities of these federations ended in the military leaders becoming kings over consolidated states.

At this differentiation by which there arises first a temporary and then a permanent military head, who passes insensibly into a political head, is initiated by conflict with adjacent societies, it naturally happens that his political power increases as military activity continues. Other things equal, corporate action of a society in war is effective in proportion as obedience to a commander is profound.—"*The Principles of Sociology*," *by Herbert Spencer Vol. I, pp. 543, 544.*

(3) **The Factory System.**—We speak of the industry which has prevailed since the middle of the eighteenth century as machine-production, not because there were no machines before that time, but firstly, because a vast acceleration in the invention of complex machinery applied to almost all industrial arts, dates from that period, and secondly, because the application upon an extensive scale of non-human motor powers manifested itself then for the first time.

One important external effect and indication of the momentous character of these changes is to be found in the quickening of that operation, the beginning of which was observable before the great inventions, the substitution of the Factory System for the Domestic System.

The peculiar relation of machinery to the Factory System, consists in the fact that the size, expensiveness, and complexity of machinery on the one hand, and the use of non-human power on the other hand, were forces which united to drive labor from the home workshop to the large specialized workshop—the factory.

"The water frame, the carding engine, and the other machines which Arkwright brought out in a finished state, required both more space than could be found in a cottage, and more power than could be applied by the human arm. Their weight also rendered it necessary to place them in strongly-built walls, and they also could not be advantageously turned by any power then known but that of water. Further, the use of machinery was accompanied by a greater division of labor, and therefore a greater coöperation was requisite to bring all the processes of production into harmony and under a central superintendence. Hence the growth of machine-production is to a large extent synonymous with the growth of the modern Factory System.—"*The Evolution of Modern Capitalism*," *by John A. Hobson, M.A., pp. 49, 50.*

(4) **Factory System.**—The consequences of the factory system are but very imperfectly appreciated. It has been estimated that the per capita production of cotton goods has been increased twenty-two hundred fold by the development of the factory system of manufacture. Perhaps no extensive line of manufacture can show a better record, though many individual articles probably excel it, nails for instance. Even where there is no natural power to be appropriated and distributed there is advantage enough in organization to make a factory pay, if the obstacles of prejudice and social inertia can once be overcome.

(5) **Qualitative Change in Products** —Something of this principle, this qualitative change in products and coöperation in production, is involved in all factory production, A boy in a nail factory can make a thousand times as many nails as a skilful blacksmith at the forge, but he cannot work alone, and the nails when made are very different from those made by hand.

Machinery is not only an inducement to organization, but it is a product of organization.

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23. ADVANTAGES OF ORGANIZATION; UNITY AND CELERITY.

The essential characteristic of an organized society, it will be remembered, is a correlating or directing organ, a head. Just as in the organic world, progress is measured primarily by the growth of the head, so in social evolution the growth of efficient headship, is the measure, and in some sense the essence of social progress. Of course, as this headship develops, great changes take place in the body of society corresponding to it, but important as these changes are, the great thing about these societies as distinguished from mere homogeneous masses, or differentiated groups loosely organized by exchange, is the possession of a head. The headship which gives to armies and factories such cumulative power, is perhaps even more conspicuous in other cases.

In all societies a great many things remain to the last, private business, but a certain number, and perhaps an increasing number of things, are public business matters, in which the group must act as a unit.

Public business, like private business, however, to be successful, must be prosecuted with energy, promptness and skill, qualities very difficult to secure in group action. When an individual decides to do a thing, his whole body is docile and ready to do his bidding. The separate parts do not have separate opinions, or inclinations. They all act as if they knew where decisions were to come from, and what they had to do about them. Societies are very different from all this. They are widely scattered, and loosely bound together. All the parts can do some thinking, and are inclined to judge things from their own point of view. They have individual peculiarities and individual interests; above all they have individual sensibilities, and individual preferences. With the best of intentions on the part of all, such a group finds it difficult to act unitedly or promptly, as it must do, if it is to derive the full benefit from association. Hence societies are at all times striving to secure concert of action and judgment, which shall enable them to utilize their power. This requires an organ whose function it shall be, to decide what to do, and to direct society in the doing of it. The evolution of a head. (1)

The first advantage of such an organ is, that it serves as a rallying point, about which opinions can gather. The feeling which we have called social cohesion, inclines men to follow other judgments than their own, especially if their own is not very definite or pronounced,(2) but the difficulty is to know what judgment to follow. While I am yielding my judgment, in one direction, in the interest of social unity, another may be yielding his in an opposite direction, each judging differently what the prevalent opinion is likely to be. But if at the outset it is understood that some person, or small group has the duty of deciding, there is no such embarrassment. Each may still do his own thinking, but there is much greater likelihood that we shall all agree on a single judgment in the end. This judgment may not be the wisest, but a society united in a judgment that is even half way wise, is more efficient than one that cannot unite on any at all. We shall see, too, that society never quite loses the power to correct the mistakes that its recognized head may make.

A second advantage is celerity in decision and action.(3) These are very difficult in large groups. For one thing it is physically difficult to refer matters to the whole group.(4) To assemble the group is slow and expensive, and except in small groups it is impossible. Even in those cases the result of such deliberations, is far from satisfactory.(5) If the group tries to deliberate without assembling, the deliberation is indecisive and indeterminate. Such deliberation has its uses, as we shall see later, but it is quite useless in emergencies where something must be done at once. It is sometimes less important how questions are decided, than that they should be decided at once. It is necessary to have some quick acting mechanism for settling such questions, and keeping the great machine moving.

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To this class of questions belong, in the first place, the great emergencies, when public policy has to be decided for a long time ahead, and the utmost wisdom is called for.(6) But another class of questions which is usually overlooked in this connection, is perhaps even more important, namely, questions of detail. Nobody cares how they are settled, but they must be settled. Nothing more effectually blocks the progress of a great society, than to have no efficient provision for settling these innumerable petty questions upon which in the aggregate, its efficiency depends. It is a condition of social efficiency and progress, that the labor and delay involved in social judgments should be reduced as much as possible, by referring as many questions as possible to organs specialized for that purpose.

23. ADVANTAGES OF ORGANIZATION; UNITY AND CELERITY.

(1) **Evolution of a Head.**—This explains the constant tendency on the part of political parties to pass under the control of a "machine" and of this machine in turn to follow a leader, a "boss." The reason is that parties so organized act with a coherence, and a unity that gives them tremendous power. And the weakness of the "decent element" is explained in the same way.

Reform parties and anti-boss movements, are usually composed of persons who think for themselves and who have revolted one by one against the power of the boss.

Such individual revolters seldom have any strong allegiance to a leader, which can unify their action, and give it definiteness and coherence.

Success in politics is not a question of individual votes cast at the polls, but of unified, systematic action developing habits of thought, and feeling, favorable to concerted action at all times, and in all connections. All hope of doing away with the element of mechanical organization, and personal leadership is futile, though we may hope for much improvement in their quality.

Their quality is determined in the long run by the quality of their constituency. The growth of bossism in the United States, has been in significant proportion to the increased size, and heterogeneity of material in our political parties.

(2) **Social Cohesion.**—Most people have no really personal opinions on most questions. Their minds are as blank as a photographer's plate, but as highly sensitized, ready and eager to receive the impression of that, which the persons or group with which they are acquainted, cast upon them. Their partisan logic reflects, not their opinion, but their loyalty to their party, or church and to its platform or creed, as to a flag because it is symbolical of their allegiance. There is something of this about us all, though perhaps we all, too, have a little power of really individual judgment.

(3) **Difficulty of Deferring to Large Groups.**—The speed with which a government like that of Russia can act, is in painful contrast to that of popular governments like our own, and even that of England. Doubtless there are great advantages in a system where nothing is done till "public opinion" has been worked up, and has given its assent, but one cannot help wondering whether emergencies may not come, when that cannot be done in time. If popular governments eventually prove better than others, it will be because they devise ways of securing better, safer and truer heads, which can be trusted more completely with the duty of social initiative. There are those who believe that there are other advantages of popular government, which compensate for slowness and hesitancy in decision and action, but Demosthenes and the Athenians did not find it so.

In 1893 the American Congress was called together in extra session to take action regarding a monetary panic. It was many weeks before a decision was reached, though the case was one of the utmost urgency. Whatever may have been the wisdom of the decision, the delay in reaching it was a matter for the utmost concern, pointing, like many recent occurrences, to an imperfect development of headship in our government. In Great Britain, financial panics have sometimes been stopped in fifteen minutes by the exercise of power vested in the proper government authority.

(4) **Unstable Conclusions.**—Deliberation in assembled masses of men, is apt to lead to unstable conclusions. Each man is subject to a mass of suggestion from those about him, which often overpowers his own normal thinking and browbeats his own convictions. It is inevitable that this should be so, or no agreement will be reached, but unless the leadership is strong, and has a permanent hold, such conclusions are subject to serious reaction when men separate and relapse into themselves. Notice the case of a revival meeting, which is not preceded and followed by strong and constant supporting influences.

(5) **Settled by Leaders.**—Such questions are almost always settled by leaders, though they may not be official leaders. Their skill consists partly in being able to reach the necessary conclusion and make people understand it; partly in ability to hoodwink people into approving what they do not understand. In successful leadership there is usually much of clap-trap, even of positive deception, and so great possibilities of danger and misleading. But all experience is a unit on one point. There must be unifying leadership, a directive and controlling head, as a condition of success.

(6) **Headship and Specialized Control.**—Our administrative system illustrates this double necessity of headship or specialized control. Our Cabinet is composed of heads of departments who are leaders representing opinions or policies. But in every department there is another head, the expert, seldom removed when parties change, and indispensable to efficiency. All government requires this double leadership of judgment and skill. The leader and the expert. The importance of the latter, so thoroughly recognized in private business, is seldom appreciated in popular governments.

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24. ADVANTAGES OF ORGANIZATION; INTELLIGENCE.

Promptness and unity (1) of action are not the only advantages of having a head. Social questions are not only too many and too urgent for us; they are often too difficult for us. It is not enough that they should be decided promptly and economically; they must be decided right. In social as in individual evolution, intelligence has become the decisive factor. A society which concentrates its most difficult intellectual tasks, in the small group which serves as head, may and almost always does, secure a high grade of intelligence for the work, while a society that does not thus specialize a head to guide it, not only may, but must, content itself with a much lower average of intelligence and sagacity in its general work, and conduct.

It is especially important that this last point should be clear. It is frequently insisted that when questions are decided by the whole group, such decisions represent only the average intelligence of the group, and this is often thought to be a serious reflection on the intelligence of group action. As a matter of fact, the intelligence of such decisions is far *below* the average intelligence of the group. It must be remembered that we are considering the case of a group, where each man thinks the thing out for himself, and forms a personal judgment based on such light as he has, not a group in which people merely adopt the opinion of powerful leaders. For such leaders, whether official or not, are a specialized head, and think for the rest.

Returning to our original assumption, how shall all these various individual opinions be harmonized and united? You can not compromise by striking an average. There is no means of managing such an artificial scheme. Opinions struggle with one another, till finally there is an agreement more or less complete, and people see things alike. The inevitable result is that a view is settled upon, which is possible for all. But while the intelligent can come down to the level of the unintelligent, the unintelligent can not come up to the level of the intelligent. Only on a level near the lowest, is agreement and identity of vision possible. (2) If a high level of intelligence is reached in social judgments, these judgments must be made by the few who can reach that level, and the rest must trust them for it.

The special intelligence required for this leadership is secured in various ways. In goverment it is secured by inheritance with special training by election, and by other less conspicuous methods.

All these succeed in some degree, none of them very perfectly as yet. In industry, fashion, education and other departments, leadership is secured by less conspicuous, but often more effective processes. All groups, parties and combinations whatsoever, find some way of putting themselves under the leadership of intelligence and sagacity (3) or perish if they do not. So important is this that long experience in society has developed within us, an imperative instinct of allegiance to men, who show evidence of ability to decide shrewdly the questions of general interest. (4) No greater disaster can befall a society than to lack such leadership at critical times in its career.

The special intelligence thus required is both native and acquired. For the highest functions, persons must have experience and training, but they must have exceptional capacity to receive the necessary discipline. This exceptional ability can be secured only by selection. The power of a group, therefore, depends primarily on its power to discern and follow great men. But the immense majority of the functions of society in any form, are within the reach of ordinary ability. What they require is not genius but skill. This is the product of education and experience. The person thus equipped is not a genius, but he is an expert. The skill involved is quite as exceptional as in the other case, but it is acquired.

The theory once so common that there should be "rotation in office" finds lit-

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tle justification in the history of successful societies. Social leadership is a difficult art, an art not learned in a day, and one in which most can never hope to become expert. There is the same objection to rotation in office, that there would be to rotation in trades or professions. Suppose physicians and engineers rotated in office. There are few things that society can so ill afford to waste, as the skill and wisdom which come from experience in the performance of important functions. And yet there are times when this interest is overborne by others of still greater importance. (5) While skill is a condition of efficiency, it is not a guarantee of efficiency. When skill ceases to be serviceable, it must be sacrificed, but woe to the society that sacrifices it unnecessarily, or fails to provide for its general retention and control. (6)

24. ADVANTAGES OF ORGANIZATION; INTELLIGENCE.

(1) **Promptness and Unity.**—Promptness and unity seem to have been the considerations which influenced the Romans in times of peril to choose a dictator. There was no assurance that their choice of a dictator would be wiser than their choice of a consul, but it had the great advantage of putting an end to the feuds, and dissensions which ordinarily characterized their ill unified government.

(2) **Unavowed Leaders.**—There are few conclusions more repugnant to our patriotism than this. Nor is it difficult to point to many cases in which nominally popular judgments, have shown much of wisdom. But it will usually be found in such cases, that these decisions are the product of real though unavowed leadership, which is trusted by the people without being understood by them.

Pericles, with no official recognition in Athens, was able by his personal arts, to control with consummate wisdom, a populace which, when left to itself, acted with uniform and incredible folly.

We must be careful in all sociological analysis to distinguish real social organization from that which is only nominal. The salvation of all popular governments, so far as they have had any salvation, has been the unofficial supremacy of real leaders.

(3) **Unintentional Leadership.** — Excellent illustrations of this development of unintentional leadership are found in the English premier and the speaker of the House of Representatives. The latter, from a mere presiding officer without power, has developed into the most powerful functionary in our government. The speaker of the English House of Commons has remained the unimportant personage which our speaker was intended to be, while real control has passed into the hands of the prime minister, the "first servant" of the king, whose present importance was at one time equally unforseen.

(4) **Hero Worship.**—Hence the hero-worship so universal in society, which has been admirably stated and perhaps exaggerated by Carlyle. Unfortunately the attitude of society is often more worshipful than discriminating.

(5) **Other Interests.**—These other interests are in brief the necessity of keeping the leader, and expert, loyal to society. Skill is no advantage to society if it is used to exploit society in the interest of its possessor. The only way to prevent this seems to be, to occasionally change officers. Tenure of office "during good behavior" is confessedly the principle of greatest advantage to society, though one which it is somewhat difficult to apply.

(6) **Social Groups.**—Each tribe, originally self-sufficing, had within itself such feebly-marked industrial structures as sufficed for its low type of life; and these were like those of each other tribe.

But union of them greatly facilitates exchange of commodities; and if, as mostly happens, the component tribes severally occupy localities favorable to different kinds of production, different industrial actions are initiated, and there result differences of industrial structures.

Even between tribes not united, as those of Australia, there is barter of products furnished by their respective habitats: so long, of course, as they are not at war. And evidently where there is reached such a stage of integration as in Madagascar, or as the chief Negro states of Africa, the internal peace that follows subordination to one government, makes commercial intercourse easy. The like parts, being permanently held together, mutual dependence becomes possible; and along with growing mutual dependence there goes growing unlikeness of parts.

The advance of organization which thus follows the advance of aggregation, alike in individual organisms and in social organisms, conforms in both cases to the same general law: differentiations proceed from the more general to the more special. First broad and simple contrasts of parts; then within each of the parts thus primarily contrasted, changes which make unlike divisions of them; then within each of these unlike subdivisions minor unlikenesses; and so on continually.

The successive stages in the development of a vertebrate column, serve to illustrate this law in animals. At the outset an elongated depression of the blastoderm, called the "primitive groove," represents the entire cerebro-spinal canal: as yet there are no marks of vertebræ, nor even a contrast between the part which is to become head and the part which is to become back-bone. Presently the ridges bounding this groove, growing up and folding over more rapidly at the anterior end, which at the same time widens, begin to make the skull distinguishable from the spine; and the commencement of segmentation in the spinal part, while the cephalic part remains unsegmented, strengthens the contrast. Within each of these main divisions minor divisions soon arise. The rudimentary cranium, bending forwards upon itself, simultaneously acquires three dilatations indicating the contained nervous structures; while the segmentation of the spinal column, spreading to its ends, produces an almost-uniform series of

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"proto-vertebræ." At first these proto-vertebræ not only differ little from one another, but each is relatively simple—a quadrate mass. Gradually this almost uniform series falls into unlike divisions—the cervical group, the dorsal group, the lumbar group; and while the series of vertebræ is thus becoming specialized in its different regions, each vertebra is changing from that general form which it at first had in common with the rest, to the more special form eventually distinguishing it from the rest. In all parts of the embryo there are, at the same time, going on kindred processes, which, first making each large part unlike all other parts, then make the parts of that part unlike one another. In social evolution analogous metamorphoses may be everywhere traced. The rise of the structure exercising religious control may be taken as an example. In simple tribes, and in clusters of tribes during their early stages of aggregation, we find men who are at once sorcerers, priests, diviners, exorcists, doctors—men who deal with supposed supernatural beings in all the various possible ways: propitiating them, seeking knowledge and aid from them, commanding them, subduing them.—"*The Principles of Sociology*," *by Herbert Spencer, 492-494.*

FOURTH WEEKLY REVIEW.

19. **AGGREGATION.**—Rudimentary advantages.
20. **DIFFERENTIATION.**—Individual efficiency.
21. **ADVANTAGES OF DIFFERENTIATION.**—Increase of functions.
22. **THE RESULTS OF ORGANIZATION.**—Collective power.
23. **ADVANTAGES OF ORGANIZATION.**—Unity and celerity.
24. **ADVANTAGES OF ORGANIZATION.**—Intelligence.

QUESTIONS.

19. *Why do all possible forms and types exist? Why does association exist? What service is thus rendered? In what sense does everything have a use? What is the simplest form of association? What can you say of unintelligent organisms? What is the utility of simple aggregation? What advantage is in simple numbers even when unorganized? Cite instances. Where is the advantage less apparent? Mention illustrations. What can you say of animals whose reliance is concealment?*

20. *How do the advantages of simple aggregation vary? In what way is mere herding of value? When is differentiation reduced to its lowest limits? What can you say of animals of the aggressive type? What is their problem? When is there a tendency to differentiate and organize the individuals into a more or less compact group? What is the reason of this? Give an illustration. What can you say of the efficiency coming from specialization? How does the advantage increase? In what cases is it the most profitable. Mention instances.*

21. *How is skill increased by specialization? What is the conspicuous thing about advanced societies? Mention some of the ways in which civilized man differs from the savage. What can you say of the primitive wants of men? What are some of the results of competition between societies? What are some of the results of the learning of new arts by men? What can you say of wasted time? What is the tendency in all differentiated societies? What does the progressive specialization of society involve? To what class does society offer rewards? In what way does specialization augment the power of society?*

22. *How does differentiation result? Give the illustration of a savage crossing a stream. Why is it necessary for men to combine with each other in order to produce great results? What are some of the benefits of organization and headship in such cases? What can you say of the growth of large group functions? How is this accomplished? In what way is it true that where there is differentiation there is always more or less organization? What can you say of the various kinds of differentiation? Give illustrations. What can you say of military organization among the Romans and the Persians? When and where is it feasible to harness the powers of nature?*

23. *What are the essential characteristics of organized society? What are the results as the headship develops? In what cases is the headship most conspicuous? What can you say of business in all societies? What can you say of public business? Illustrate the principle. In what way should societies resemble the human body? What is social cohesion? What is a second advantage? Why are these difficult in large groups? What can you say of the deliberation of groups? Why is it sometimes better to have a small body which can act quickly?*

24. *Give other instances of the advantage of headship. Why do not questions which are decided by a group, represent the average intelligence of the group? Why is it below instead of above the average intelligence? How shall all the various individual opinions be harmonized and united? How can the special intelligence required for leadership be secured? What can you say of the special intelligence thus required? What is necessary for the development of the higher functions? What can you say of "rotation in office"? What can you say of skill as a condition of efficiency? When must skill be sacrificed?*

SUBJECTS FOR SPECIAL STUDY.

1. *The rudimentary advantages of aggregation.*
2. *Individual efficiency, resulting from differentiation.*
3. *Increase of functions gained by differentiation.*
4. *Collective power as a result of organization.*
5. *Unity and celerity, resulting from organization.*
6. *Intelligence gained by organization.*

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GAZETTEER AND GLOSSARY.

East India Company.—The name of various mercantile associations formed in different countries in the seventeenth and eighteenth centuries, for the purpose of conducting under the auspices of the government, a monopoly of the trade of their respective companies, with the East Indies. The Danish East India Company was organized in 1618 and dissolved in 1634; it was reorganized in 1670, and finally dissolved in 1729 when its possessions were ceded to the government.

The Dutch East India Company was formed by the union of several smaller trading companies March 20, 1602. It received from the state a monopoly of the trade on the further side of the Strait of Magellan and of the Cape of Good Hope, including the right to make treaties and alliances in the name of the States-General, to establish factories and forts, and to employ soldiers. It was dissolved, and its territories transferred to the state, Sept. 12, 1795.

The English East India Company, composed originally of London merchants, was incorporated by Queen Elizabeth, Dec. 31, 1600, under the title of "The Governor and Company of Merchants of London trading with the East Indies."

It obtained from the court at Delhi in 1612 the privilege of establishing a factory at Surat, which continued to be the chief British station in India, until the organization of Bombay.

In 1645 it received permission of the natives to erect Fort St. George at Madras.

A government board of control was established by Parliament in 1784, and in 1858, the company relinquished altogether its functions of government to the crown.

The French East India Company was founded by Colbert in 1664. It was dissolved in 1769, when its territories were ceded to the crown.

The Swedish East India Company was formed at Gothenburg, Sweden, in 1741, and was reorganized in 1806.

Krupp Manufacturing Company.—This important company was founded by Alfred Krupp, who was born in Essen, Prussia, April 26, 1812, and died July 14, 1887.

In 1848 this German manufacturer obtained control of an iron forge, employing three men, which was founded by his father in 1810 at Essen, Prussia.

He introduced the Bessemer-steel process into Germany. He was the first German manufacturer to make use of the steam forging hammer, and took a leading part in the technical development of the German iron and steel industry.

He left at his death an establishment employing twenty thousand people. It is known throughout the world for the excellence of its cannon foundry.

Macaulay, Thomas Babington.—Baron Macaulay was born at Rothley Temple, Leicestershire, England, October 25, 1800, and died at Kensington, London, December 28, 1859.

He was a celebrated historian, essayist, poet and statesman. He entered Trinity College, Cambridge, in 1818, and was called to the bar in 1826.

He was a member of Parliament in 1830-1834, a member of the Supreme Council of India in 1834-1838. Member of Parliament again 1839-1847, Secretary of War 1839-1841, and Paymaster-General 1846-1847. He re-entered Parliament in 1852 and was raised to the peerage in 1857.

His principal work is a "History of England." He also published "Lays of Ancient Rome" (1842). His complete works, including essays, biographies and speeches, were edited in eight volumes by Lady Trevelyan in 1866.

Machiavelli (mak-i-a-vel'li), **Niccolo.**—A celebrated Italian statesman born at Florence, May 3, 1469—died at Florence, June 22, 1527. He was descended from a noble but impoverished family, and was the son of a jurist. In 1498 he was appointed secretary to the Dieci di Libertá e Pace at Florence, by whom he was employed in numerous diplomatic missions to the petty states of Italy, to France and Germany.

His principal works are "The Prince," "Florentine History," "Discorsi," "Mandragola," and others. His complete works were edited in eight volumes, in 1813.

Rothschild (rōt'shilt), (said to be from the sign of the house in Frankfort "zum rothen Schilde," 'at the Red Shield').

A celebrated Jewish banking house at Frankfort-on-the-Main, founded in the latter half of the eighteenth century by Mayer Anslem Rothschild.

Mayer Anslem died in 1812, leaving five sons, all of whom were created barons of the Austrian empire in 1822. The eldest Anselm Mayer (1773-1855) succeeded as the head of the firm.

Solomon (1774-1855) established a branch at Vienna.

Nathan Mayer (1777-1836), a branch at London (1798).

Charles Mayer (1788-1855), a branch at Naples (discontinued about 1861); and Jakob (1792-1868), a branch at Paris.

Nathan Mayer was succeeded by his son, Lionel Nathan (1808-79), as head of the London branch. The present head is Lionel's son, Nathaniel Mayer, born in 1840; raised to the peerage in 1885.

Senior (sē'-nyor), **Nassau William**—An English political economist and critic, who was born at Compton, Berkshire, England, Sept. 26, 1790, and died at Kensington, June 4, 1864.

At Magdalen College, Oxford, he was a private pupil of Richard Whately (afterward Archbishop of Dublin).

He graduated in 1811, was called to the bar in 1819, and became master in chancery in 1836.

From 1825 to 1830 he was professor of political economy at Oxford. He filled the chair again in 1847-52.

In 1861 he was a commissioner of popular education. He published "An Outline of the Science of Political Economy" (1836), a lecture on "The Production of Wealth" (1847), "Suggestions on Popular Education" (1861), "American Slavery" (1862), "Essays on Fiction" (1864), "Historical and Philosophical Essays" (1865), and many lectures and essays on economic subjects, and journals of travels.

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WORKINGMEN'S INSURANCE.

By William Franklin Willoughby,

(*U. S. Department of Labor*)

AMONG the various hardships now suffered by workingmen, there are few productive of greater suffering, not only to the workingmen themselves, but to their families, than the sudden cessation of their ability to earn wages resulting from an unexpected accident, sickness, premature invalidity or inability to obtain employment. Inevitable as are one or more of these contingencies, the fact remains that under modern industrial conditions, the workingmen generally have been unable adequately to provide against their occurrence.

In times past, the problem of relieving the suffering thus caused has been considered as one chiefly concerning the administration of poor relief or of charity in some form. The fundamental principle of the present movement for social reform is the abolition of charity, and its replacement by some system under which, saving is made in times of prosperity to provide for future misfortunes which are certain to occur. This then is the significant feature of the recent rise of the question of workingmen's insurance, and the key by which its history must be interpreted, and its results judged.

Under the head of workingmen's insurance it is usual to consider the four branches of insurance against accidents, sickness, old age and invalidity and involuntary unemployment. These four cases, it will be observed, embrace all of the unavoidable contingencies preventing workingmen from the performance of their labor. The purpose of workingmen's insurance is thus to make provision for the assistance of workingmen, when, through any incapacity, they are unable to earn their usual wages.

It is manifestly impossible within the scope of a brief article to discuss fully the considerations involved in this very complex question. The best that can be done is to point out its essential features, and the position it now occupies in the labor movement.

Of the necessity for each kind of insurance that of providing assistance in case of accidents, rests upon much the strongest grounds. No one not familiar with the conditions under which modern industry is carried on, can realize the frequency of accidents to workingmen. The last report of the Interstate Commerce Commission shows that during the year 1896, one out of every twenty-eight employés was injured, and one out of every thirty killed; or if trainmen alone be considered, the numbers were one out of every ten injured, and one out of one hundred and fifty-two killed. These figures are lower than the average for the preceding years. Other industries, such as coal mining, quarrying, and bridge construction are almost equally dangerous.

Combined with this great danger to which workingmen are unavoidably exposed, is the almost equally great hardship that, until quite recently in Europe, and still in this country, the law under which workingmen can obtain compensation from their employers for injuries not brought about by their own carelessness, is inequitable and unjust, in the extreme. Prior to the modern movement for the insurance of workingmen, which may be said to date from about the year 1880, the prevailing law in both Europe and this country, was that known as the limited liability of employers.

Under this law the employers were responsible only for the limited number of accidents that could be shown to have resulted from their negligence or wrong-doing, and, on the general principles of law, the whole burden of proving this negligence rested upon the workingmen making claims for damages. The workingmen thus bore the hardships entailed by accidents due not only to their own fault, but of all the numerous fortuitous accidents, of those caused by their fellow employés, and those whose occurrence, though resulting from the fault of the employer could not be so legally proven.

It needs but the statement of this law to show its injustice under modern conditions. Leaving out of consideration, the fact that the employer is better able to stand the financial burdens entailed by accidents, there is no more reason in equity why the employé should bear the consequence of accidents due to fortuitous occurrences and acts of fellow workingmen than the employer. The fact is that it is the industry that causes them, and it is upon it, or what is the same thing, the employer, that the support of their consequences should be made to fall. In other words, this risk is exactly the same in nature, as that of the breaking of machinery, fire, or loss in any other way, and as such, should constitute a normal item in the cost of production to be taken into consideration, and borne by the employer as are his other expenses.

The foregoing is not merely a statement of what should be. It represents a position now unequivocally taken by all the important industrial nations of Europe. In this movement Germany led the way. July 6, 1884, she enacted the first of a series of laws which, not only declared that all

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industrial employés should receive compensation from their employers for accidents, but made it obligatory upon the latter to provide for the payment of these indemnities through the maintenance of insurance institutions for this purpose. To do this employers in the same lines of industry are required to form mutual insurance societies, the expenses of the maintenance of which are borne by them, in proportion to the risk of accident found to prevail in their establishments. The indemnities granted are based upon the wages the injured persons were earning, and vary according to the severity of the injuries. In case the workingman is totally disabled for work he receives an annuity equal to two-thirds of the wages he was accustomed to earn.

In 1896, according to the last published annual report of the insurance department of the empire, there were 17,605,190 persons insured in this way against accidents. During the year, indemnities were granted in the case of 85,272 accidents, of which 6,989 resulted in death, 1,524 in total permanent disability, 44,373 in partial permanent disability and 32,386 in merely temporary injuries of a duration of more than 13 weeks. Accidents resulting in an inability to work, of a shorter duration, are taken care of by the sick insurance funds which are described elsewhere. The total expenditures for these indemnities and other expenses were 73,389,500 marks. These figures show the magnitude of the insurance system now being maintained by Germany.

In this policy, Germany has been resolutely followed by Austria, Italy and Norway, and other nations are about to embark upon the same policy. In contrast with this system of obligatory insurance is that of England and France. Both of these countries, the former by a law enacted in 1897, and the latter by a law passed in 1898, have no less unreservedly accepted the system that the compensation of workingmen injured, other than as the result of their own gross negligence, shall be compulsory upon their employers. Unlike Germany and her followers, however, they have not made insurance against this risk obligatory. At the same time the great desirability of insurance is fully recognized, and the principle of compulsion was only rejected, because it was firmly believed that employers would voluntarily cover their risks in this way. Both the acts, therefore, specifically provide for this action on the part of the employers, and their results will undoubtedly be that the workingmen will be insured in some way.

Of the voluntary form of insurance, by far the most successful and important, are those of the funds organized under the auspices of the national iron and textile mill owner's associations of France. They are both voluntarily organized by the employers and supported by them, each contributing in proportion to the amount paid by him in wages. The former fund now includes forty-nine establishments, and insures 60,000 workingmen, and the latter, which has only been in operation one year, embraces one hundred and six mills and insures about 40,000 employés. Other types of voluntary insurance institutions are those of the Employés' Relief Fund, organized by a number of our important railway systems. Though better than nothing, these funds are defective, in that the burden of their support is in great part thrown upon the employés, while it should be entirely borne by the roads, and the former's rights are in a number of particulars, inadequately protected.

Turning now to insurance against sickness we are confronted with quite a different problem. In the first place insurance against sickness is founded upon no such claim of natural justice as is that of indemnification for accidents. Except in the comparatively few cases of trade maladies resulting from the use of injurious substances, sickness is not the direct result of conditions of labor. Insurance against it, therefore, cannot, as in the case of accidents, be urged as a right. The insurance of workingmen against accidents is a duty falling upon the employers; that against sickness is a duty belonging to the men themselves.

In consequence of this difference, sick insurance has for the most part resulted, from the direct and independent action of the workingmen themselves, and has had but little to do with the industries in which they are employed, or action on the part of their employers. The chief examples of voluntary sick insurance are the powerful Friendly Societies of Great Britain, and the Mutual Aid Societies of France, Belgium, Italy and other countries of Continental Europe, and the sick benefit work carried on under the auspices of our own labor organizations.

Of these the English Friendly Societies are by far the most important. With over a century's history of steady progress, they afford the most important example of voluntary and unaided efforts on the part of workingmen for their insurance, that can be found. Some of the largest orders have a membership of over half a million, and assets from twenty to forty million dollars. In 1895, ten of the largest societies had a membership of 2,210,476, assets of $81,333,678 and paid out in benefits during the year $12,082,268. As annual reports to the government are not required, it is impossible to give data covering all the societies of Great Britain.

In striking contrast with this policy of depending upon voluntary efforts, Germany and Austria have both resorted to compulsion. In both of these countries it is obligatory upon employers, to see that their employés are members of sick benefit societies of a character approved by the government. In Germany there are over twenty-two thousand such societies, insuring between seven and eight millions of workingmen. The sick insurance work of our labor organizations is in no way comparable in extent with that existing in European countries. Too often, it partakes of mere relief work, scientific insurance principles being often disregarded in the organization of their systems.

In insurance against old age and invalidity, the conditions of the problem again change. The provision of old age insurance is a matter of extreme difficulty. Here the organization of any system, requires the taking into account of a great many elements, the precise nature of which it is almost impossible accurately to determine. The essential and characteristic feature of this kind of insurance is, that here payments are required during a long series of years, for the possible ultimate enjoyment of a pension. In consequence, it is necessary to calculate probable receipts and expenditures for a period of thirty, forty, or even fifty years in advance. To do this the ages of persons insured must be taken into account, and actuarial calculations made of the probable amount of invalidity, of the average number of years it will last, of the average number of persons who will reach the age, at which the right to a pension begins, and the number of years they will live to draw pensions.

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These and other points must be determined as best they may be, in the face of thoroughly inadequate data upon which to base the calculations.

In consequence of these inherent difficulties, but little can be done for this kind of insurance by the workingmen themselves. All important steps that have been taken, have been made under the auspices of the state. Germany alone among nations has created a system of compulsory insurance against old age and invalidity. Under her system, which was created by the law of June 22, 1889, the expense is borne jointly by the state, the employers and the employés. To each pension granted, the state adds the fixed sum of fifty marks (eleven dollars and ninety cents) per annum, besides defraying certain other expenses of administration. All other expenses are borne in equal shares, by the insured and their employers. The workingmen become entitled to a pension, upon proof of incapacity to work as the result of physical disability, or upon reaching the age of seventy years. The contributions required of the employés and their employers, and the amount of the pension is proportional to the wages the recipients were accustomed to earn, and certain other circumstances.

In 1896, eighty-five thousand, nine hundred and sixty-four pensions were granted, of which twenty-five thousand, four hundred and two, were for old age, and sixty thousand, five hundred and sixty-two, for invalidity; and the average annual value of the pensions was, for the first, one hundred and thirty-five, and thirty-four hundredths marks, and one hundred and twenty-five, and seventy-five-hundredths marks, respectively. During the six years since the system had been in operation there were granted five hundred, and eleven thousand and twenty pensions, of which three hundred and fifty-six thousand, seven hundred and sixty were in force at the end of 1896.

An alternative system to that of compulsion, is where institutions are organized by the state, but their use is left entirely to the voluntary action of workingmen and employers. Both France and Belgium have organized admirable institutions of this kind, Their chief success has been in persuading large employers of labor, to coöperate in their efforts, and by making payments at regular intervals for the benefit of such of their employés as will make similar sacrifices, insure a greater part of their force. How important has been their work, can be seen from the statement that in France, between thirty and thirty-five thousand pensions, are granted every year, and in June, 1898, there were in force two hundred and thirty-three thousand, two hundred and sixty pensions, requiring an annual payment of thirty-four million, three hundred, and seventy-two thousand, seven hundred and seventy-seven francs.

The fourth class of insurance, that against unemployment, requires but slight mention. Real as is the suffering caused by the inability to find employment, and important, as it is, that it should be provided against in some way, the considerations involved are such that insurance principles cannot well be applied to their solution. Insurance presupposes that the risk insured against, shall have the two characteristics of being well defined, and the consequence of a chance, that can be estimated with some degree of certainty. The risk of unemployment fulfils neither of these conditions. It is not well defined, since it is difficult to say what work the unemployed should be required to accept; and it does not depend upon chance, because the personal elements involved in seeking and retaining work, enter so largely.

Little, moreover, has been done in the way of practical attempts to insure workingmen against lack of employment. The most notable efforts in this direction are those made by several Swiss Cantons. The systems there have met with but indifferent suceess, and are so largely supported by subsidies from the government, as practically to destroy their character as insurance institutions.

In the foregoing, only the barest statement of the essential features of workingmen's insurance could be given. But little more could be done than to show its importance. As a method of social reform, it represents the most radical step to improve the condition of the laboring classes, that has been taken since the rise of the modern industrial system. In Europe it now occupies the foremost place among measures actively considered, by legislative bodies for the laborer's benefit. That it will come into constantly increasing importance as a method of social reform, in this country is inevitable.

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NOTES FROM CENTERS

AND EDITORIAL COMMENTS.

UNDER the above heading we will give in future numbers reports of progress made by Association centers, and suggestions which it is believed will be helpful to students pursuing this course. We invite short contributions from members, and especially suggestions tending toward the further improvement of the work.

The importance of this series of papers on Economics, Political Science, and Sociology cannot be overestimated, and it is most gratifying to note the many expressions of approval already received from the press and general public. That this series is attracting the attention of thoughtful people outside of our own country, is evidenced by the fact that a single mail recently brought subscriptions from England, France, Havana, Hayti, Honolulu, India and far away New Zealand.

Especial attention is called to the many important subjects treated in this issue.

Dr. Ely gives a valuable classification of monopolies which should enable the student to distinguish clearly between the natural and artificial—between those which conduce to the public welfare, and those which result in hardship of the many, for the benefit of the few. The general questions of copyright, trademarks, patents and other benefits of a similar kind are also presented in a way at once useful and interesting.

The great questions of competing gas companies, railroad lines and other necessities, the proper management of which is of so much importance to the general public, are ably discussed.

The general characteristics of all the great monopolies are pointed out, and the reasons are given for the prevalence of certain conditions. The laws are explained which must eventually produce certain combinations, and the inevitable results of their working are made known.

In order that the student may not be confined to the opinions of a single authority, various classifications are given, and quotations are furnished from standard works by both European and American authors.

The great problems concerning trusts are also discussed, and the nature and effect of these combinations are explained.

The advantages and disadvantages of monopolies are presented from the standpoint of the producer, and the evolution of production with respect to the control of monopolies is also considered.

"The Vacant Continent" forms the basis of the discussion pertaining to the Democracy of the New World, by Professor Macy. It is here shown that the vast expanse was almost vacant, so far as humanity is concerned, when the Anglo-Saxon race began the task of subduing the forests, cultivating the soil and harnessing the cataracts of America.

The new race is shown to have been derived from the best blood of the English, the Dutch, the French, and the Northmen.

The early formation of township and State upon the new soil is surely a most interesting study, and the evolution of local government upon the basis of institutions, which had been transplanted from the Old World, is worthy of our careful attention.

The construction of our great commonwealth, and the structure of the federal system of government should be of interest to every one. Special political lessons are given in relation to the founding of the great republic which are of value and interest.

In the department of Sociology by Prof. Powers, we have the discussion of the various advantages which result from aggregation, and the benefits arising from uniting the mental and physical forces of many individuals. Surely these are important points to be discussed and explained in a single number. It is hoped that our students will find them of deep interest, as well as of great benefit.

It is also hoped that every reader of this publication will aid us in extending its usefulness by interesting others in it. Show it to your friends and neighbors and induce them to become members. If you know of people interested in the study of social and economic subjects, send us their names and addresses. We want more organizers. If you know bright men and women, in need of profitable employment, advise them to write us. If you have any time yourself which you wish to improve, send for our confidential proposition.

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TRANSFERS OF ECONOMIC GOODS, INCLUDING, AS AGENTS OF TRANSFERS, MONEY, CREDIT, AND BANKING.

BY

RICHARD T. ELY, Ph.D., LL.D., Professor of Political Economy, and Director of the School of Economics, Political Science and History, in the University of Wisconsin.

1. INTRODUCTORY. PART IV.

TRANSFERS of goods mean the passage of goods in the widest sense, that is to say of commodities and services, from hand to hand, as one would naturally infer from the expression itself. These transfers are of two kinds, namely one-sided transfers, and two-sided or mutual transfers.

In the case of one-sided transfers we have a passage of goods from one person to another, but no return passage. One of the chief illustrations is afforded by taxation, in which, as we shall see at greater length hereafter, there is a one-sided transfer of goods from the citizen to the public treasury. The citizen on the other hand receives from the community services, but the services which he receives are not an exchange for the goods which he transfers to the public treasury. All this will receive elaboration in our discussion of taxation. Gifts, bequests and inheritances furnish another class of one-sided transfers of economic goods. All these transfers will, however, be discussed elsewhere.

Taxation belongs to Public Finance, and can receive only brief treatment, if any at all, in a general discussion of transfers of goods, inasmuch as the peculiarities attending this kind of one-sided transfers are so marked. Gifts, bequests and inheritances, while they belong in part undoubtedly to transfers, fall chiefly under distribution, as their main significance concerns the distribution of wealth among the various units of the social organism.

It is two-sided transfers, then, which chiefly concern us at the present time. These two-sided or mutual transfers are called Exchange, and this part of economics is ordinarily designated as Exchange. For the sake of completeness however, we use the broader term transfers in order to include one-sided transfers as well. We deal also in this part of economics with the instruments of transfers or, as they are usually called, the instruments of Exchange. (1) The term Instruments of Exchange, is a convenient and familiar expression, and it is here enlarged to Instruments of

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Transfers for the sake of scientific completeness, inasmuch as these instruments are used as agencies of one-sided transfers as well as of two-sided transfers. These Instruments of Transfers are Money, Credit, Banks and Banking Agencies, especially Clearing-Houses. It may be remarked however, that it is not absolutely essential always to substitute Instruments of Transfers for Instruments of Exchange, only it is well to bear in mind the important fact that there are one-sided transfers as well as two-sided transfers.

This part of economics deals, then, chiefly with Exchange and its instruments. It includes commerce and its agencies, which have to do with exchanges between those residing in different parts of the same country, and also with exchanges between those residing in various countries, in other words, with domestic and international trade, whether wholesale or retail in character. We have made this part of economics a part coördinate with Production. It must be admitted, however, that we are not strictly logical in so doing for we sacrifice a portion of scientific accuracy to practical pedagogical considerations. Exchange is for the most part a branch of Production, for useful and legitimate exchanges add to the utilities produced for the satisfaction of human wants. In this case, recalling the distinctions already made, we have both social and individual production. Sometimes, however, exchanges add nothing to the real wealth of society, and in this case they would fall under individual production, provided they add to the wealth at least of one of the parties concerned in the exchange. It has been proposed indeed, by Professor Gide, to include Exchange in Production, and there are undoubtedly some strong reasons for so doing. But the peculiar features of exchange or, if one chooses to say so, of this branch of Production are so significant and differentiated to such an extent from the other branches of production, that the weight of reasons in the mind of the present writer favors the traditional separation of Exchange from Production. Under exchange we take a new point of view, and we also deal at length with some topics to which we have scarcely more than alluded under production.

Another writer, namely Prof. Henry Sidgwick of the University of Cambridge, England, places Distribution and Exchange together in Book II. of his Principles of Political Economy. In his explanatory remarks in the Table of Contents he says: "The fundamental question of Distribution is: How does produce tend to be competitively shared among the different classes who coöperate—through Exchange—in Production? The theory of Distribution thus conceived has therefore close affinity to the theory of exchange value of material products." The thought here seems to be that Distribution takes place as a result of Exchange, and is subsequent to Exchange. It may be on the one hand that while there is a close relationship, there is not by any means identity. Far from it. On the other hand, we shall see hereafter that we have to do with a great deal more than Exchange in Distribution.

It is scarcely necessary to dwell upon the importance of Exchange, as it is an essential part of modern industrial civilization. Division of labor and machinery imply it. As a rule, in the great centers of industrial civilization only a small part of what is produced is consumed by the producer. All parts of the world contribute to the consumption even of one of so limited means as the day-laborer.

But the importance of exchange is exaggerated by those who make it everything. It is true that in economics we deal with economic relations, but exchange by no means exhausts these relations.

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1. INTRODUCTORY.

(1) **Exchange.**—The subject on which we are nowabout to enter, fills so important and conspicuous a position in political economy, that in the apprehension of some thinkers its boundaries confound themselves with those of the science itself. One eminent writer has proposed as a name for Political Economy, 'Catallactics,' or the science of exchanges: by others it has been called the

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Science of Values. If these denominations had appeared to me logically correct, I must have placed the discussion of the elementary laws of value at the commencement of our inquiry, instead of postponing it to the Third Part; and the possibility of so long deferring it is alone a sufficient proof that this view of the nature of Political Economy is too confined.

It is true that in the preceding Books we have not escaped the necessity of anticipating some small portion of the theory of Value, especially as to the value of labor and of land. It is nevertheless evident, that of the two great departments of Political Economy, the production of wealth and its distribution, the consideration of Value has to do with the latter alone; and with that, only as far as competition, and not usage or custom, is the distributing agency.

The conditions and laws of Production would be the same as they are, if the arrangements of society did not depend on Exchange, or did not admit of it. Even in the present system of industrial life, in which employments are minutely subdivided, and all concerned in production depend for their remuneration on the price of a particular commodity, exchange is not the fundamental law of the distribution of the produce, no more than roads and carriages are the essential laws of motion, but merely a part of the machinery for effecting it. To confound these ideas, seems to me, not only a logical, but a practical blunder. It is a case of the error too common in political economy, of not distinguishing between necessities arising from laws of nature, and those created by social arrangements: an error, which appears to me, to be at all times producing two opposite mischiefs; on the one hand, causing political economists to class the merely temporary truths of their subject among its permanent and universal laws; and on the other, leading many persons to mistake the permanent laws of Production (such as those on which the necessity is grounded of restraining population) for temporary accidents arising from the existing constitution of society—which those who would frame a new system of social arrangements, are at liberty to disregard.—"*Principles of Political Economy*," *by John Stuart Mill, p. 298.*

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2. UTILITIES AND VALUE.

John Stuart Mill in his "Political Economy" follows his Introductory remarks on Exchange with an exposition of the laws of value. And very properly so, for the conception of value arises in connection with exchanges. Value implies measures, and measurements in turn imply relations of exchange among the economic units comprising society. (1)

It is amusing to notice, however, what he says concerning the laws of value, for he adopts in this place a tone too frequently encountered in the writings of economists. Mill expresses himself in these words: "Happily there is nothing in the laws of value which remains for the present or any future writer to clear up; the theory of the subject is complete: the only difficulty to be overcome is that of so stating it as to solve by anticipation the chief complexities which occur in applying them." Alas! how little warranted was this tone of confidence! Since Mill wrote these words there has been a discussion of value, in which all economists have taken part, so voluminous that in published form it would fill an entire library of very considerable dimensions.

It seems to the present writer to be true that decided progress has been made in the discussion of value, and that we are on firmer ground than ever before, although, with the example of Mill in mind, he will not venture to predict what direction future discussion may take.

We shall begin our discussion with Utility. Utility signifies the power to satisfy a human want. It stands in sharp contrast to value, and yet has a close connection with it. The connection and the contrast will be best understood if, before we proceed further, we discuss a brief analysis of our wants.

First, we have wants to satisfy for air, sunshine, water. But as we have these goods in abundance, we scarcely think of the wants which are satisfied by them. So we have in this first class wants that are satisfied abundantly, and that without any exertion on our part or on the part of others. In the second place we desire esteem and friendship, and derive satisfaction from them when we have them. But although these may exist in only limited quantities, we feel that they belong to a different class from food and clothing, also existing in limited quantities. The wants for esteem and friendship are not economic wants. A third class consists of wants imperfectly satisfied, but to which economic goods do minister. It is with the satis-

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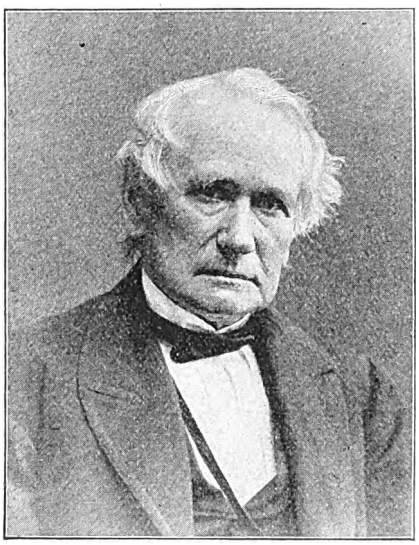
faction of these wants that value has to do. They are not fully satisfied, on account of the limited supply of economic goods.

But we still have to do with utilities. It may be observed in passing that economic utilities are not always benefits. Utility is the power to satisfy wants, but certain wants may themselves be undesirable, and even pernicious. Thus tobacco and whisky satisfy wants as truly as corn and coats, although the former may be injurious to men and the latter beneficial.

But we have not yet separated out Value and Utility. Their connection and their contrast still puzzle us. The contrast between the two has indeed puzzled those who have given attention to economic subjects since the existence of economics. Adam Smith noticed the distinction between Utility and Value, expressing himself in one place in these words: "Every man is rich or poor according to the degree in which he can afford to enjoy the necessaries, conveniences, and amusements of human life. . . . . Value, then, essentially differs from riches; for value depends not on abundance, but on the difficulty or facility of production." (1)



Henry C. Carey.

David Ricardo also dwells upon the distinction between value and riches, and the American economist, Henry C. Carey, defines value as "our estimate of the resistance to be overcome before we can enter upon the possession of the thing desired." In other words, the power of nature over man, whereas utility, according to him, gives us the measure of man's power over nature.

It has been very commonly said that labor gives value to economic goods, or that it is labor, land and capital combined which do so. But can this be true? Who cares for anything simply because it has cost labor? Would we not all prefer that our economic goods could come to us without labor? Surely a thing does not have value simply because labor has been bestowed upon it. It is the other way round: we bestow labor upon a thing because the final product has value. It is value which leads, and value induces and directs labor.

2. UTILITIES AND VALUE.

(1) **Definition, Source, and Regulating Principles of Value.**—An article may be possessed of the highest degree of utility, or of power to minister to our wants and enjoyments, and be universally made use of, without possessing exchangeable value.

It is true that if it be destitute of utility of some species or other, it can never become an object of demand; but how necessary soever any article may be to our comfort or even existence, still, if it be a spontaneous production of nature—if it exist independently of human agency—and if all individuals may command it in indefinite quantities, without any voluntary exertion or labor on their part, it is destitute of value, and can afford no basis for the reasonings of the economists.

An article is not valuable simply because it is useful; but it is valuable when, having this quality, it cannot be procured except by the exertion of labor, that is, by the sacrifice of a certain amount of sweat and toil, or of its produce.

It cannot justly be said, that the food with which we appease the cravings of hunger, or the clothes by which we are defended from the inclemency of the weather, are more useful than atmospheric air; and yet they possess exchangeable value of which air is totally destitute.

The reason is, that the former are not, like the latter, gratuitous products; they cannot be had at all times and in any quantity without exertion; on the contrary, labor is always required for their production or appropriation, or both; and as no one will voluntarily sacrifice the fruits of his industry without getting an equivalent, they are truly said to possess value, or the power of exchanging for others produced under like circumstances.

The expenditure of labor, or of its produce, in the production or acquisition of commodities is not, however, the only source, though it be by far the most abundant one, of value.—"*Wealth of Nations*," *by Adam Smith, p. 437* (*M'Culloch*).

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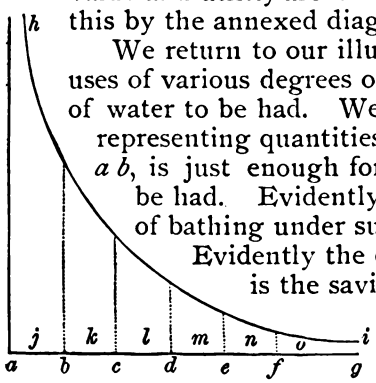
3. VALUE AND PRICE.

We still are struggling with the question of value. It has been suggested by the very able economist Professor Knies that after all we are dealing with logical fallacies when we contrast values and utilities in such a manner as to show that the two are contradictory. We say, for example, water is very useful, but it is not valuable. Similarly we say, iron is more useful than gold, but gold is far more valuable. If we analyze our thoughts, however, we shall find that the same word covers different meanings. When we say, water is very useful, what do we really have in mind? Undoubtedly the entire supply of water in the world. When, however, we say water is not valuable, are we not in reality thinking of only a minute portion of this entire supply, a glass of water for example? But can we say that any particular glass of water is especially useful, considering that if wasted, it can easily be replaced, and the effort of replacement is not sufficient to justify any special remuneration? When we contrast the utility of iron with the utility of gold, and the value of iron with the value of gold, is not our thought simply confused? When we say iron is more useful than gold, we have in mind the entire supply of iron and the entire supply of gold. When, however, we say that gold is more valuable than iron, we have in mind a definite, concrete amount of each metal, say one pound. Is it really by any means certain that the entire supply of gold is more valuable than the entire supply of iron?

This is helpful, but it is not sufficient to clear up the difficult problem. Value depends upon limitation, and the limited supply must be useful. This is clearly seen, but it is not enough. It is the merit of the late Prof. Stanley Jevons of England, and later of the Austrian economists, to have cleared up this subject. Fortunately the views of the Austrians on this subject have been made easily accessible to the English reader in an excellent work by Prof. William Smart of Glasgow, Scotland, entitled "An Introduction to the Theory of Value." A quotation from this work accompanies the present chapter. For the rest the writer will repeat the exposition of value given in his "Outlines of Economics."

Thus we find that value, like utility, depends on wants. But we have still to explain why it is that value is low when utility is very great, and that in general the two seem to rise and fall without the slightest reference to each other. Plainly, value and utility are different; but what is the difference? We can best explain this by the annexed diagram.



We return to our illustration of water, which we remember had numerous uses of various degrees of importance. The lower line represents the amount of water to be had. We have marked off five different portions of the base line representing quantities of water available for man's use. The first quantity, *a b*, is just enough for drinking purposes. Suppose this is all the water to be had. Evidently there will be no question of sprinkling lawns or even of bathing under such circumstances. What will be the utility of water? Evidently the extent of the service which it renders us, and as this is the saving of our life we cannot estimate it. We will indicate it by the area above the line *a b*, which runs on upward indefinitely as the curved line fails to close in. What will be the value of another portion of water at this point of supply? The whole value of the service the existing supply renders us? Certainly not. Undoubtedly we should like more, and would pay well for it, but as this "more" which we desire is not needed for drinking but for a less important purpose, the value of water now will depend upon this next unsatisfied want.

Now suppose we have three portions of water, represented by the lines *a b*, *b c*, and *c d*. We now have enough for all our wants down to sprinkling the lawn and

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the street. We are willing to pay something for more water for this purpose, but how much? As much as when we had only water enough to drink? By no means. The next want on our list is comparatively unimportant, and of course we value an increased supply of water accordingly. With two or three more portions of water all our wants are satisfied, and water will have for us no value whatever.

Thus we see that as the amount of water is increased the value falls along the curved line, *h i*, till finally it touches the base line where the utility of water ceases, and it has no value at all. Its utility, as a whole, is greater than ever before, but its value is now zero. With only one portion of water, *a b*, the utility is represented by the area *j*, and the value of an additional portion by the first dotted line. With two portions the utility is represented by the first two areas, and the value of each portion by the second dotted line. Thus the value decreases as the total utility increases, simply because each new portion adds less utility than the previous one, and the utility of the last portion determines the value of each portion. This is a fact with which we are familiar. A poor crop of low grade wheat may be worth twice as much per bushel, and even more in the aggregate, than a fine crop of good quality.

Our own definitions are, therefore, as follows: *The total utility of a commodity is measured by the intensity of all the wants which it satisfies. The value of a commodity is the degree of the want which the existing supply of the commodity has still left unsatisfied.* Or, remembering that unsatisfied wants take the form of desires, we may define them thus: *Utility is the capacity to satisfy wants; value is the capacity to excite desire.* (1) The total value of the commodity is equal to the number of units of supply multiplied by the value of the last unit, for according to what has been called the *law of indifference* no more will be given for one unit than for another. We might give our all for one loaf of bread if it were necessary for the support of life and no other could be obtained, but if ten loaves are offered we will give no more for the first than for the last.

Having defined utility and value, the remaining definitions are easy.

Wealth is an aggregate of economic goods. If we estimate wealth according to values we see that two statements of national wealth would mean opposite things according as goods were abundant and values low, or goods scarce and values high; but the amount in the two cases might be the same. (2)

Economic well-being is an aggregate of utilities; that is *of satisfied wants*, not an aggregate of values.

Price is an expression of value in terms of money. When you say that you will give three dollars for a hat, you mean obviously that you desire the hat as much as you desire the three dollars, or anything else which the three dollars might buy.

3. VALUE AND PRICE.

(1) **The Difference between Utility and Value.**—Utility and not Value, says Wieser, is "the supreme principle of all economy; where value and utility come into conflict utility must conquer." The statement is a very suggestive one. The economic goal of civilization is to turn the whole natural environment of man from a relation of hostility or indifference into a relation of utility. Certain goods we have from nature without money and without price, and the incessant effort of the industrial world is *in the direction* of bringing all goods nearer to that category. Indeed some of the necessaries of life have already been brought so nearly to that condition that states and municipalities occasionally pay the small remaining price, and distribute them as heaven does the rain.

But the effort to cheapen production generally is nothing else than the effort to increase utility at the expense of value. For value reflects utility, but the mirror is too small to hold all the picture. To use Wieser's words again, "Value is the calculation-form of utility"—an expression which will be appreciated if we realise how impossible it is to estimate the utility of a harvest, how easy to calculate its value.

Value, then, is a much less comprehensive conception, and does not emerge till a certain limitation is put upon this utility. But the limitation is not an arbitrary one. To drain a river of a few hundred gallons, or even to drain it all but a few hundred gallons, will not necessarily give the remainder any value. To change utility into value there must be, not only a capability of satisfying want, but a felt dependence of some want on the particular good containing the utility. The proper

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relation of value to utility may be described as the relation of a positive condition to a capability. As capable of quenching thirst all water is useful, but it does not obtain any value till some limitation of the available quantity makes it the indispensable condition of a satisfaction. The water led into a city may come from a stream which, as a whole, flows to the sea unvalued, but, in this city, it conditions the well-being of thousands of people, and obtains a value from the satisfaction of wants that are dependent on it and conditioned by it.

If, then, the distinction between Value and Utility, so essential to clearness of thinking, is to be maintained, it will be by attaching the former to an indispensable and felt condition, the latter to a general capability of ministering to human well-being.

Thus we may say that, while utility is the importance which a good possesses, as generally *capable* of ministering to the well-being of a subject, Value is the importance which a good possesses as the *indispensable condition* of the well-being of a subject. Or more fully: Value is the importance which a good acquires as the recognized condition of something that makes for the well-being of a subject, and would not be obtainable without the good. It cannot be too firmly grasped then, that the relation between utility and value is *quantitative*, and that the same thing may, or may not have value according to change of circumstances, or difference in points of view and comparison.

It may be advisable to put this in another way. The first thing the economist sees in man is that he stands in a relation of want to the world outside him. Economically man is a complex of wants, some physical, some intellectual, some æsthetic, and so on. And the higher man rises in the scale of spiritual being, the more numerous and varied are his wants. Now want is in itself a painful feeling; at least, a feeling of incompleteness. As an animal man knows instinctively, and as an intellectual being he learns by experience, that certain things or arrangements in the outside world are the objects which such a feeling craves: as they are supplied to the organism in which the wants inhere, the feelings of want, gradually or immediately, fade away, and feelings of satisfaction or pleasure supervene. In time the satisfaction fades, the wants reappear, and the process begins over again. Thus the wants of man's life, whether these wants are wise or unwise, natural or acquired, constitute a demand for satisfaction.

Each individual has his quota of wants, and the sum total of all wants makes the community's demand. To meet this demand the working portion of the community is set producing. The whole end and aim of the industrial organization of society is to put the matter and forces of nature into shapes capable of satisfying this demand, and these shapes, now recognized as "good," society significantly calls "Goods."

Now if, in any class of goods, the supply is not sufficient to meet this demand for satisfaction (either as regards the individual or the community), some want goes unsatisfied; the painful feeling of emptiness points to some good or other as the condition of a certain well-being; the relation of dependence between person and thing is established, and value emerges. If, on the other hand, the supply of any class of goods is so great that every demand is met, and yet there is such a surplus that no ordinary waste will cause scarcity, then no want goes unsatisfied, and value does not emerge.

Suppose that a housewife is in the habit of using ten gallons of water a day for various domestic purposes. If the well, from which she draws her supply, holds just ten gallons and no more, then every gallon is the condition of a definite use or satisfaction, and every gallon has a value—the test being that, if one gallon is lost, some domestic purpose is not suited. But if the well yields twenty gallons, the loss of even ten gallons involves no loss of well-being to the housewife.

In short, *the centre of value is within us*. It is only by association that we transfer to goods the value which we obtain through the consumption of them. We attach importance to them only as we find that our life is incomplete or impossible without them. Thus water, air, etc., being, in their totality, conditions of our life, we attach value to them as a whole, and indeed speak of them as "infinitely valuable." But we do not attach value to any individual portion of them, because, where there is enough to allow of waste, our lives are not *dependent* on any individual portion.

Here we begin to understand how the theory of value lies at the basis of all economic theory. The only goods we "economize"—the goods which alone are objects of economic care—are the goods that are insufficient, or just sufficient, to meet our wants. Contrasted with them are the "free gifts of nature," meaning by the expression, such things, adapted to man's use, as are presented to us by nature in superfluous abundance. As goods which we economize, therefore, are the only goods which we recognize as conditioning our satisfaction, we may say that, while all goods, by definition, have utility, only economic goods have value.*—"*An Introduction to the Theory of Value*," *by William Smart, M.A., pp. 13-16.*

(2) **Limited Commodities.**—Abstracting, from those natural powers or capacities capable of being monopolized, and the value of which must always be limited by that of the labor they can save, to those who employ them, such commodities as are either absolutely limited in their quantity or admit of being monopolized, are but few and unimportant when compared with the mass of commodities in circulation. When, however, it is said that the labor of man is either immediately and directly, or remotely and indirectly, the chief source and limiting principle of exchangeable value, all descriptions of monopolized products and commodities are expressly or tacitly excepted, and reference is made to those only whose quantity may be increased to any extent by applying fresh capital and labor to their production, and which are not subjected to any species of fetter or restraint.—"*Wealth of Nations*," *by Adam Smith, p. 437 (M'Culloch).*

* In view of the loose way in which we use "economic" and "economize," Menger's definitions are worth remembering. When men recognize that their wellbeing is bound up with the command over certain goods within certain periods of time, and that such goods are likely to be insufficient for their demand, their impulse is (1) to get such goods into their possession or disposal; (2) to preserve the useful properties of the same; (3) to decide which are their more important and which their less important wants, and to satisfy the former only; and (4) to so dispose of the goods as to get the greatest possible result or satisfaction on the whole, and to obtain every individual result with the smallest possible expenditure. "The activity men direct to those ends, in its totality, we call their 'economy,' and the goods which stand in these quantitative relations, as the exclusive objects of that economy, we call 'economic goods.'"—*Grundsätze*, chap. ii. § 3.

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4. DEMAND AND SUPPLY.

As we have already seen, value is the power of goods to excite desire. Value is not an independent something in goods, but it is something attributed to them by human desire. Consequently, value fluctuates with desire. It varies with the changes of the desires of individuals, and these changes in individual desires are conditioned by all sorts of causes, some of them internal and some of them external. Fashion is a cause of change in individual desires, and it consequently produces changes in values, quite generally too, to the detriment of human well being. A bonnet or a cloak which still has all its capacities of ministering to true comfort, may lose nine-tenths of its value on account of a change in fashion. It may be here remarked incidentally that these changes of fashion do not minister to beauty, as they are too frequent to admit of a development of beauty along any one line. However, the fact of the influence of fashion upon desires, and consequently upon values, is incontrovertible.

Not only do individual desires change at certain periods, often at the dictate of fashion, but there is a change in desires at all times as we pass from one individual to another.

It is the variations of desires among individuals, which lead to exchanges with mutual gain. Exchanges are justifiable, indeed, only when the aggregate of utility is increased. In every normal exchange this is the case. There is an increase in the aggregate of utilities, and each party to the exchange shares in the gain.

Market price gives us inequalities in the increments of utility received by those who take part in exchanges on the market. One person makes purchases to satisfy a very pressing want, and another to satisfy a mere whim of caprice; yet both pay the same price. What is it that establishes a market price? Certainly it is not any average of desires, for there is no way in which such an average can be established; and even supposing that such an average could be ascertained, it would not have the power to regulate demand and supply. In fact it is unsatisfied wants which regulate the market price. Let us take the case of an individual alone. He has various wants, some more pressing and others less so. He arranges them in a certain order, and satisfies them in proportion to their urgency. But does he satisfy all his wants? If water is expensive, for example, and the means of the individual in question are limited, he will probably leave some of his needs for water unsatisfied. Perhaps he will then sprinkle his lawn less often than he could wish, because to sprinkle it would involve an expenditure which would compel him to leave unsatisfied more pressing wants of another kind. (1)

Production of commodities of any given kind will be continued until a point is reached such, that at the price charged an equilibrium is attained both for the producer and the consumer. The individual producer does not find it advantageous to lower his price still farther to increase consumption, and the individual consumer cannot wisely consume more at the price of the last increment in the supply consumed. The individual has to apportion his expenditures among his various kinds of wants in such a way that to him, as nearly as practicable, each last satisfied one of his various wants, will weigh the same in his scale of desires as every other. This is what we are all continually trying to do.

We have considered merely the individual producer and the individual consumer. The market, in which many producers and many consumers meet together, produces complexity, but not changes in general principles. Production is carried far enough to satisfy wants at a price which is as remunerative, as other prices for like expenditures of economic energy, that is to say, for like outlays of labor, power, and capital in other portions of the industrial field. The producers may make mistakes and expend economic energy without so great a return along some lines as others; but, then,

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under free competition, there will be an effort to bring about a readjustment. The production of cotton serves as an illustration. That has been carried so far that it has been necessary to make an unremunerative price in order to bring about a consumption of the supply. Consequently there has been an effort on the part of the producers of cotton to lessen their production of cotton, and to increase their production of other things. The same was the case with the production of sheep some twenty or thirty years ago, and may have been also the case since then; but this one instance the writer clearly remembers.

An equilibrium is reached which gives a varied satisfaction of wants. This is due to inequality in the wants themselves, and also in the resources of the consumers. All the economic wants of the millionaire may be fully satisfied at a price which leaves unsatisfied very urgent wants of the poor man. To quote a phrase from the author's *Outlines of Economics:* "The millionaire's indifference is stronger than the poor man's yearning." The greater the inequality in economic resources, the greater the extent to which there will be variations in the degree to which wants are satisfied at existing market prices. If inequalities in needs corresponded to inequalities in resources, we would have an ideal distribution, together with an ideal production. But we cannot continue along this line without entering upon the field of distribution.

4. DEMAND AND SUPPLY.

(1) **Forces which Influence.**—Value expressed in money is called price. There can be such a thing as a general fall or a general rise in prices.

A general fall in prices means an increase in the value of money, and a general rise in prices means a fall in the value of money.

Demand and supply are expressions constantly used in political economy, as also in practical life. It is said that demand and supply regulate price, but clear ideas do not usually accompany this expression.

Supply and demand are constantly varying quantities of things. An increased demand may lead to increased supply, but an increased supply not infrequently goes ahead of actual demand, and increases demand.

At one price demand may fall far short of supply; at another price it may far exceed supply and bring about an increase in supply. 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.

But there are all sorts of forces at work back of demand and supply, making these what they are. Any one who stops at demand and supply, in his economic studies has failed to go below surface phenomena. Laws and customs all affect demand and operate on supply. Has religion anything to do with demand? Certainly. Thanksgiving day increases the demand for turkeys, and Easter increases the demand for eggs. This increased demand operates in two ways. First, it raises prices, and that tends to check the demand; it is a counteracting tendency. Second, there is an effort to bring to the market an increased supply to satisfy the unusual demand, and occasionally the demand at existing prices is exceeded, when equilibrium is restored again by lower prices, which increase demand.

Religious holidays affect labor supply. These holidays were so numerous in Brazil some years since that the national economy was injuriously affected, and through the efforts of the emperor these were greatly reduced. Labor organizations and other organizations of productive forces, try to regulate supply and demand, in a manner beneficial to themselves, and this is often, though not always, in a manner beneficial to the general public. To withhold supply for a time from those demanding it tends to raise prices, while to press it upon them leads to "slaughter-prices." What we may technically call an "urgency" of supply and "urgency" of demand, are then important elements in determining prices.

Fashion suddenly increases and as suddenly decreases demand, and by its rapid changes, produces loss. Inheritance and bequest affect demand and supply through their action on the distribution of wealth, and this is the case with all laws of property. When the great bulk of national resources is widely distributed so that many have a competence, but few wealth, the demand for commodities and the supply of commodities to satisfy this demand, will both be of a very different character from demand and supply in a time in which a large proportion of material wealth is in the hands of a few. In the former case there will be a large production of comforts and conveniences with resulting general well-being, as in the best days of the Roman Republic, while in the latter there will be wanton luxury laboriously supplied, as were the feasts of the emperors, by searching sea and land for things difficult to obtain. This wanton luxury in Rome, so finely satirized by Juvenal, will be accompanied by loose morals, decay of civic virtues, general rottenness, while the magnificence of the few, contrasts vividly with the beggarly wretchedness of the depraved masses.

Back of demand and supply we have such forces as these to consider: disposable surplus, for the amount I will give for a thing I want, depends more or less on how much I can give; thrift, industry, and intelligence and increasing demand, but at the same time, by application and by improvement, increasing supply with less actual outlay of economic goods for the attainment of a given result.—"*Introduction to Political Economy,*" *by Richard T. Ely, pp. 179-181.*

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5. THE NATURE AND DEFINITION OF MONEY.

It must be difficult for any man to approach the subject of money whose only desire is to give a fair presentation of the prominent views held concerning this controverted topic. It is easy enough to take any one position and argue either for or against it; but it is quite another matter to hold a just balance between all the various schools of thought which have grown up out of discussions and controversies concerning money. Professor Jevons long ago used an expression which must have occurred frequently to well informed persons in the United States during the past few years. He spoke of the "dangerous kind of intellectual vertigo which often attacks writers on the currency."

What the author proposes to do at the present time and place is not to give a partisan discussion of topics of the day, but to do what he can to prepare the readers of his articles for an honest discussion of monetary problems. So far as possible, he will allow the representatives of various opinions to speak for themselves in accompanying quotations, which have been selected with great care.

Money originated naturally in early society in the need of a common medium of exchange. (1) It must not be supposed that men deliberately set out to invent a medium of exchange; but, as Prof. Carl Menger has pointed out, as soon as commodities came to be frequently exchanged or sold, it could not fail to be noticed that some were far more readily exchangeable or saleable than others. It was this simple fact which in the course of economic evolution led to a medium of exchange. Those things which minister to the most widespread and persistent desires among men; those things which many men always wanted, had naturally a high degree of exchangeableness and saleability. Consequently, any person having a commodity and desiring a commodity against which he could not at once exchange his own commodity, would frequently be willing to exchange it for some third commodity which had a high degree of exchangeableness. Everywhere in the civilized world two or three commodities came to be specially desirable as media of exchange, on account of the fact that these commodities were more widely and generally desired than others.

But when does a commodity become money? A commodity may frequently be used in exchange, and yet not be money. We can say of a commodity that it becomes money when it is generally accepted, not because it is needed in itself, not because it is desired directly and immediately to satisfy a want, but because it is intended to exchange it in turn for those things which will in themselves satisfy wants. This gives us as a definition of money the following: "Money is whatever passes freely from hand to hand as a medium of exchange." The same thing which passes freely from hand to hand may be used for other purposes than as a medium of exchange, but its use as a medium of exchange must be a marked feature of whatever is properly called money. This definition of money which has just been presented gives us money reduced to what may be called its lowest terms. Money may do other things besides serving as a medium of exchange, but it must at least do this. This function may be performed altogether apart from law, and in fact the development of money does precede legislation upon money, even if it be true that law plays an important part in its development, promoting its use as a medium of exchange, and frequently imparting to it other characteristics besides.

Many kinds of economic goods have served as money. In the time of Homer cattle were used as money, and they have so been used during a considerable portion of human history. Even in our country, cattle were used in colonial times as money. Cubes of tea, too, have been used as money; so have dates, and so have furs. Oil has served for this purpose, and in Switzerland cheese has been often employed as a medium of exchange. In a certain part of Michigan shingles were at one time used as money, and were called "Flat River currency." It must be

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noticed that these various commodities were used as money in those parts of the world where they were widely desired. It probably has never happened that furs have been used as money in a tropical country.

In the course of evolution, however, various metals came to be preferred as media of exchange, especially iron, lead, copper, silver and gold; and finally gold and silver came to be preferred to all other metals, and they have now acquired the distinctive title of "precious metals."

5. THE NATURE AND DEFINITION OF MONEY.

(1) **Money the Medium of Exchange.**—It is our present object to inquire what money is and what money does. But while this title follows the usual order of expression, we note, at the outset, that the first question is to be answered only after and through the second. That is money; all that is money; only that is money, which performs a certain office. To parody a familiar proverb: Money is that Money does.

Not a little of the confusion which has reigned in this department of inquiry has resulted from the failure of writers to fix their attention persistently on the money function, and to treat that as money, all that, and only that, which performs this function. Nearly all systematic writers on political economy allow themselves, at a certain stage in their investigations, to be diverted from the contemplation of the office of money, and begin to generalize what they observe as the common features of those numerous forms of money which appear in a primitive condition of industrial society.

Proceeding, then, to consider how exchanges are effected in the modern and more complicated social system, they find an instrument in use which they compare with their generalized definition of money, and finding a failure of correspondence at a vital point, they reject this instrument as not money.

Observing still another form of the same instrument, which they find liable to grave abuse, and, in fact, not infrequently, or even habitually, so abused, and having decided that money is a good thing, they reject this also as being not money, because it is a bad thing, as they esteem it; whereas we shall, I think, reach the conclusion that, in addition to the discrimination of things as money and not money, based on the determination whether they do, or do not, perform the money function, we must make the further discrimination between good money and bad money, a distinction observed by scarcely a single writer of eminence on this theme.

Let me repeat, money is to be known by its doing a certain work. Money is not gold, though gold may be money; sometimes gold is money and sometimes it is not. Money is no one thing, no group of many things having any material property in common. On the contrary, any thing may be money; and any thing, in a given time and place, is money which then and there performs a certain function. Always and everywhere that which does the money-work is the money thing.

The conclusion which the text-book writers, with a few notable exceptions, have derived from the contemplation of what I may call the primitive forms of money, including herein silver and gold, not less than oxen and wheat, is that money is and must be "a material recompense, or equivalent." The phrase is that of M. Chevalier, the eminent French economist, as translated by Mr. Cobden. Let us test the validity of this conclusion.

We have just passed through an exciting political contest, to which I beg permission to refer, but for no partisan purpose.

In the late election the main contest everywhere at the North, at least, was about the financial issue. The orators and the newspapers of the hard-money party, pretty much everywhere took the ground that the legal-tender notes issued by the United States government, inconvertible in fact, were not money. Their claim was not that the greenbacks were bad money, but that they were not money at all; and in this they followed closely enough the line of reasoning and even the language of the most eminent economists of this and other countries.

Yet the great majority of those who heard the speeches of the hard-money orators and read the editorials of the hard-money journals, must have been dissatisfied with the reasoning and with the result. Plain men know perfectly well that greenbacks are money, and have been money these seventeen years—bad money, if you please, but none the less money. And there is too much reason to believe that when the common sense of the uninstructed auditor and reader, overrode the distinctions by which it was sought to exclude the greenback from the category of money, prejudice may have been derived against the entire body of economical views that were being presented in the immediate connection. Certainly the advocate of hard money is stronger in urging that inconvertible paper is bad money, than in arguing that it is not money at all.

Money is commonly defined as a *medium* of *exchange*.

While the term is somewhat too vague for exact definition, yet as this phrase is commonly understood, it is correct.

Money is that which passes freely from hand to hand throughout the community, in final discharge of debts and full payment for commodities, being accepted equally without reference to the character or credit of the person who offers it, and without the intention of the person who receives it to consume it or enjoy it, or apply it to any other use than, in turn, to tender it to others in discharge of debts or payment for commodities.

Let us take an illustration from the history of Virginia. Tobacco early became the staple export of that colony. Since tobacco was in unfailing demand for shipment abroad, it was readily taken at the country store. Every planter brought his tobacco thither with perfect assurance, knowing that it would be taken as a matter of course. —*"Money in Its Relations to Trade and Industry," by Francis A. Walker, pp. 1-4.*

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6. THE NATURE AND DEFINITION OF MONEY (Continued).

In the preceding lesson we have considered money as a medium of exchange. In time money comes to serve other purposes which are more or less fundamental. We have in truth, in the course of evolution, the emergence of various kinds of money, and some of these have a larger range of functions than others.

That function which is most closely connected with the function of money as a medium of exchange is its debt-paying function. Money satisfies past obligations, and perhaps in modern times nothing could be properly called money which did not add this function to the former. In fact it may be said that the payment of a debt is frequently the completion of an exchange. Adding the debt-paying function to its function as a medium of exchange, we get the following conception of money: "Money is whatever passes freely from hand to hand as a medium of exchange, and is generally received in final discharge of debt."

This has been taken for one conception of money. The truth is that the word "money" does not always mean the same thing. (1) There are different kinds of money, and different conceptions of money. Money is not a word-sign standing for one idea only. On the contrary, it stands for at least three separate ideas, although these ideas are closely related. The definition which we have just had gives us what we may call the popular conception of money, or money in the popular sense.

In this definition it is stated that money is generally received in final discharge of debt. That which is money may not be always thus received, just as there may be those who will refuse to accept the ordinary medium of exchange when they wish to exchange some commodities for others. Special agreements may be made, and sometimes are made, to avoid the acceptance of at least some kinds of money as a discharge of debt. Contracts have, for example, been made, calling for payment in certain quantities of gold, and in England also calling for certain quantities of wheat. But that which is money in the sense in which it has been defined must, as a general rule, be received in final discharge of debt. The use of standard silver dollars in the United States affords an illustration. While contracts have been made which call for payment in gold, there never has been a time when the standard silver dollars have not, as a general rule, been received in final discharge of debt.

We must next consider in this connection the legal-tender quality of money. In modern times the law almost invariably ascribes to money a certain power of making payments, and this assists money to perform the function which has been described as its general acceptance in final discharge of debt. This legal-tender quality of money is the very essence of money in the legal sense. Indeed we may say simply that in the legal sense, whatever the law declares to be legal-tender, is money. Money in the legal sense may or may not be money in other senses, depending upon the wisdom of law-makers. It has happened in the past that the law has ascribed a legal-tender quality to that which has not generally been received either as a medium of exchange or in discharge of debt. But at the present time the author does not recall any legal-tender money in any country which is not at the same time money in the popular sense, and it may be safely said that nothing of the kind exists in any civilized country.

The power to pay debts may exist apart from legal-tender acts, but the law defines and renders more precise this power, and assists money to perform its debt-paying function. The "trade dollars" which existed in this country a few years ago, illustrate forcibly the power of the law in making a commodity money, both in the legal and in the popular sense of the word. The trade dollar contained more pure silver than the standard dollar, and yet the former was not money in either one of the two senses named, but finally became a commodity which sold for less than one dollar. At the same time, the standard dollars, containing the smaller

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quantity of silver, were freely received at full value as a medium of exchange and in payment of debt. It was not till the government finally agreed to redeem the trade dollars that they again recovered the power of a dollar in exchange and in payment of a debt. The legal-tender quality may exist with limitations. The standard dollars and silver dollars and greenbacks are full legal-tenders; but the silver change, that is to say, silver in pieces smaller than one dollar, is legal-tender only up to the amount of ten dollars.

It has already been intimated that the power of government with respect to money is a limited one. In past times that has been declared to be money which has not generally been so received. This was the case with the French "assignats," issued during the French Revolution. Although at first freely and generally received, they finally came to be received only with the greatest reluctance or not at all, and only with an enormous discount from their normal value. Government, while it has great power, has also its limitations. It can act effectively only through the laws of value, and in harmony with these laws.

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6. THE NATURE AND DEFINITION OF MONEY (Continued).

(1) **Different Mediums of Exchange.**—Some years since, Mademoiselle Zélie, a singer of the Théâtre Lyrique at Paris, made a professional tour round the world, and gave a concert in the Society Islands. In exchange for an air from *Norma* and a few other songs, she was to receive a third part of the receipts. When counted, her share was found to consist of three pigs, twenty-three turkeys, forty-four chickens, five thousand cocoanuts, besides considerable quantities of bananas, lemons, and oranges. At the Halle in Paris, as the prima donna remarks in her lively letter, printed by M. Wolowski, this amount of live-stock and vegetables might have brought four thousand francs, which would have been good remuneration for five songs. In the Society Islands, however, pieces of money were very scarce; and as Mademoiselle could not consume any considerable portion of the receipts herself, it became necessary in the meantime to feed the pigs and poultry with the fruit.

When Mr. Wallace was traveling in the Malay Archipelago, he seems to have suffered rather from the scarcity than the superabundance of provisions. In his most interesting account of his travels, he tells us that in some of the islands, where there was no proper currency, he could not procure supplies for dinner without a special bargain and much chaffering upon each occasion. If the vendor of fish or other coveted eatables did not meet with the sort of exchange desired, he would pass on, and Mr. Wallace and his party had to go without their dinner. It therefore became very desirable to keep on hand a supply of articles, such as knives, pieces of cloth, arrack, or sago cakes, to multiply the chance that one or other article would suit the itinerant merchant.

In modern civilized society the inconveniences of the primitive method of exchange are wholly unknown, and might almost seem to be imaginary. Accustomed from our earliest years to the use of money, we are unconscious of the inestimable benefits which it confers upon us; and only when we recur to altogether different states of society can we realize the difficulties which arise in its absence. It is even surprising to be reminded that barter is actually the sole method of commerce among many uncivilized races.

There is something absurdly incongruous in the fact that a joint-stock company, called "The African Barter Company, Limited," exists in London, which carries on its transactions upon the West Coast of Africa entirely by bartering European manufactures for palm oil, gold dust, ivory, cotton, coffee, gum, and other raw produce.

The earliest form of exchange must have consisted in giving what was not wanted directly, for that which was wanted. This simple traffic we call *barter* or *truck*, the French *troc*, and distinguish it from sale and purchase in which one of the articles exchanged is intended to be held only for a short time, until it is parted with in a second act of exchange. The object which thus temporarily intervenes in sale and purchase, is money.

At first sight it might seem that the use of money only doubles the trouble, by making two exchanges necessary where one was sufficient; but a slight analysis of the difficulties inherent in simple barter shows that the balance of trouble lies quite in the opposite direction. Only by such an analysis can we become aware that money performs not merely one service to us, but several different services, each indispensable. Modern society could not exist in its present complex form, without the means which money constitutes of valuing, distributing, and contracting for commodities of various kinds.

WANT OF COINCIDENCE IN BARTER.

The first difficulty in barter is to find two persons whose disposable possessions mutually suit each other's wants. There may be many people wanting, and many possessing those things wanted; but to allow of an act of barter, there must be a double coincidence, which will rarely happen.

A hunter having returned from a successful chase has plenty of game, and may want arms and ammunition to renew the chase. But those who have arms may happen to be well supplied with game, so that no direct exchange is possible. In civilized society the owner of a house may find it unsuitable, and may have his eye upon another house exactly fitted to his needs. But even if the owner of this second house wishes to part with it at all, it is exceedingly unlikely that he will exactly reciprocate the feelings of the first owner, and wish to barter houses.

Sellers and purchasers can only be made to fit, by the use of some commodity, some *merchandise*

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banale, as the French call it, which all are willing to receive for a time, so that what is obtained by sale in one case, may be used in purchase in another. This common commodity is called a *medium of exchange*, because it forms a third or intermediate term in all acts of commerce.

Within the last few years a curious attempt has been made to revive the practice of barter by the circulation of advertisements. *The Exchange and Mart* is a newspaper which devotes itself to making known all the odd property which its advertisers are willing to give for some coveted article. One person has some old coins and a bicycle, and wants to barter them for a good concertina. A young lady desires to possess "Middlemarch," and offers a variety of old songs, of which she has become tired.

Judging from the size and circulation of the paper, and the way in which its scheme has been imitated by some other weekly papers, we must assume that the offers are sometimes accepted, and that the printing press can bring about, in some degree, the double coincidence necessary to an act of barter.

WANT OF A MEASURE OF VALUE.

A second difficulty arises in barter. At what rate is any exchange to be made? If a certain quantity of beef be given for a certain quantity of corn, and in like manner corn be exchanged for cheese, and cheese for eggs, and eggs for flax, and so on, still the question will arise—How much beef for how much flax, or how much of any one commodity for a given quantity of another?

In a state of barter the price-current list would be a most complicated document, for each commodity would have to be quoted in terms of every other commodity, or else complicated rule-of-three sums would become necessary. Between one hundred articles there must exist no less than four thousand nine hundred and fifty ratios of exchange, and all these ratios must be carefully adjusted so as to be consistent with each other, else the acute trader will be able to profit by buying from some and selling to others.

All such trouble is avoided if any one commodity be chosen, and its ratio of exchange with each other commodity be quoted. Knowing how much corn is to be bought for a pound of silver, and also how much flax for the same quantity of silver, we learn without further trouble how much corn exchanges for so much flax. The chosen commodity becomes a *common denominator* or *common measure of value*, in terms of which we estimate the values of all other goods, so that their values become capable of the most easy comparison.

WANT OF MEANS OF SUBDIVISION.

A third but it may be a minor inconvenience of barter arises from the impossibility of dividing many kinds of goods. A store of corn, a bag of gold dust, a carcass of meat, may be portioned out, and more or less may be given in exchange for what is wanted. But the tailor, as we are reminded in several treatises on political economy, may have a coat ready to exchange, but it much exceeds in value the bread which he wishes to get from the baker, or the meat from the butcher. He cannot cut the coat up without destroying the value of his handiwork.—"*Money and the Mechanism of Exchange*," *by Jevons, pp. 1-5.*

FIRST WEEKLY REVIEW.

1. **TRANSFERS OF ECONOMIC GOODS AND THEIR NATURE.**—Why Transfers should not be Included in that part of Economics which deals with Production or Distribution.
2. **UTILITIES AND VALUE.**—The Various kinds of Wants, and their Satisfaction. The Distinction between Value and Riches.
3. **VALUE AND PRICE.**—The Utility of Water and of Iron contrasted with their Value.
4. **DEMAND AND SUPPLY.**—The Influence of Fashion on the Market.
5. **THE NATURE AND DEFINITION OF MONEY.**—The Evolution of Money.
6. **THE NATURE AND DEFINITION OF MONEY (Continued).**—Legal tender Money. Money and debt-payment.

QUESTIONS.

1. *Define Transfers. Why are Transfers more inclusive than Exchanges? What is the relation of Exchange to Production?*
2. *What does Mill say concerning the laws of value? What lesson would you draw from his statement? Define Utility. Distinguish between Value and Utilities. What is the relation of riches to utilities, as the former term is used by Ricardo?*
3. *Contrast the value of water with its utility. Contrast the value of iron with the value of gold.*
4. *What influence does fashion have upon supply and demand? Enumerate all the bad effects of fashion which have fallen under your observation. Enumerate all the good effects of fashion which you have observed. What is it that induces exchange? What is it that limits production along any one line?*
5. *In what did money originate? What was it that led to the selection of various commodities as money? Mention all the kinds of money of which you have heard or read.*
6. *Define money in the popular sense. Define money in the legal sense.*

SUBJECTS FOR SPECIAL STUDY.

The subjects of Utility and Transfers afford an indefinite number of topics for study and investigation.

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7. THE NATURE AND DEFINITION OF MONEY (Concluded).

We have considered two qualities of money, namely its power to effect exchanges, and its power to pay debts. The last-named quality, that is its power to pay debts, suggests a use of money to effect transfers of property. Money is a medium through which transfers are effected. Through the instrumentality of money, property is transferred from individual to individual, from place to place, and from time to time. Money transfers property from country to country, and from one age to another. But not all money will perform these functions; and we now approach another conception of money, which may be designated as the economic conception, inasmuch as it is the conception upon which economists have laid great weight. Money most effectively transfers property from place to place when it has full value in its material, that is to say, when the material of which a given piece of money is composed has the same value as the nominal value of the money. As an illustration we may take our gold eagle, and the United States note for ten dollars. If the gold eagle is melted down, the material of which it is composed is still worth ten dollars; whereas the United States note, apart from what is inscribed upon it, has practically no value. Money in this the economic sense must in itself serve as a store of value.



Prof. Arthur T. Hadley, Yale University.

In the economic sense it also serves as a unit of value measurement in itself. The unit of value measurement in the United States at the present time is gold. Every other sort of money is brought into relation with that, and it is the gold which gives the measure of value. This is a point in regard to which there is controversy to be sure; but the present writer cannot understand how things can be brought into comparison and their values weighed against each other, except through the medium of that which has value in itself. I exchange wheat for a ten dollar United States note, and in turn I exchange this ten dollar note for a coat. The coat and the wheat are brought into relation with each other through this note, but this note refers back again to a certain quantity of pure gold. Professor Knies has brought this out effectively in the question: What would be the value of such a note, or what would one do with it, if instead of being inscribed with the words "ten dollars" it were inscribed with ten "so so," or with ten "ha ha"?

John Stuart Mill in his *Political Economy* tells us about a "macute" or an imaginary unit of value measurement, devoid of any intrinsic value. This seems to the present writer an impossibility, and in fact it has been discovered that Mill was mistaken. The macute really signified a certain number of cowry-shells, though the number appears to have varied from time to time. The Century Dictionary says of the macute that it was a kind of money used on the West Coast of Africa, consisting originally of two thousand cowries.

Money also serves as a store of capital-value. This function of money was pointed out some time since by Prof. Carl Menger, and has been well described by Prof. Arthur T. Hadley in his work "Economics." Capital is held in the form of money "as a cash-reserve to secure solvency." Money is capital, and capital in

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the most general sense of the word. (1) Through money, capital in the general, or rather let us say in the generic, sense, is accumulated; and in order to carry on business in a modern community it is requisite that a portion of capital should be invested in money. (2)

Summing up, then, what has been said: We find that money, according to the economic conception, must first serve directly and immediately as a measure of value; secondly it must serve as a medium of exchange; in the third place it must be capable of serving as a means of making payments; (3) and fourthly it must be a store or receptacle of value.

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7. THE NATURE AND DEFINITION OF MONEY (Concluded).

(1) **Money as Capital.**—Nearly all business contracts and agreements—sales, leases, wages, loans, insurance, etc.—call for payments of money from at least one party.

Money is best defined as a thing which, by common consent of the business community, is used as a basis of commercial obligations. Whatever may be chosen for this purpose, becomes, by the very fact of being thus used, a convenient standard for measuring private wealth—a value denominator, as it is sometimes called—by means of which the power and advantage attaching to the ownership of different kinds of saleable property can be compared.

There are two quite distinct purposes for which supplies of money are needed by the business community and its individual members.

(1.) A certain amount of capital must be held in this form as a cash reserve to secure solvency.

(2.) A large amount of income may be received in this form as a convenient medium of exchange. The latter function seems at first sight much more important than the former. The volume of transactions settled by payments of money as a medium of exchange in the course of a year is far greater than the whole amount of cash reserve in existence at any one time.

In spite of this disparity, the function of money as capital is of more fundamental consequence. If we have a proper cash reserve of money, we can use other things as media of exchange. We can make our payments by bank checks or other instruments of credit. If we have not an adequate reserve of capital in the form of money, no credit or banking system, however well devised, will act as a substitute. The individual or the community that wishes to do a successful business must keep an adequate stock of cash—not necessarily as a means of payment, but as a guarantee of solvency.

The ease with which other means of exchange can be substituted for money, does not prove that money is unnecessary; it proves that its function as a means of exchange is not the sole or even the principal object for which it is needed.—"*Economics*," *by Arthur Twining Hadley, pp. 180, 181.*

(2) **Money and Monetary Problems.**—I shall not attempt to give a short and simple definition of money, because it seems to me that the meaning of the term must vary according to circumstances An illustration will make this quite clear.

What is meant in the money articles of the newspapers by the supply of money and the demand for money?

Everyone knows it is not merely coin or notes of the Bank of England, but they would have some difficulty in explaining what else ought to be included. The important thing however for our present purpose, is not to decide what is the most appropriate meaning to give to the term "money," but to describe certain functions of the industrial world which are generally briefly spoken of as being performed by money.

MONEY AS A MEDIUM OF EXCHANGE.

First of all let us consider money as *a medium of exchange*, and its importance in this capacity.

It is easy to imagine, even in primitive society, the inconvenience of pure barter. The griefs of the boot maker wanting a hat, who found many who had hats but did not at the time want boots, and many men who wanted boots badly enough but were quite as ill off, temporarily or permanently, respecting hats, have been related by every writer on money.

But what is not so often attended to, is the ever increasing importance, with the growing complexity of industrial societies, of a universal medium of exchange; it becomes, as division of labor is extended, not merely a convenience in distributing the finished product, but an actual necessary of production,

Let anyone consider the vast series of operations necessary to provide for the maintenance in our days, of the family of an unskilled laborer: or better still, let him glance over the list of occupations of the people in the census reports, in which he will find hundreds of names to which he can attach no meaning whatever.

Without some common medium of exchange, it would be absolutely impossible under our present industrial system to carry on the manufactures and commerce of the country. The only conceivable alternative would be governmental control of the most elaborate kind pervading every home, involving in itself an enormous waste of time and labor.

Without a complete revolution in the conditions of society, a medium of exchange is indispensable. Production rests on a division of labor, and division of labor involves easy and prompt exchange, which again involves a common medium.

Money in this sense is as essential to the interchange of commodities, as language to the interchange of ideas, and in the last resort the exchange of commodities is for the most part the exchange of the services through which they are made. Thus money, in the sense of a common medium of exchange, is necessary in order to exchange all kinds of labor, from the highest to the lowest.

In these days we are so familiar with this universal medium, with this alchemist's stone which turns everything to gold—land and labor, the fleeting wealth of the present and the stored wealth of the past—that it is difficult for us to realize the

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state of a nation in which custom took the place of contract, and the mass of the people lived practically without money.

There can be no doubt that during the Middle Ages the commutation of various services and labor dues, into money equivalents was the principal factor in the industrial progress of that period.

The break-up of feudalism, the independence of the towns, the abolition of serfdom and the growth of commerce, are all largely due to the substitution of money payments resting on contracts, in place of services founded on law and custom. So, far from being an evil, during this period, at any rate, the extension of the use of money as a medium of exchange was the means of effecting great social reforms, and there can be little doubt that progress was retarded largely by the deficiency of the precious metals, and especially the dearth of silver.

The Socialists who look on money as an engine by which the rich, torture the poor, will find in many instances that, on the contrary, it has been the greatest benefactor of labor. We have a modern instance of the benefits of money payments in the state of things which led to the passing of the Truck Acts. Everyone knows that the worst mode in which a workman can be paid for his labor is in a quantity of the commodity which he makes, or assists in making—in cider for example as was the custom in some places in England.

MONEY AS A MEASURE OF VALUES.

Necessarily involved in this function of money as a medium of exchange is its function as *a measure of values*. It is useless to convert all things and services into terms of money, as a medium of exchange unless this is done at certain rates.

What we want to know in any given case, is not the bare fact that by means of money, exchanges can be effected between one commodity and ten thousand others, but we want some *measure* of the rates of exchange.

Now it is quite possible that the *actual* medium of exchange adopted, may not be itself the measure in which values are expressed—it may itself be measured by some other standard. In this country at the present time, the standard unit of value, is the sovereign, which consists of a definite amount of gold and alloy fixed by Act of Parliament. Consequently all values in this country are measured in pounds and parts of pounds. But although the sovereign is the standard unit, it is by no means the exclusive medium of exchange. We use not only silver and bronze, but paper as the actual medium.

The important point to observe, however, is that all these substances used as actual means of exchange, are measured in terms of the sovereign, either as multiples or sub-multiples. Wages, according to the quality of the labor, the times of payment, etc., are paid sometimes in pence, sometimes in shillings, sometimes in bank notes, sometimes in checks, but the standard measure is the sovereign, and the values of the pence, shillings, notes or pence depend on their relations to the sovereign. It is extremely important to distinguish between the actual medium and the measure of reckoning.

In some parts of Scotland the rent paid for land depends on the prices of certain kinds of agricultural produce; in effect, we may suppose that the rents consist nominally of so much corn. But they would not be actually paid in corn. Instead of the rents depending on the prices of a few agricultural products they must depend on the prices of a hundred different articles. That would be just as if the farmer stipulated to pay certain quantities of these articles in different proportions.

We see then, that the two functions of money already noticed are not necessarily performed by the same thing; and we may measure in terms of one thing, and pay in terms of another, but the two functions are equally necessary to an industrial society, and are mutually dependent. The medium of exchange would be useless, unless measured in terms of the standard, and the measure would be useless, unless some common medium of giving effect to it practically, is adopted.

A person who has something to sell—whether labor, or land or produce—wants to know, not only that his commodity bears a certain proportion in value to the commodities of other sellers—that is, he not only wants his commodity measured as



E. Benjamin Andrews. (*Cf.* page 309.)

the others are measured—but he wants some medium by which he can make as many purchases of these commodities as his article entitles him to obtain. — "*Treatise on Money*," *by J. Shield Nicholson, M.A., pp, 16-21.*

(3) **Demand for Money.**—The demand for money is made up of the goods offered for money, multiplied into the number of times these goods are sold or resold, while the supply of money consists of the quantity in circulation, multiplied into the average number of times that each piece changes hands in exchange for goods.

The nimble sixpence does the work of the slow shilling. Were we making arrangements for the transportation of a large body of grain from Albany to Boston, it is evident that the number of cars of a given capacity must sustain some necessary ratio to the bulk to be transported; but it is manifest that we could not ascertain how many cars would be required to carry so much wheat until we knew how often on the average the cars could make the trip.—"*Money in Its Relations to Trade and Industry*," *by Francis A. Walker, p. 40.*

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8. GOOD MONEY.

We have various kinds of money, and we have good money and bad money. But something more than this ought to be said. We may sometimes hear statements about absolutely bad money, but these can hardly be true; for if anything performs at all the functions of money, it cannot be absolutely bad. An absolutely bad money we can never have. All money that we have ever had has performed its functions more or less imperfectly, and it is not conceivable that any money should function perfectly. In money there is neither absolute goodness nor absolute badness, but all degrees of both. Money may be very good or very bad, and what we desire is to secure as good money as possible. It becomes necessary, then, to examine into those qualities which are desirable in money, and these qualities emerge naturally from the functions which money has to perform.

Considered merely as a medium of exchange, that is good money which is freely accepted as such a medium. This is quite simple, and it is not difficult to secure the kind of money which is readily acceptable as a medium of exchange. All money which is in use in the civilized world performs this function fairly well. But money serves also as a means of making payments for debts which have been incurred in the past. It is a standard of deferred payments. I agree at some time in the future to make a payment of ten dollars. I have in mind a certain quantity of value in its most general sense, or as some would say, of abstract value. Let us suppose, however, that when the time of payment arrives the value of money has greatly increased. I am then obliged to pay more than I anticipated, and this may result in an injury to me, the debtor. This brings before us the subject of appreciation of money. If, on the other hand, money has fallen in value, my creditor receives less than he anticipated, and he may be grievously wronged. This raises the question of the depreciation of money. On account of the close connection between past, present and future, in our economic life, or in other words, on account of the continuity of this economic life, appreciation or depreciation of money are facts of the utmost significance. It is held very generally by writers on the subject of money, that the value of money, as measured by commodities and services should be constant; that good money is that of which the value does not vary from time to time. (1)

It is probably safe to say that writers in the past have generally had in mind equal quantities of commodities and services when they have discussed constancy in the value of money, and have pronounced in favor of money which is invariable in value. Recently, however, at least among those in the United States who favor gold monometallism, there has arisen a different interpretation of constancy in the value of money. It is admitted by all that prices of commodities have generally fallen during the past twenty-five years. It is claimed, however, by some that this works no injustice to the debtors and does not unduly favor the creditors, inasmuch as the fall in prices has been due to improvements in production. This is the same thing as putting forward the claim that the creditor is entitled to receive the same number of units of economic energy which the money he receives would have purchased at the time the debt or the obligation was incurred. This gives the creditor the advantages of improvements. If a given quantity of economic energy, that is to say, a given expenditure of labor and capital, will produce goods represented by a at the time the debt is incurred, but will produce goods to the amount of $2a$ at the time the debt is discharged, then the creditor, according to this view, is entitled to $2a$ goods. This happens, if when the debt is incurred, a dollar buys only half as much as when the debt is discharged. Others claim, however, that if the creditor receives equal quantities of economic goods and services he has received all that he is justly entitled to. Consequently these latter would have a money that was so adjusted as to secure uniform prices at all times. We thus perceive that the ques-

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tion of an invariable measure of value is by no means an easy one. The claim put forward in favor of the debtor is, in part at least, based upon the fact that the active and enterprising portion of the community is quite generally in debt, while the lenders of the community are generally those who represent past accumulations, and are consequently at least comparatively an idle class, not equally entitled with the debtors to share in the improvements in production. It is not necessary to take sides in order to assert that the general rule just laid down in regard to the economic activity of debtors, as compared with the economic activity of creditors requires important modifications. The reader has only to look about him and to notice the facts which come under his own observation, to become convinced that such is the case. The same man is frequently both debtor and creditor; and even if there is an idle class, living upon incomes of past accumulations, there is at the same time a class living upon the incomes of such accumulations, who perform the most valuable services to the community. There is not a great city in the civilized world in which it would not fare ill with the people if those services should cease which proceed from persons living upon the income of past accumulations. In fact, nothing is more difficult than the attempt to make any division of the community into debtors and creditors, to correspond with any division of the community into classes based upon merit or service to society. The division of the community into debtors and creditors is neither coincident with a division into good and bad citizens, nor is it coincident with a division of the community into wealthy and poor citizens.

8. GOOD MONEY.

(1) **An Ideal Dollar.**—It is always either assumed or admitted that the ideal sort of money would be money with a unit having a steadfast, general purchasing power, says Ricardo, in one of the ablest monetary treatises ever penned.

"All writers on the subject of money have agreed that uniformity in the value of the circulating medium is an object greatly to be desired. Every improvement, therefore which can promote an approximation to that object, by diminishing the causes of variation, should be adopted. . . . A currency may be considered as perfect, of which the standard is invariable, which always conforms to that standard, and in the use of which the utmost economy is practiced. . . . During the late discussions on the bullion question, it was most justly contended that a currency to be perfect should be absolutely invariable in value."

Were money merely a medium of exchange, something to be spoken into being for each act of traffic and then annihilated, permanence in its worth could be dispensed with.

But money, also, besides furnishing our system of value denominations, measures value, serves as a reservoir of value, and as a standard for deferred payments. To fulfill ideally any one of the last-named offices, it must preserve its general purchasing power unchanged. Increase in the value of money robs debtors. It forces every one of them to pay more than he covenanted—not more dollars, but more value, the given number of dollars embodying at date of payment, greater value than at date of contract. Decrease in the value of money robs creditors, necessitating each to put up in payment of what is due to him, with a smaller modicum of value than was agreed upon.

Such loss, whichever the direction of its incidence, is a misfortune not only jurally, but also economically. It is so much friction against the natural and desirable free play of exchange among men. In case money gains in power over commodities, so that prices fall, a quite special degree of this friction is experienced. . . . A rise in prices, or what is the same, a fall in the value of money, though also an evil, has this incidental advantage, that unless so marked as to imply undue speculation or other morbid commercial conditions, it tempts money out of its hiding places into circulation, giving briskness to business.

* * * * * *

All admit this, as has been said, yet many forget it. We have, in this country, for many years, been hearing much about an honest dollar. What is an honest dollar?

It is to be feared that few of the people who love the phrase apprehend with much clearness its true meaning. It is very often taken for granted that a gold dollar must be an honest dollar, and one may hear this alleged by reasoners in the same breath with the admission made by all, that money is good in proportion to its stability of value. The two positions are, of course, contradictory, except upon the pretense that no well-informed person will offer, that gold never appreciates nor depreciates.

Again, we often hear or read discourse to the effect that holders of money have a sacred moral right to all the increment of value which can possibly come to it, so that any effort to regulate, at least, to limit such increment, must be wrong, unjust to the creditor class.

But this is an implicit, if it is not an explicit, denial of the primary truth of monetary science, that good money must have a steadfast general purchasing power. Gain in money's purchasing power is change in that power, and ought not to be. Of the two, loss in such power is more tolerable than gain; in other words, a régime of rising prices is less outrageous than one of falling prices. But either is a bad thing. An ideal dollar would buy always precisely the same amount of general commodity.—*E. Benjamin Andrews, Publications American Economic Association, Vol. IV., pp. 401-404.*

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9. GOOD MONEY (Continued).

To sum up briefly what has been urged in the foregoing lesson, this may be said: It is probably safest to strive for that value of money which would divide the benefits of improvements in production between both debtors and creditors, and a money which does that we may call a money with constancy in value.

Good money robs neither creditors nor debtors, but favors each class equally.

Closely connected with the foregoing, the principle can be laid down that money is not a proper instrument for economic reform. Good money does not effect a redistribution of wealth, nor does it even modify the existing distribution of wealth. It is not an appropriate agency for the readjustment of economic relations. The aim of good money is static, that is to say, it seeks to preserve, not to change, existing conditions. There are appropriate agencies through which those may act who think a redistribution of wealth a desirable thing and who hold that the goal of general economic evolution must be a readjustment of social relations; but of these agencies money is not one.

It is scarcely possible to insist upon this too strongly. Probably nothing has more injured the cause of general social reform in this country than the effort to connect it with monetary reform. If a change in money is made, such as to be injurious to the creditor class, it may injure a poor widow, and enrich a millionaire. In all probability it would injure the wage-earning class, and that for this reason if no other, that wages as expressed in money do not increase as rapidly as do the prices of things which the wage-earner must purchase. Among those disastrously affected will surely be not only here and there a needy and meritorious person, but very large numbers of most needy and most meritorious persons. And when we speak of meritorious persons in this connection, we have in mind those whose services are of the most importance to the community.

Again, an expansion of the currency makes it easier for those who have incurred obligations to discharge them, and those who are producing things for sale quite generally reap large gains at first on account of rising prices. It is the merchants and manufacturers who generally gain in the first instance. This leads to speculation, followed by excessive production, and excessive production in turn is followed by falling prices, a glut in the market and a "crisis." From this there may again be a recovery with even increasing prices, but the end must come sooner or later, for a point will finally be reached when confidence in the future is destroyed. (1)

On the other hand, a contraction of the currency, in other words, an appreciation of money with falling prices, makes it more difficult to discharge obligations, and merchants and manufacturers lose money, because the prices realized are less than those which were anticipated. The result must be bankruptcy and stagnation in business.

The claim has been put forward by some, in this country especially by General Francis A. Walker, that a slight depreciation of money, especially if brought about by natural causes, is desirable, inasmuch as it gives a stimulus to production. This is a ground urged in favor of a slight depreciation, which is different from arguments of the kind alluded to when the statement was made that money is not a proper agency for social reform. It may be admitted that a very slight depreciation in the value of money is a desirable thing if it comes about spontaneously. If it is urged that an effort should be made to exercise such a control over currency supplies as to bring about this depreciation, it must be objected that so nice an adjustment is scarcely possible. Moreover, the moment depreciation begins to take place as the result of deliberate social action, a disturbance of confidence in the future cannot fail to set in, and this must more than offset any gain from depreciation. So far, then, as regulation of the value of money supply is concerned we must still adhere to the proposition that the best money is that which is least variable in value. (2)

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9. GOOD MONEY (Continued).

(1) **An Elastic Currency.**—A fourth principle, and, perhaps in modern times the most important of all, is that the quantity of money should be commensurate with the demand for a medium of exchange, because if the amount of money in a country is not increased in proportion to the demand for it, it will rise in value, and thus become a variable standard. Hence the money that is most invariable in value will be that which varies in quantity most exactly in conformity with the demand for it. Hence a currency inelastic in *quantity* may be the most dishonest money, and a currency elastic in *quantity* may be made the most honest.

An elastic currency, however, may also be made dishonest. It depends wholly on how it is varied in quantity. So far as quantity is concerned it should vary exactly with the demand for it, thus so far as quantity is concerned, being perfectly stable in value.

An elastic currency, therefore, at least permits of stability of value.

An inelastic currency cannot be honest unless there is no change either in the population of a country, or in the use that that population has for money.

It is not enough, merely, for a circulation to expand with population, but must expand or contract with the use the population has for money.

If a civilization grows more intricate and involved, there are ordinarily more cash transactions, and therefore there is more demand for money. The grave and important questions that arise out of the variations in the amount of money are well known. A currency increasing in volume out of proportion to the demand robs creditors, a diminishing currency robs debtors. We are here simply concerned for the principles. — *Bliss' "Encyclopedia of Social Reforms," p. 878.*

(2) **Currency Reform in United States.**—A third object which the currency reformer must set before himself is the securing of greater elasticity in the monetary system, taken as a whole. Objection is occasionally made to the use of the term "elasticity" in this connection, but it seems to me very expressive and sufficiently accurate. Briefly defined, it means that property in a circulating medium by virtue of which it increases in quantity to correspond with increase in need, and diminishes in quantity, to correspond with diminution in need.

For our purposes, it is convenient to distinguish ordinary and emergency elasticity. By the former is meant the capacity of any circulating medium to respond to those changes in monetary need which take place in the course of a single year, as between winter and spring or summer and fall. By emergency elasticity, on the other hand, I mean the capacity to respond to those changes in need, which connect themselves with a panic. Doubtless these two sorts of changes in need differ, on the surface, at least, only in degree. Still, the causes are very different; and it is not unlikely that remedies also should be different.

Now it is probably unnecessary to occupy much time arguing as to the desirableness of an elastic currency. Over and over again, during the last few years, different writers have, on the basis of theory and statistics alike, called attention to the importance of this property. The variations in the need for money from year to year, from season to season, must be admitted; and, if the variations in need are admitted, there is scarcely room for argument that corresponding variations in supply are highly desirable, since a failure of the monetary system to show such variations in supply, to correspond with variations in need, must bring about alternate stringencies and plethoras in the monetary stock, which will inevitably work much harm and inconvenience.

Stringencies increase failures and embarrassments in business, cause much suffering and anxiety, and, in extreme cases, doubtless cause a decided depression in the level of prices. On the other hand, plethoric conditions are apt to lead to excessive speculation, encourage the undertaking of impracticable or unprofitable schemes, and especially increase the difficulty of maintaining the standard money reserve by causing abnormally low rates of discount, and thus promoting the outflow of gold.

A fourth object which any satisfactory system of currency reform must seek to accomplish is the furnishing of more adequate currency and banking facilities for the outlying districts; for the villages remote from the great commercial and banking centers. From the South and West, particularly, there comes constant complaint of inadequate currency facilities.

According to common accounts, this lack of money not infrequently is so extreme as to make necessary the resort to barter or the substitution for money of store orders or some similar device. When less serious than this, the lack takes the form of an insufficient supply of cash for loaning operations. Doubtless this difficulty is not a little due to a lack of capital. The districts in question are poor themselves, and the business opportunities which might attract capital from other communities are limited.

No increase in the nation's supply of money, no increase in the facilities for banking, would make capital or money as abundant in such communities as in the great centers of trade. Still, there are doubtless removable causes which operate to aggravate a difficulty arising from the natural circumstances. Thus it is a well-established principle of banking, that country banking can flourish only with some power to issue circulating notes, since the country demand for loans is largely a demand for "money" loans.

But our system practically prohibits the issue of notes by country banks, since it puts a prohibitive tax on State bank circulation, makes the minimum of capital for national banks so high that country villages cannot hope to establish them, and, finally, fails to furnish the natural substitute,—the small branch from the great city bank. It may therefore be set down as certain that the inadequate currency and banking facilities of the country districts are so far in need of amendment that this forms an important object of every plan of currency reform.

Doubtless there are several other objects of some importance which a project of currency reform ought not altogether to neglect, which, indeed, ought to be before the mind of the student in passing judgment upon any such project; such as the introduction of greater simplicity and unity into our system, the avoidance of any sudden and great change in the monetary stock of the country, the placating of the silver interest, the providing for a satisfactory scheme of bank organization, the insuring an adequate system of supervision.—*Prof. F. M. Taylor, in "Quarterly Journal of Economics," pp. 311-313.*

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10. GOOD MONEY (Continued).

Good money is money which is elastic, enabling it to maintain constancy or stability of value. It must be capable of gradual expansion in the course of time, provided this is needed in order to maintain stability of value. The increasing business to be done with money, with the development of population and of wealth, calls for an increased supply of money, unless there is an offset in the more effective use of the money supply, and in the increasing employment of money substitutes. It is the general belief, it may be safely said, that with the progress of industrial civilization, at least a moderate increase in the volume of money is desirable, and is absolutely essential indeed to preserve the stability in the value of money. At the same time, it is quite as generally held by the most competent authorities that the requisite additions to the supply of money are not nearly so great as is ordinarily supposed. We may say, then, that it is a requisite of good money that it should have elasticity in the direction of gradual expansion, in order that it may preserve its stability of value.



Prof. F. M. Taylor, University of Michigan.

Elasticity in the currency, however, generally has reference to variations within short periods. Prof. F. M. Taylor, of the University of Michigan, in an admirable article on "The Objects and Methods of Currency Reform in the United States," published in the *Quarterly Journal of Economics*, for April, 1898, distinguishes between ordinary and emergency elasticity in a monetary system. By ordinary elasticity he means the capacity to respond to changes in monetary needs which take place within a single year. For example, it has been generally ascertained that at the time crops are being moved, more money is required than in mid-summer, in order to prevent a stringency in the money market and to preserve the stability of value. (1)

Emergency elasticity, on the other hand, signifies the capacity to respond to changes in the supply of money which are needed on account of the industrial crises which make their appearance from time to time. Substitutes for money, dwindling in amount at such times, and confidence being impaired, there is a call for a relatively greater amount of money. Our panic of 1893 serves as an illustration. Many bankruptcies occurred at that time which could have been avoided had there been an adequate supply of money. Of course, it must be understood when we say an adequate supply of money we have reference only to the demand for money on the part of those who have sufficient security to offer.

In order to measure the value of money, a system of Index Numbers has been devised. (2) The prices of important and typical commodities are taken at one period, and then compared with their prices at a different period. At the first or initial period the price of a given article is represented by 100. At a later period the price will be some percentage of 100, perhaps 65 per cent or 125 per cent, the former indicating a fall of price, and the latter a rise of price. Average prices for a series of years are taken to make up a table of Index Numbers. Sometimes in making up the total estimate of the fall or rise of prices, as the case may be, more importance is assigned to one article than to another, corresponding to its supposed

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importance to consumers. A system of what is called "weighted" averages is thus introduced.

10. GOOD MONEY (Continued).

(1) **Elasticity of Bank Money.**—Does the so-called Elasticity of Bank Money exist? If it exists, is its influence good or evil?

Three schools, each comprising writers of eminence, maintain their separate views.

The first declare that the facility of local issues gives an elasticity to local circulation which enables it to correspond more aptly and quickly to the local wants of trade than a wholly metallic circulation, constituting a part of the general money supply of the world, and subject to draft, and even to drain, from outside.

The second school concur with the first in holding to elasticity as a property of bank money, but declare the effects to be in a high degree prejudicial. They maintain that, while local issues are increased with an increase of demand, they are not certain to be reduced correspondingly with a reduction of demand. Moreover, that when increased with an increase of demand, they are apt to increase extravagantly, exciting to speculation, overtrading, and disproportioned or distorted production. In other words, to the elasticity of bank money, which they concede as a fact, the writers of this school attribute, though in a greatly qualified degree, the evils of inconvertible paper money, a loss of the automatic regulation of the volume of money, and a tendency to abnormal fluctuations of supply. This is the school of Geyer of Germany, of Wolowski and Rossi of France, of Lord Overstone, Mr. Norman and Sir R. Peel of England, of Mr. Condy Raguet and Prof. Amasa Walker of the United States.

It was under the influence of this school, known in England as the Currency School, that the English Bank Act of 1844 was passed.

The third school concur with the second in holding that any action whatever of bank money otherwise than as metallic money would act under the same circumstances, must be wholly of evil; but they differ entirely from that school as to the practicability of such divergent action, declaring with Professor Price that, "an expanded or inflated currency of bank notes is an absurdity — nothing better than pure nonsense." This is the school of Tooke and Mill, known in England as the Banking School.

In a word, the first school hold elasticity of circulation to be both practicable and desirable; the second hold it to be practicable, but eminently undesirable; the third hold it to be neither desirable nor practicable, and hence not to be feared or guarded against. — "*Trade and Industry*," *by Francis A. Walker, pp. 272,273.*

(2) **Index Numbers.**—Index numbers are used to indicate changes in the value of money. The objects for which this measurement is undertaken are thus well stated by S. R. Giffen. (Second Report of the committee appointed for the purpose of investigating and measuring variations in the value of the monetary standard. Report of the British Association 1888).

1. The fixation of rents or other deferred payments extending over long periods of time, for which it has been desired to obtain a currency of a more stable sort than money is supposed to be.

2. To enable comparisons to be made between the value of money incomes in different places, which is often an object of great practical interest: not only individuals contemplating residential changes, but also governments and other large spending bodies, spending money in widely distant places, having to consider this question.

3. To enable historians and other students making comparisons between past and present to give an approximate meaning to the many expressions they deal with, and say roughly what a given fine, or payment, or amount of national revenue or expenditure in the past age, would mean in modern language. To which some would add:

4. To afford a measure of the extent to which trade and industry have been injuriously affected by a variation in prices: and of the correction which it would be desirable to apply to the currency.

An index number is constructed by combining several items, each of which is a ratio between the price of a certain article at a particular date under consideration (*e.g.* last year and month) and the price of the same article at a period taken as base or standard (*e.g.* 1867-77, in the index number constructed by Mr. Sauerbeck, *Journal of the Statistical Society* 1886 and 1893.) These ratios are generally expressed as percentage. *E.g.* the percentage for *flour* in 1885, as given by Mr. Sauerbeck, is 63; meaning that the price of flour in 1885 is to the average price of the same article in 1867-77 as 63 : 100.

The term index number is sometimes applied (*e.g.* by Mr. Sauerbeck, *op.* cit.) to each of these items, as well as to their combination.

The percentages are usually compounded by taking an AVERAGE of them. But a result of equal generality may be obtained by taking their sum. One of the best known index numbers, that of the *Economist* is thus constructed. Twenty-two articles having been selected, the price of each article at the current date compared with its price at the standard period (1845-50) is expressed as a percentage: and the sum of these percentages is put as an index number. Thus the *Economist* index number for the year 1873 is 2947: Such a sum is easily reduced to the form of an average by simple division (*e.g.* $2947 \div 22 = 134$.) Accordingly in what follows, it will be considered sufficient to consider the latter form only

The construction of an index number presents the following problems:

a What are the commodities of which the prices are to be taken?

b How are the prices to be ascertained?

c How are the ratios between the prices of each article at the current and the standard dates to be combined?

The answers to these questions vary according to the purpose in hand.

As appropriate to the first purpose, a standard of deferred payments, two methods present themselves, viz.: to arrange that the debtor should pay, the creditor receive, either the same quantity of goods and services, the same amount of utility, so to speak: or (2) the product of the same quantity of labor—or more exactly effort and sacrifice.

Of these methods, the former has been more generally accepted. — "*Dictionary of Political Economy*," *edited by R. H. I. Palgrave.*

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11. THE MONEY MATERIAL AND ITS QUALITIES.

Gold and silver have come to be preferred among metals in all civilized lands for full legal-tender money. Other metals, as copper or nickel, are used for minor or token coins, which are legal-tender only up to a very small limit, our one cent piece, for example, being legal-tender only up to twenty-five cents. It has been said that gold and silver have emerged as the best money-metals out of a struggle for existence among the various metals. What are the characteristics, then, of gold and silver, which for monetary purposes have given them the preference over all other metals?

First of all it may be mentioned that there is a universal desire for these metals. Doubtless they were first desired for ornamental purposes. They were at first probably used altogether in the arts. But as they were specially adapted for ornamental purposes, and as the desire for ornamentation, including personal adornment, is universal, this rendered them especially saleable or exchangeable.

The desire for the metals was so strong, and the production of them so comparatively small, that they came to have great value in small bulk and also in a comparatively small weight, although the smallness of bulk occupied has been a more noticeable feature than the smallness of weight. We may express this characteristic of the precious metals in the statement that they have a high specific value, that is high value in proportion to weight and bulk.

They are homogeneous or uniform in their parts. They are also capable of indefinite divisibility. One ounce of gold, for example, is therefore just like any other ounce of gold. The importance of this divisibility is apparent when it is remembered that it is desirable to have many different quantities of the commodity which measures value to correspond with the indefinite variability of the values to be measured. The malleability of gold and silver makes it easy to work them into suitable shapes and sizes.

Their cognizability is of importance, inasmuch as they pass through all hands in the community, and it is essential that even the ignorant should be able to recognize them fairly well. The peculiar ring of gold and silver, their color and other qualities, render it easy to distinguish them. (1)

The precious metals at first passed by weight. We may read in the literature of antiquity about the weighing out of gold and silver. In the Bible, for example, it is stated that Abraham bought a lot for the burial of his wife Sarah and paid for it four hundred shekels of silver, which were weighed. The words are these: "And Abraham weighed Ephrom the silver which he had named in the audience of the sons of Heth, four hundred shekels of silver, current money with the merchant." Subsequently, however, money was coined, that is to say, certain pieces were stamped with marks or signs which indicated the weight and fineness of the metal. More will be said about coinage presently.

The large amount of precious metals in existence, makes them especially desirable as money metals, inasmuch as the amount produced in any one year is relatively small, and there cannot be those fluctuations which there would be in the supply of things less durable, and which existed in much smaller quantities as compared with the supply of one year. At the present time, for example, the amount of gold production is large, and yet it is only about five per cent, or one twentieth of the estimated supply of gold in existence in the form of both coin and bars combined. The yearly supply of gold is, of course, a much smaller percentage of the total supply of money, which includes silver and various kinds of paper money. (2)

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11. THE MONEY MATERIAL AND ITS QUALITIES.

(1) **Silver and Gold as a Money.**—We have thus far spoken of the precious metals without distinguishing between silver and gold, as if they formed a homogeneous body of money. As a matter of fact, silver and gold have always had

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their terms of mutual exchange; the one has been habitually bought with the other. Of all possible ratios of exchange, there can at any given time, in any given place, be but one which will extinguish all preference for the one metal over the other. Let that ratio be departed from, in ever so small a degree, and men will begin to turn gold into silver, or silver into gold. Let that ratio be widely departed from, and the exchange of the metals will become active.

The great historical trade in the metals has been that between Europe and Asia. In the earliest ages of which we have record, silver flowed from Europe to Asia; gold returned in a stream of smaller volume to Europe. This exchange of gold for silver between the West and the East constitutes the most important exception to the statement previously made regarding the non-economical nature of the production and distribution of the precious metals in the early ages. The Tyrians, and afterwards the Carthaginians, employed their great commercial talents in exchanging the silver of Western Europe, and especially of Spain—the reputed Tarsish of Scripture—for gold with Arabia and the further East, perhaps with India itself. That preference of silver over gold, at the rate at which gold would purchase silver in Europe, has not yet been extinguished in the oriental breast. Still the Indian demand constitutes one of the most important elements of the silver problem.

I said that as silver flowed to Asia, gold returned in a stream of smaller volume. It may be thought I should have said of much smaller volume. But, in fact, the terms of exchange between the metals were not in early ages so unfavorable to silver as we have known them in our day, or even as we are accustomed to think of them in the past.

Fragments of classic works remain, which intimate that at one period, silver was valued much more highly in Arabia, weight for weight, than gold, while the learned researches of certain modern writers seem to establish the fact that the value of silver in many countries and for long periods equalled, if it did not exceed, that of the metal now esteemed the more precious.

And even in our own day it was found that in Japan, just then opened to our trade, the value of silver to gold in the coinage, was as one to four. It need not be said that American and European enterprise gave the Japanese an early lesson in the relative value of the two metals, which caused a speedy reformation of the coinage to suit more nearly the facts of the outside world.

In Europe we have no record of any such near approach of silver to gold in value. Until within the last five years gold has from the earliest time been more valuable than silver in the ratio of from 9 to 16:1. Since 1873 we have seen an ounce of gold purchase not less than 20 ounces of silver.

The point now reached requires us to make a distinction not heretofore found necessary. It has been said that value is purchasing power; the power of commodities in exchange for each other. Price is the power to purchase money; it is the money value of commodities. Money itself, then, while it has value—*i.e.*, the power to purchase commodities, has not price — *i e.*, power to purchase money. To regard money as purchasing money, so long as money is considered homogeneous, would be an absurdity.—"*Trade and Industry*," *by Francis A. Walker, pp. 137 139.*

(2) Representative Money.—Paper money defined as the medium of exchange may or may not have intrinsic value. When a piece of money itself apart from its stamp, is of the commercial value stamped upon it, it is said to be intrinsic money, having value in itself. When it has no value in itself, or no value which makes pretense of approximating to its stamped value, but simply represents a value which the government undertakes to pay out for it whenever demanded, it is called *representative* money. It represents value. When, however, its value is not equal to its stamped value, only because its intrinsic value has been depreciated voluntarily or otherwise, though originally its intrinsic and commercial value were the same, it is called, not representative money, but *depreciated* money. Its value has depreciated.

Finally, when money is issued by a government stamped as legal tender for a certain value, but with no guarantee by the government, that it will be redeemed for intrinsic money, it is called *irredeemable* or *fiat* money. The government makes it worth so much.

It is both representative and fiat money that we consider in this article, because such moneys are to-day almost invariably made of paper, and all kinds of such money can be considered under the general title of "paper money."

We shall consider first its history and then the principles and problems involved in its use.

Representative money has a long history. The Carthaginians are said to have had a representative leather currency, and there is a tradition that there was such money used in Rome before the time of Numa.

Jevons thinks that the Byzantine iron money was probably representative money. The leather currency, long in use in Russia, is believed undoubtedly first to have represented whole skins. China, however, is the country which first developed the use of representative money.

Representative money, in the main, however, has been used only in times of special financial pressure, as in times of war.

Dionysius of Syracuse compelled the use of a tin money in place of silver worth four times as much.

Timotheus of Athens, according to Aristotle, persuaded the soldiers to receive copper money in place of silver, promising to exchange it for silver when the war was over.

Catherine II. of Russia issued paper in 1768 to replace the copper money. The state of Virginia placed tobacco in stores and used the receipts for money.

Another form of paper money which, according to some, has played a large part in history, is the so-called bank money of the early Italian and German banks.

All kinds of coins, many of them clipped and depreciated, being in use in the Middle Ages, the custom arose in the Italian republics, and notably in Venice, of the merchants depositing these coins in the banks, where their value would be accurately estimated and a credit for the value given to the depositor, who could then check against this credit and the credit transferred to those receiving the checks. These checks, or bank money, were usually at a premium above gold. It is claimed by some believers in paper money that this bank money even circulated long after the money originally deposited had been issued as a forced loan to the government. The question, however, is somewhat involved and disputed. —"*Bliss' Encyclopedia of Social Reforms*," *p. 965.*

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12. REPRESENTATIVE MONEY AND COINAGE.

But in addition to the precious metals we have what is called representative money, money having no value in itself, but deriving value from sources outside itself. The principal form of representative money, and in fact the only form in a modern nation, is paper money.

What is it that lends value to money composed of material which has in itself practically no value, or at least a value much smaller than that for which it passes current in the community? The answer to that question involves the consideration of the laws which govern the value of money, and to these we will give attention after a few further words about coinage.

Jevons defines coins as follows: "Coins are ingots of which the weight and fineness are certified by the integrity of designs impressed upon the surface of the metal." In modern times, it is necessary to add after the word impressed "by public authority"; for to coin money is now the prerogative of sovereignty. Private coinage could not command the confidence which public coinage confers upon money.

There are many technical details of coinage, to which our brief space will not allow us to give consideration. But one or two terms must be simply defined. Alloy refers to the baser metal mixed with the precious metals, in order to give the coin hardness and render it more durable. Abrasion means simply the wear of these metals. Tolerance in weight and fineness refers to allowable and accidental errors in the manufacture of money.

Some governments make a charge for coinage, generally called seignorage, although sometimes the expression brassage is used when the charge simply covers the expense and does not yield a profit. Seignorage is then used to denote a charge higher than one which would simply cover the expense of the manufacture of money. (1)

In the United States we have what are called subsidiary silver coins. These are coins below a dollar, at present the dime, the quarter and the half dollar. The amount of silver in these subsidiary coins is relatively less than the amount in the standard or full legal-tender silver dollars. There is not half so much silver in the half-dollar as in the standard silver dollar, but considerably less.

It is an accepted principle of coinage to put relatively less metallic value into the subsidiary coins. These subsidiary coins form a part of the "small change" of a country, and it is important that the nominal value should exceed the metallic value, in order to avoid the danger of exportation of the coins to other countries or of melting them down for use in the arts.

It has been disclosed by experience that there is danger of one or both of these two things happening, to the great disadvantage of trade, unless the precaution named is taken. The "change" of a country is supplied in amounts to satisfy demands, and the quantity demanded depends upon the value of the full standard money first of all, and then, secondly, upon the nature and conditions of trade.

At any given time it is a limited demand, and not like the demand for full legal-tender money. Subsidiary silver coins are legal-tender in the United States to the amount of ten dollars. England uses silver for only subsidiary coins, and in that country silver coins are legal-tender up to the amount of forty shillings, which is approximately nine dollars and seventy-five cents.

In addition to subsidiary silver coins we have in the United States minor coins or token-money, composed of inferior metal and used in making the smallest payments. They are legal tender only to the amount of twenty-five cents, the law reading that these coins, the five-cent and the one-cent piece, and also the former three-cent piece, "shall be a legal tender at their nominal value for any amount not exceeding twenty-five cents in any one payment."

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Depreciation of coins may be due to abrasion. Debasement of coinage refers to a deliberate act, lessening the quantity of precious metal which the coins contain, with the purpose of lessening the obligations of debtors to creditors, or for the purpose of using the precious metal taken or withheld from the coins for other coins. In former ages sovereigns frequently debased their coins, in order, as they hoped, to gain an advantage thereby.

Professor Hadley calls a charge for coinage of legal-tender money which exceeds the cost of the coinage, a debasement. This seems to be too inclusive. Debasement ordinarily carries with it the idea of making gain by a manipulation of the coinage, and a seignorage in the narrow sense of the term, that is, a seignorage which brings a profit to the government, does not always signify an endeavor of this sort. But those who wish to manipulate the coinage in such a way as to cheat creditors, do desire what may be called debasement.

The metallic value of coinage means of course the value of the bullion or metal which they contain. The nominal value of coins means the value ascribed to them by the stamps and signs which they bear. Sometimes the metallic value is called intrinsic value. But this is a less definite and less precise term, and therefore is less desirable than the term, metallic value.

12. REPRESENTATIVE MONEY AND COINAGE.

(1) **The Coinage of Money.**—When the government or some accredited agent of the government, places a stamp upon a piece of metal, certifying its weight and fineness, the process is known as coinage. When the genuineness of a coin is undoubted, it has a great advantage over uncoined metal as a medium of exchange. People will then accept it by tale or count instead of by weight.

Such acceptance furnishes a temptation to the counterfeiter, who attempts to place a stamp like that of the government on baser metal, or on a piece of inferior size, and to the clipper or sweater, who attempts to abstract part of the metal from the coin by processes which will not so greatly change its appearance as to prevent its acceptance in ordinary transactions.

To meet the danger of counterfeiting there has been a constant improvement in the art of coinage. The oldest coins have a stamp on but one side.

A little later the stamp was put on both sides, so that the thickness of the metal could not be reduced without defacing the stamp itself. To prevent clipping, the edges were milled by mechanical devices. To defeat the art of the sweater, provision was made for the retirement and recoinage of pieces that began to show the effects of natural wear; thus rendering artificially worn coin an object of public distrust.

Where a system of coinage has become established it is customary for the government to declare its coins legal tender for all debts.

A seller, laborer or creditor, if he has agreed to receive a certain amount of money on settlement of what is due him, is obliged to accept such coins as money. They are a "legal tender," which he has no right to refuse, unless his contract has been made in terms of some commodity other than money.

Where the coin is really acceptable, and the function of government is only that of certification, the legal tender feature simply gives effect to the public will, and prevents annoyance and uncertainty.

Where for any reason the money is not thus universally acceptable, and the government attempts to create by legislation a demand, and a purchasing power, which does not otherwise exist, the opportunity to declare a coin legal tender is apt to be abused.

Such abuse is most common and flagrant in communities which are about three-fourths civilized. Before they have reached this stage, people make contracts payable by weight, because they have not yet learned the uses of coinage; after they have passed this stage, they have recourse to the same means, because they have learned the abuses of coinage and the methods of protecting themselves against them.

The authority of the government in making money acceptable seems quite unlimited as long as it is used to give expression to the will of the property-holders; but when once it attempts to act independently of that will, it is found to be very shadowy.

When the government agrees to put its stamp of weight and fineness, and thus bestow the legal-tender character, on any piece of metal of the required size and quality, we are said to have free coinage of that metal.

This does not mean that it is done for nothing, but that it is done for every one who desires it, and at a price not disproportionate to the actual cost of the operation.

The work of coinage involves certain expenses to the government for assaying and minting, amounting in the case of modern standard coin to about one-fifth of one per cent. If a private person brings gold to the mint to have its weight and fineness certified, most governments retain an amount sufficient to defray this expense.

A few nations like England, have made no such deduction, believing that it is an advantage to the country to allow people to convert their gold into coin with the utmost freedom, and that the government for the sake of this public advantage, can well bear the small loss which is involved. — "*Economics*," *by Arthur T. Hadley, pp. 184-186.*

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SECOND WEEKLY REVIEW.

7. **THE NATURE AND DEFINITION OF MONEY (Concluded).**—Money as an Agency for the Transfers of Property. An Imaginary Unit of Value Measurement. Money as a Cash-reserve.
8. **GOOD MONEY.**—Debtors and Creditors.
9. **GOOD MONEY (Continued).**—Money and Social Reform. Expansion of the Currency and Contraction of the Currency.
10. **GOOD MONEY (Concluded).**—Elasticity of Money.
11. **THE MONEY MATERIAL AND ITS QUALITIES.**—The Reason for the Superiority of the Precious Metals as Money Material.
12. **REPRESENTATIVE MONEY AND COINAGE.**—Paper Money. "Small Change." Subsidiary money. Depreciation and Debasement of Money.

QUESTIONS.

7. *Under what circumstances can money transfer value from age to age? In what way does money measure value? Define the function of money "as a cash reserve to secure solvency."*

8. *What do you mean by good money? What by bad money? What are the advantages and disadvantages of an appreciation of money? Of a depreciation of money?*

9. *Explain the relation of money to social reform.*

10. *What do you understand by elasticity of money? How many different kinds of elasticity are there? Explain the system of Index Numbers.*

11. *Explain the qualities of gold and silver which specially adapt them to serve as the money metal.*

12. *Define the terms "coinage," "abrasion," "tolerance," "seignorage," and "brassage." Enumerate the subsidiary coins of the United States. To what extent are they legal tender?*

SUBJECTS FOR SPECIAL STUDY.

There is scarcely any limit to the number of topics connected with money. They are made so familiar by periodical literature that it is not necessary to mention them. Moreover the titles of the chapters and the topics discussed in them afford suggestions.



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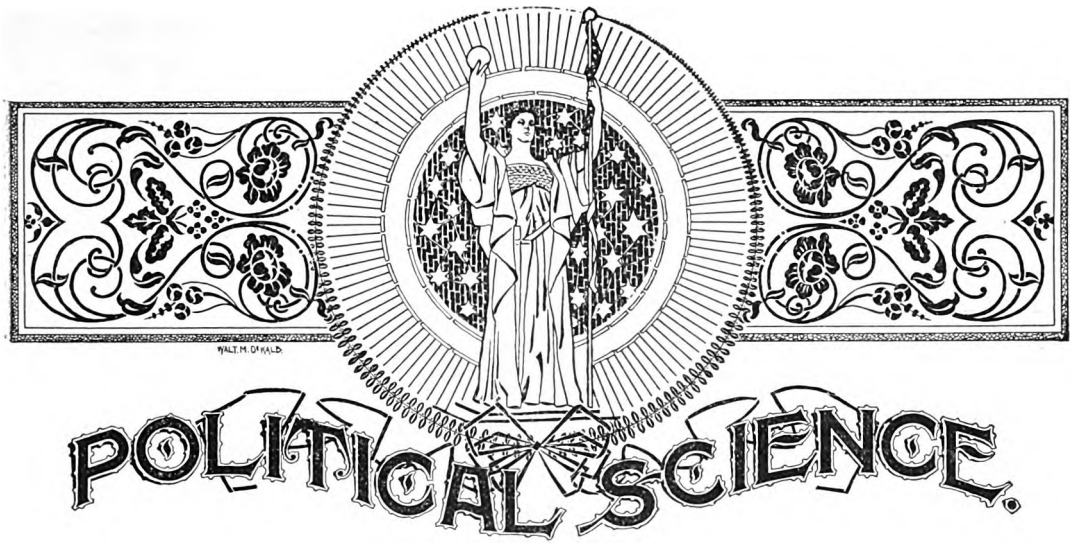

DEMOCRACY IN THE NEW WORLD.

BY

JESSE MACY, M.A., LL.D., Professor of Political Science, Iowa College, Grinnell, Iowa.

13. DEMOCRACY NOT A MERE FORM OF GOVERNMENT.

ASIA, Mr. Burgess says, has produced no State, (1) while it has produced all the great religions of the world. This is true if we define a State as a body politic, whose policy is determined by public opinion. If, however, we include among the States of history large bodies of people in a given locality, subject to the rule of emperors and kings through long series of years, then no part of the world has been so successful in the creation of States. There were the great States of Nineveh, Babylon, Medo-Persia, Parthia, the many dominions in India, while the Chinese Empire can boast of a continuous existence transcending that of all other States. Yet if the political philosopher takes as his model the modern democratic State, and so limits his definition of a State, then he is obliged to say that China is not a State. It is something so different that it leads to confusion to try to put it in the same class. This is another way of illustrating the lesson that before discussing the nature of the State we must decide which kind of State it is. If Switzerland, England and America are types of the State, then China is an anti-State. The fundamental principles of the one contradict those of the other, and the western democrat may indeed say that Asia has produced no State of his kind.

But the modern State is new. Not earlier than the Stuart Century in England, was the idea fully developed that the nation as a whole is the source of authority and that the rulers were subordinate agents of the nation. And not until the present century has there been consistent effort to put the idea into practice. Not until the time of the American and the French revolutions, did the conflict between the two contradictory theories of the State show a tendency to become international. England and America, pitted against the Holy Alliance, furnishes the best illustration of the issue as drawn between nations.

An electrical engineer has said that we cannot know what electricity will do for

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the world until a generation has been taught to think electricity from childhood. A hundred generations of our ancestors have been taught to think despotic government. History, philosophy, religion, literature, the very words we use, have all been formed in harmony with the fact of the universal experience of despotism. Before a generation may grow up to think democracy from childhood there must be created a new history, philosophy, literature, a new statement of religion, a new nomenclature, or at least a new use of old words. We are one and all victims of thoughts, feeling and prejudices derived from past despotic ages. The maiden speech in the House of Commons is prefaced by a request for the indulgence of the House. He who attempts to write about modern democracy deserves likewise the indulgence of his audience because he labors under peculiar difficulties.

One obvious difficulty arises from the fact that the chief terms, such as "Democracy" and "Republic," were in use before the advent of the fundamental conception of the modern democratic State. Sir Henry Maine has, perhaps, done as much as any man of our generation in the preparation of materials for the rewriting of history in harmony with modern democratic views. Yet among his latest works is a book on Popular Government, in which there is manifested a complete inability to follow other than the ancient lines of political reasoning. After stating explicitly that the new view of government has come into existence in recent times, he appears as a sort of "devil's advocate" against popular governments of all forms and all ages. (2) He takes no account of the admitted fact that the States of the West are in the act of adopting an entirely new principle of government, but proceeds to confuse the modern democratic State, with the ancient Greek and Roman States which chanced to be designated by the words now in use. (3)

The Greek democracy was simply one form of government. The Greeks assumed that the masses of the people were born to perpetual servitude. They assumed that a citizen was a man who lived upon the labor of others. They taught explicitly, just as the Asiatic despot teaches, that the masses of men are by nature subject, that the few are by nature rulers. Among the methods of exploiting the labors of the people, the Greeks recognized three distinct forms of organization. In one form the citizens recognized one as the head of the State, in another a select body, in a third a larger body was admitted to a share in the government. And this constituted the ancient classical division of governments into the three classes of monarchy, aristocracy and democracy. As presented by the Greeks they were simply three forms of government; three ways of doing the same thing; three methods of exemplifying the one fundamental principle that the mass of human beings are by nature perpetual subjects, while the few only are born to rule.

Sir Henry Maine furnishes a sad exemplification of the fact that ancient forms of thought survive even in the mind of one who has clearly recognized new conditions which render them absurd. He clearly comprehends the modern assumption that all the people are equal before the law, that they have an equal share in choosing their rulers, that the rulers are accounted simply servants, and the great body, the people, are in the position of masters. Yet, seeing all this and using it to pour contempt upon popular government, he yet completely ignores the fact that it is new. I feel absolutely sure that if the conception of modern democracy could have been gotten into the heads of Plato and Aristotle both of them would have recognized something totally different from the democracy of their own day. These clear-headed heathens would have perceived that the new Christian democracy represented a new and contradictory view of human nature. Sir Henry Maine defines democracy as "inverted monarchy." (4) He reasons that the two words stand for essentially the same thing, and that monarchy is its natural form, democracy being artificial and derived. Aristotle could possibly have understood this reasoning as applied to ancient democracy. But to call the modern Christian democracy simply an inverted monarchy, he would have regarded as inverted reason.

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13. DEMOCRACY NOT A MERE FORM OF GOVERNMENT.

(1) **The Origin of the State.**—Many were the centuries before the human mind became even partially conscious of the state in idea, character and purpose. The state existed as a fact long before it was known and understood, and its powers were long exercised under forms which we do not now regard as political at all. If the theologian means, by his doctrine of the divine origin of the state, simply that the Creator of man implanted the substance of the state in the nature of man, the historian will surely be under no necessity to contradict him. The unbiased political historian will not only not dispute this proposition, but he will teach that the state was brought through the earlier and most difficult periods of its development by the power of religion, and in the forms of religion: *i.e.*, that the earliest forms of the state were theocratic.

This is entirely comprehensible from the standpoint of a correct political philosophy. The first and most fundamental psychological principle concerned in the development of the state is that of piety; *i.e.*, reverence and obedience. Unless the character of the mass of the population be moulded by this principle, the reign of law can never be attained.

Now the lifting of this principle from under the barbaric powers of hate and defiance, was the first tremendous struggle of civilization with barbarism. It took thousands of years to accomplish it, and exhausted the spiritual powers of all Asia in its accomplishment. I have already indicated the fact that *Asia has produced no real states. Asia has, on the other hand, produced all the great religions of the world.*

This will not be held to mean, however, that Asia has done nothing toward the historical development of the state, when we consider that her religions have educated and disciplined the larger part of the human race in that preparatory spiritual principle absolutely indispensable to the development of the state. It is often said by modern writers that Asia is but the home of theocracies and despotisms. This is undoubtedly true, but it should not be taught in the language of depreciation.—"*Political Science and Constitutional Law,*" *by John W. Burgess, Ph. D., LL. D., Vol. I., pp, 59, 60.*

(2) **Prospects of Popular Government.**—Two different views may be taken (says Sir James Stephen) of the relation between rulers and their subjects. If the ruler is regarded as the superior of the subject, as being by the nature of his position presumably wise and good, the rightful ruler and guide of the whole population, it must necessarily follow that it is wrong to censure him openly, and, even if he is mistaken, his mistakes should be pointed out with the utmost respect, and that, whether mistaken or not, no censure should be cast on him likely, or designed to diminish his authority. If, on the other hand, the ruler is regarded as the agent and servant, and the subject as the wise and good master, who is obliged to delegate his power to the so-called ruler because, being a multitude, he cannot use it himself, it must be evident that this sentiment must be reversed. Every member of the public who censures the ruler for the time being, exercises in his own person the right which belongs to the whole of which he forms a part. He is finding fault with his own servant.

The States of Europe are now regulated by political institutions answering to the various stages of the transition from the old view, that "rulers are presumably wise and good, the rightful rulers and guides of the whole population," to the newer view, that "the ruler is the agent and servant, and the subject, the wise and good master, who is obliged to delegate his power to the so-called ruler because, being a multitude, he cannot use it himself." Russia and Turkey are the only European States which completely reject the theory that governments hold their powers by delegation from the community, the word "community" being somewhat vaguely understood, but tending more and more to mean at least the whole of the males at full age living within certain territorial limits.—"*Popular Government,*" *by Sir Henry Sumner Maine, K.C.S.I., L.L.D., F.R.S., pp. 7, 8.*

(3) **The Nature of Democracy.**—The enthusiasm for Democracy, which is conveyed by the figures of speech applied to it, is equally modern with the impression of its inevitableness. In reality, considering the brilliant stages in the history of a certain number of commonwealths with which Democracy has been associated, nothing is more remarkable than the small amount of respect for it professed by actual observers, who had the opportunity and the capacity for forming a judgment on it.

Mr. Grote did his best to explain away the poor opinion of the Athenian Democracy entertained by the philosophers who filled the schools of Athens; but the fact remains that the founders of political philosophy found themselves in the presence of Democracy, in its pristine vigor, and thought it a bad form of government. The panegyrics of which it is now the object are, again, of French origin. They come to us from the oratory and literature of the first French Revolution, which, however, soon exchanged glorification of the new birth of the human race for a strain of gloomy suspicion and homicidal denunciation.

The language of admiration which prevailed for a while had still remoter sources; and it may be observed as an odd circumstance, that, while the Jacobins generally borrowed their phraseology from the legendary history of the early Roman Republic, the Girondins preferred resorting for metaphors to the literature which sprang from Rousseau.—*Ibid., pp. 74, 75.*

(4) **Democracy a Form of Government.**—Yet, although Democracy does signify something indeterminate, there is nothing vague about it. It is simply and solely a form of government. It is the government of the State by the Many, as opposed, according to the old Greek analysis, to its government by the Few, and to its government by One. The border between the Few and the Many, and again between the varieties of the Many, is necessarily indeterminate; but Democracy not the less remains a mere form of government; and, inasmuch as of these forms, the most definite and determinate is Monarchy — the government of the State by one person — Democracy is most accurately described as inverted Monarchy. And this description answers to the actual historical process by which the great modern Republics have been formed.—*Ibid., p. 59.*

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14. FORCE IN THE TRAINING OF ANIMALS.

The contrast between the two contradictory classes of States cannot be understood without a knowledge of the relation of force to government. "*The authority of governors, directly or indirectly, rests in all cases ultimately on force. Government, in the last analysis, is organized force.*" (1) I give quotation marks in the use of these words, because, as a matter of fact, I have copied them from a book and the italics are a part of the quotation. Remove the italics and you have a form of words which any one may use without the least suspicion of plagiarism. The words express a view which forty centuries of experience have worked into the very texture of human thought. If these words express the last thing which is to be said about the nature of government, then democracy is simply inverted monarchy, and is doomed to failure. (2)

Force is a term which comes into use in dealing with things which appear to have no life. We know of no way of doing anything with what we call lifeless matter except through the exercise of force. The same is true of plant life. We do not speak across lots to the plant: we mend its ways only through the continuous application of force. What is true of plants is equally true of the lower orders of animal life. We now know that many of our diseases arise from living organisms, and in dealing with them we meet force with force. But when we reach the higher orders of animals a new principle appears. The farmer takes a coat which has been politely rejected by a tramp and puts it on a pole in his garden. By this signal he does speak across lots to the crow. He mends the manners of the crow through a spiritual agency. That is, he perpetrates a fraud on the crow and utilizes the bird's power of conscious self-direction for the protection of his garden. But there are animals which are known in history as the companions and servants of man. Now in the last analysis does man's control over domestic animals rest upon force, or does it rest upon something which is not force? I once looked out of my study window and saw a horse between two immense beams firmly attached to the front wheels of a wagon. Behind the wheels was a man in the position of driver. On either side of the horse was a stalwart man with a rope attached to the horse's mouth. The hind legs of the animal were attached to parts in front, and the front legs to the parts behind, with cords just long enough for the animal to take a normal step. If I had not known the animal I might naturally have reached the conclusion that horses were usually governed by force. But the particular horse was an abnormal product. Not one in ten thousand requires such treatment. The chances are that the animal had been ruined in the training by an injudicious use of force. The horse is properly and normally governed, according as he is so trained as to dispense with the use of force. An animal which cannot be thus trained cannot be governed. It is a figurative use of the word when we speak of "governing" an engine, a river, or a wild animal. The domestic animal is an educated animal.

In the proper use of the word, man does not govern wild animals. He deals with them for the most part purely on the basis of force, and this, properly speaking, is not government. As an incident to the changing of a wild animal to a tame animal force may be employed. But the government over the animal begins when the animal has been so trained that by the exercise of its own powers of conscious self-direction it does the things desired. Force is simply one agency in the process of training. Force may also be so used as to render the government of domestic animals impossible. Many farmers are poor because they persist in dealing with their domestic animals on the basis of force. The animals are thus made unruly, and do not fulfill their proper functions. Other farmers are rich because they have learned the secret of showing due respect to the proper nature of their animals. Those properly trained do by nature the things required.

It may indeed be conceded that force is a necessary agency in the training of ani-

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mals, and this fact may lead to the assertion that in the last analysis the government of brutes rests upon force. It would seem, however, more accurate to say that in the last analysis such government rests upon training, that government begins at the point where force becomes unnecessary; that the success of the government is marked by the degree of the elimination of force, and the substitution of the power of conscious self-direction in the animal; that force is a mere neutral agency which may be employed either to render government impossible, or to promote the ends of government. Force promotes the ends of government when it is so used as to lead to the substitution of something in the place of force.

The government of men has often been compared to that of brutes; and it has been assumed without any careful attention to the facts in the case, that brutes are governed by brute force. The forcible part of the process is impressive and is seen without effort. It is also closely associated with man's relation to other parts of the material world, which by common consent is a matter of force. Man makes for himself a place in nature by guiding and directing the forces of nature. All this creates a tendency to give to force a place in the dealing of man with man, which it does not deserve.

14. FORCE IN THE TRAINING OF ANIMALS.

(1) **Government Rests upon Authority and Force.**—The essential characteristic of all government, whatever its form, is authority. There must in every instance be, on the one hand, governors, and, on the other, those who are governed. And the authority of governors, directly or indirectly, rests in all cases ultimately *on force*. Government, in its last analysis, is organized force. Not necessarily or invariably organized armed force, but the will of one man, of many men, or of a community prepared by organization to realize its own purposes with reference to the common affairs of the community. Organized, that is, to rule, to dominate. The machinery of government necessary to such an organization consists of instrumentalities fitted to enforce in the conduct of the common affairs of a community the will of the sovereign man, the sovereign minority, or the sovereign majority.

Not Necessarily upon Obvious Force.—This analysis of government, as consisting of authority resting on force, is not, however, to be interpreted too literally, too narrowly. The force behind authority must not be looked for as if it were always to be seen or were always being exercised. That there is authority lodged with ruler or magistrate is in every case evident enough; but that that authority rests upon force is not always a fact upon the surface, and is therefore in one sense not always practically significant. In the case of any particular government, the force upon which the authority of its officers rests, may never once, for generations together, take the shape of armed force. Happily there are in our own day many governments, and those among the most prominent, which seldom coerce their subjects, seeming in their tranquil noiseless operations to run themselves. They in a sense operate without the exercise of force. But there is force behind them none the less because it never shows itself. The strongest birds flap their wings the least. There are just as powerful engines in the screw-propeller, for all she glides so noiselessly, as in the side-wheeler that churns and splashes her way through the water.

The better governments of our day – those which rest, not upon the armed strength of governors, but upon the free consent of the governed—are without open demonstration of force in their operations. They are founded upon constitutions and laws whose source and sanction are the will of the majority. The force which they embody is not the force of a dominant dynasty nor of a prevalent minority, but the force of an agreeing majority. And the overwhelming nature of this force is evident in the fact that the minority very seldom challenge its exercise. It is latent just because it is understood to be omnipotent. There is force behind the authority of the elected magistrate, no less than behind that of the usurping despot, a much greater force behind the President of the United States, than behind the Czar of Russia. The difference lies in the *display* of coercive power. Physical force is the prop of both, though in the one it is the last, while in the other it is the first resort.—"*The State*," *by Woodrow Wilson, Ph.D., LL.D., pp. 593, 594.*

(2) **Will, Not Force, is the Basis of the State.**—It is a mistake, then, to think of the state as an aggregation of individuals under a sovereign, equally so whether we suppose the individuals as such, or apart from what they derive from society, to possess natural rights, or suppose them to depend on the sovereign for the possession of rights.

A state presupposes other forms of community, with the rights that arise out of them, and only exists as sustaining, securing, and completing them. In order to make a state there must have been families of which the members recognized rights in each other (recognized in each other powers capable of direction by reference to a common good); there must further have been intercourse between families, or between tribes that have grown out of families, of which each in the same sense recognized rights in the other.

The recognition of a right being very short of its definition, the admission of a right in each other by two parties, whether individuals, families, or tribes, being very different from agreement as to what the right consists in, what it is a right to do or acquire, the rights recognized need definition and reconciliation in a general law. —"*Political Obligations*," *by Thomas Hill Green, p. 139*

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15. FORCE AS RELATED TO SLAVERY AND WAR.

In former lessons we have seen that in the earliest forms of the primitive village state there was no division into the classes of rulers and subjects. The community was held together by primitive family ties, by coöperative labors in the management of land, by common customs and religious rites. With the advent of slavery there arose a class accustomed to command and a class accustomed to obey.

It would be much easier to prove that the government of slaves rests upon force than that the government of domestic animals so rests. In any event human beings are not animals, and cannot be governed in the same way. Animals are dealt with as individuals. One is not chastised for the sake of an example to others. One brute cannot be taught to teach other brutes. But one slave is often punished for the sake of the effect on other slaves. One slave is taught to teach other slaves. Slaves are by nature governed socially. Animals cannot in the same sense be thus governed. To frighten and terrorize an animal makes it more ungovernable. Men are sometimes more easily governed when their faculties are paralyzed by fear. There have been many instances in human history where governments have been maintained by sheer terror. In such a government, subjects fear the rulers, and the rulers fear their subjects. The one class maintains its ascendency by its superior ability in the arts of terrorizing. Such a government, it may be admitted, does rest upon force. One class rules because it is thought to possess superior force. A very large proportion of the human family has had an experience of slavery. (1) Slavery furnishes the first crude model for a human government which everybody can understand, and the thing about slavery which is most striking and easily understood is the fact of force. In actual slavery there was always much which was not force, but this is not so obvious, it is not so readily comprehended. Slavery, therefore, has been a teacher of despotic government, the teacher of government founded upon force.

The one thing which distinguishes radically the government of human beings, from the government of domestic animals is the fact of vicarious punishments. If there is wrong-doing on the part of a company of slaves it is a matter of comparative indifference as to which individual slave is punished. It is enough that one be punished in such a manner as to strike terror into the minds of all. As a mere economy of force, where the master, as well as the slave, lives in terror, he will select for punishment the less dangerous, or, at least, punishments will be administered without the slightest regard for justice. This principle is found in early society quite apart from the institution of slavery. If one family or tribe is injured by another, there is no demand that the individual culprit be punished. It is enough that some one of the offending tribe shall pay the penalty. In such a case, where tribe is pitted against tribe upon equal terms, there is some crude sense of justice as between tribes, but none as affecting individuals. But where rulers are placed over subjects on the basis of brute force there is no meeting on terms of equality. Victims for punishment will be selected from the standpoint of the safety of the rulers. It is a mere accident if the selections coincide with distributive justice.

Force, therefore, does hold a place in the government of human beings which it cannot hold in the government of animals. The limitations of the brute save it from vicarious punishments. The reasons for torturing the living and for mutilating the dead do not hold in the case of animals. The conduct of men may be controlled by forms of terror unknown to lower animals.

In their origin, war and slavery are closely related. Captives in war became slaves. Both war and slavery tend to the development of a government in which force is a leading factor. It is assumed that there was a time when our village ancestors labored together in the raising of crops, and without permanent leaders went forth to defend their crops against marauders. Neighbors stood side by side

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in the host as they were accustomed to labor side by side in the fields. But serious and protracted war created permanent leaders and commanders. He who got himself obeyed in wars that extended over months and years, got himself obeyed also during the brief intermissions of war. Thus war led to the creation of a distinct class of persons who were accustomed to give commands to freemen. The very nature of war requires implicit obedience on the part of the soldier. War *is* organized force. It aims at the destruction of all men and all things which thwart the purpose of the commander.

They who engage in war are usually freemen. They usually approve of the object of the enterprise, and for the sake of the common object they render willing obedience to the commander. The slave, on the other hand, is usually regarded as one who is driven through fear of punishment to the performance of unwilling tasks. But freemen who have learned to govern slaves, become themselves subject to the commands of others in matters of warfare and in the preparation for war. The soldier and the slave are alike in this: each becomes accustomed to receive and to obey commands from a recognized superior.

War and slavery involve forms of government to which the great body of the race have been subject for thousands of years. They represent methods of control most simple and most easily comprehended. If the soldier disobeys the commands of his officers he is slain. If the slave is disobedient he is tortured. The facts are in themselves impressive. They have burned themselves into the human brain in such a way as to make it difficult or impossible to think of any other method of governing, or any other basis for government than that of sheer brute force. The very name slave, suggests the lash; the very thought of military discipline brings up a picture of summary punishment. Napoleon found a soldier with light in his tent contrary to orders. He was informed that the disobedience was for the sake of writing a letter to friends. He ordered the soldier to add the news that he would be shot in the morning for disobeying orders. Such a government requires no explanation. Yet in the actual relation of slave and master there is much besides the lash. There is much of kindness and friendship; there is much of mutual concession and forbearance; much of intelligent self-interest. So in the relation of general and soldier there is much besides the court martial; and these other things are vastly more important to the correct understanding of the business. Yet to understand these other things requires laborious thought, while to understand the application of force requires no thinking.

15. FORCE AS RELATED TO SLAVERY AND WAR.

(1) **State Superiority.**—Another mode in which one state acquires a superiority over competing states is by *provisional* institutions, if I may so call them. The most important of these—slavery—arises out of the same early conquest as the mixture of races. A slave is an unassimilated, an undigested atom; something which is in the body politic, but yet is hardly part of it. Slavery, too, has a bad name in the later world, and very justly. We connect it with gangs in chains, with laws which keep men ignorant, with laws that hinder families. But the evils which we have endured from slavery in recent ages must not blind us to, or make us forget, the great services that slavery rendered in early ages. There is a wonderful presumption in its favor, it is one of the institutions which, at a certain stage of growth, all nations in all countries choose and cleave to. . . . "There are very many English colonies," said Edward Gibbon Wakefield, as late as 1848, "who would keep slaves at once if we would let them," and he was speaking not only of old colonies trained in slavery, and raised upon the products of it, but likewise of new colonies started by freemen, and which ought, one would think, to wish to contain freemen only. But Wakefield knew what he was saying; he was a careful observer of rough societies, and he had watched the minds of men in them. He had seen that *leisure* is the great need of early societies, and slaves only can give men leisure. All freemen in new countries must be pretty equal; every one has labor, and every one has land; capital, at least in agricultrial countries (for pastoral countries are very different), is of little use; it cannot hire labor; the laborers go and work for themselves. There is a story often told of a great English capitalist who went out to Australia with a shipload of laborers and a carriage; his plan was that the laborers should build a house for him, and that he would keep his carriage, just as in England. But (so the story goes) he had to try to live in his carriage, for his laborers left him, and went away to work for themselves.—*Bagehot's "Physics and Politics," International Scientific Series, New York, 1879, pp 71-73.*

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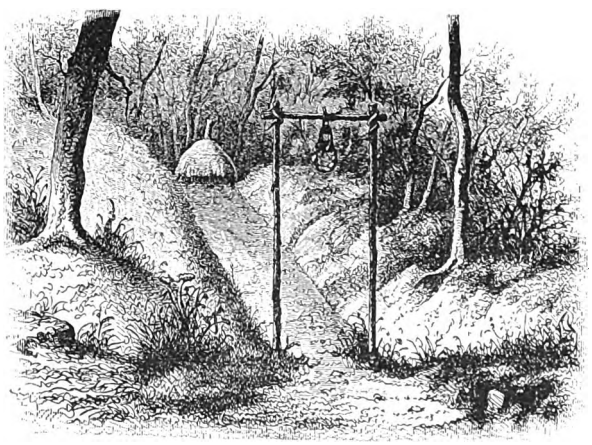
16. FORCE SUPPLEMENTED BY SUPERSTITION.

As old as war or slavery, are religion and superstition. As early as there was a distinct warrior class there was usually a distinct class who dealt in the occult arts. It is probable that the importance of mere brute force in every sort of government has been overestimated, because it is so easily understood. The power which one class of men gains over another, through a belief in supernatural agents is vastly more important. The fear of offending the gods is much more effective in controlling the conduct of men than is the fear of any punishment which men may inflict. (1) In all cases where there is a prolonged and successful subjection of the many to the few, the few secure the support of religious conviction. Their subjects look upon them as persons of peculiar sanctity, as beings surrounded and protected by divine powers, as beings in a way fulfilling the wishes of the gods.

Government through superstition is quite in harmony with the methods of governing by brute force, because in each case the appeal is to fear or terror; in each case the victim is controlled by a paralysis of reason. Superstition is more effective than force, because it may be used to forestall the development of reason. The mind of the subject is victimized from the beginning, and is made subject to continuous and pervasive terrors.



Entrance to a Fetish-Hut, Lunda. Showing Emblems of Superstition.

We have now considered the three sorts of training which are the chief factors in the formation of the despotic, or the Asiatic state, namely, the training under slavery, under the discipline of war, and under a distinct priestly class. It must be admitted that force plays an important part in all these methods of governing. Yet even in such governments there is much that is not force. If a master has only one slave, he may by extraordinary brutality keep the higher faculties of his slave in a state of paralysis and thus reduce him to something like a brute. But only an abnormal master will do such a thing. If there are two or more slaves, the difficulty in enforcing such a government is greatly increased. An extensive institution of slavery can only exist where the higher faculties are called into play in the minds of both master and slave; where there comes to be recognized a binding moral code; where both master and slave realize that there is an exchange of mutual services; where there is a sense of friendly coöperation. If Simon Legree were the type of all masters, the institution of which he was a part could never have existed. The success of the institution is explained by the relation of "Uncle Tom" to his first master.

In some of its earlier forms, war may be understood as simply one method of friendly coöperation for the common good. Friends and neighbors labored together to produce the crops raised on lands held in common, and stood shoulder to shoulder in their defense. In any event, effective war involves the hearty coöperation of the fighting body. A general who fails to win the confidence and in a sense the approval of his men does not win battles. In Asia and Egypt, British soldiers have sometimes confronted soldiers who were driven into battle under the lash. This is another instance in support of the proposition that the Asiatic state represents a principle absolutely contradictory to that of a Western state. An army of slaves is no

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army at all. It is a disgrace to a Western soldier to be required to shoot at such men. To say that the discipline or government of Western armies is simply organized force, is to exhibit the shallowest sort of thinking and observation. It is rather organized voluntary coöperation to a common end. The summary punishment of the delinquent is a punishment demanded by the body of the soldiers, and it receives their approval. Any other sort of punishment tends to weaken and to destroy the army. It is much nearer the truth to say that an army is organized friendly coöperation. Clearchus conquered his rebellious army by his tears. To see the iron man weep, broke the hearts of the Greeks and they determined to follow him into the deserts of Asia, though they knew he had lied to them and deceived them. Whatever this may be called, it is not organized force.

The case, however, is very different where an army is set to rule a state. Such a government is described with tolerable accuracy by calling it organized force. The army is simply a killing machine. Its entire discipline and training tends to make it unfit for anything else. The education of a soldier tends to unfit him for either giving or receiving good advice. A soldier has no business with mere private opinions and private judgments. An army must act as if every man believed the same thing. It is no place for the play of opinions. The soldier who is only a soldier has a contempt for a man with opinions. An army with a vacillating opinion or a divided council which is allowed to result in divided conduct, is a weakened or a ruined army. An army, therefore, which attempts to rule a state must use the only sort of power which it has. That is, its superior killing power. This is the fact of primary importance in accounting for the peculiar type of the despotic state. A distinct ruling class gains control of the most effective killing power, and uses it in such a manner as to effectively forestall the development of public opinion. A military democracy is a contradiction in terms. (2) A democracy must rest upon public opinion. But the purely military despotism has ever been a short-lived government. It carries within itself the seeds of self-destruction and rapid disintegration. The Asiatic state adds to the military despotism, the training of all the people to the acceptance of religious teachings. The military despot, unsupported by a distinct priestly class, which succeeds in enslaving the minds of the people, is soon destroyed. The Asiatic state is organized superstition, supported by force. If it may be said to rest upon force, it is because the teaching of superstition cannot be successfully maintained without the use of force.

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16. FORCE SUPPLEMENTED BY SUPERSTITION.

(1) **Early Society.**—At first sight it seems impossible to imagine what conceivable function such awful religions can perform in the economy of the world. And no one can fully explain them. But one use they assuredly had: they fixed the yoke of custom thoroughly on mankind. They were the prime agents of the era. They put upon a fixed law, a sanction so fearful that no one could dream of not conforming to it.

No one will ever comprehend the arrested civilization unless he sees the strict dilemma of early society. Either men had no law at all, and lived in confused tribes, hardly hanging together, or they had to obtain a fixed law by processes of incredible difficulty. Those who surmounted that difficulty soon destroyed all those that lay in their way who did not. And then they themselves were caught in their own yoke. The customary discipline, which could only be imposed on any early men by terrible sanctions, continued with those sanctions, and killed out of the whole society the propensities to variation which are the principle of progress.—*Bagehot's "Physics and Politics," pp. 56, 57.*

(2) **The Commonwealth and Its Enemies.**—The execution of Charles I.—the work of military violence cloaked in the merest tatters of legality—had displayed to the eyes of the world the forgotten truth that kings, as well as subjects, must bear the consequences of their errors and misdeeds. More than this the actors in the great tragedy failed to accomplish, and, it may fairly be added, must necessarily have failed to accomplish.

It is never possible for men of the sword to rear the temple of recovered freedom, and the small minority in parliament which had given the semblance of constitutional procedure to the trial in Westminster Hall were no more than instruments in the hands of the men of the sword.

Honestly, as both military and political leaders desired to establish popular government, they found themselves in a vicious circle from which there was no escape.—*"History of the Commonwealth and Protectorate," by Samuel Rawson Gardiner, M.A., Vol. 1., pp. 1, 2.*

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17. EDUCATION IS INVOLVED IN EVERY KIND OF GOVERNMENT.

In all forms and methods of governing thus far discussed there is one element in common. Whatever be the form, the governing is through training and education. Man may exert some sort of control over the forces of nature, over plants, and over the lower order of animal life, but this is not government. It is directing the forces of nature. Domestic animals are governed in so far as they are educated to use their own powers of conscious self-direction in such a manner as to fulfill the wishes of men. Acts of brutality in a master, result in governing a slave only as the slave learns to render propitiatory conduct. An army governs the multitude only as the multitude learns to avoid summary destruction by propitiatory conduct, while priests avowedly govern only as they educate and train the people. Even in the oriental State, therefore, governing is by means of education. (1) And surely in a Western democracy education holds a no less prominent place. There is, however, this radical difference between the sort of education demanded in the two sorts of States. In the one, education involves repression, and in the last analysis rests upon force; in the other, education involves the recognition of native faculties and their development through friendly coöperation.



A Learned Man Absorbed in the Koran.

The two sorts of education rest upon contradictory views of human nature. (2) According to one view, human nature is such that there can be no peace and order in the State only when the masses are taught to render willing obedience to the commands of their natural superiors. It involves the conviction that the few are born to rule and the many are born to serve. According to the other view there will not be peace and order, until the State is organized on the basis of mutual exchange of services. It involves the conviction that human nature is violated so long as one human being feels himself the master of another human being. Man may rule over domestic animals and be at peace. But the attempt to treat a human being in the same way involves endless war.

If the first view be correct, then education must be directed to the one end of securing obedience. Education in its very nature must be repressive. The mind must be forced along lines of activity which it would not otherwise pursue. The Koran is not a book which the natural man reads with interest. It is not especially adapted to awaken independent thought. Yet in its way it has had a remarkable success as an instrument of government. It has been forced upon many and diverse peoples at the point of the sword. But its great success is a text for the education of rulers and subjects. The Turkish youth is forced to read the Koran at a time when the words can have little meaning. This would be dreary enough even if he read in a language which he understood. But he is forced to read in a foreign tongue. Now, if the end of education is obedience to commands which the recipient is not permitted to question, this is not only a proper but an essential method in

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education. An education which awakens thought and arouses intelligence is dangerous to the state. The great success of the Chinese Empire is due to a similar system of education. The mind of the Chinese youth is forced along the same lines that the minds of his ancestors pursued two thousand years ago. There is no room for question or inquiry. Infinite detail is imposed upon the mind, of matter which has no earthly relation to any intelligible thing, save the one all-important end of the preservation of the Empire, based as it is upon brute force and the worship of ancestors.

Governments in Europe have approached the Asiatic type according as they have adopted the Asiatic methods in education. The New Testament has never been a convenient book to thrust upon a people at the edge of the sword. When Charlemagne baptized certain obstreperous heathen by force he performed what has ever seemed an un-Christian ceremony. Yet, in the centuries preceding the Reformation there had grown up in the Church a great body of teachings which could be imposed upon the peoples in true Asiatic fashion. Education involved as a necessary consequence its appropriate methods in government. The rulers were correct in their conclusion that to permit the subject to teach unauthorized novelties about the shape of the earth, or about the meaning of a passage of scripture involved a fundamental change in Church and State.

The discovery of America, the circumnavigation of the globe, the invention of printing, the diffusion of knowledge and the habit of independent investigation, all tended to render the Asiatic State impossible in Europe and to put in its place the new Christian democracy. So long as China actually succeeded in walling out the light and intelligence of the West from the empire, the empire could endure. But with the breaking down of this wall, with the advent of new light and new methods in teaching, disintegration begins.

When Commodore Perry made his way into the Japanese Empire, the Japanese officials wished to know the rank of a certain American officer in order to administer proper punishment to one of their subjects who had insulted him. The interpreter named the ranks below that of the officer to the private soldier, and the ranks above to the President, and in reply to the question, "Who is above the President?" he answered, "The People." The Japanese officers studied over this a long time, and could make nothing of it. The Japanese nation is still studying that problem, and they are now making a great deal out of it. They are creating a Western State. The Oriental State cannot endure where there is a spirit of investigation diffused among the people. If the people are to be governed by force they must be educated by force. They must be prevented from using their own minds in their own way. They must be forced to use them as directed by the rulers. Education by force means government by force. Education which encourages the free exercise of the mind means government by something other than force. (3)

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17. EDUCATION IS INVOLVED IN EVERY KIND OF GOVERNMENT.

(1) **The People of Israel.**—If ever a people has demonstrated the power of education, it is the people of Israel. In fact, what a singular spectacle is offered us by that people, which, dispossessed of its own country for eighteen hundred years, has been dispersed among the nations without losing its identity, and has maintained its existence without a country, without a government, and without a ruler, preserving with perennial energy its habits, its manners, and its faith! Without losing sight of the part of that extraordinary vitality of the Jewish people, which is due to the natural endowments of the race, its tenacity of temperament, and its wonderful activity of intelligence, it is just to attribute another part of it to the sound education, at once religious and national, which the ancient Hebrews have transmitted by tradition to their descendants.—"*The History of Pedagogy*," *by Gabriel Compayré, Boston, 1886, p. 6.*

(2) **Education Among the Primitive Nations.**—Speaking generally, the education of the primitive nations of the East had the following characteristics:—

1. It was administered by the hieratic class. This was due to the fact that the priests were the only men of learning, and consequently the only men who could teach.

2. The knowledge communicated was in the main religious, ethical and prudential, and the final purpose of instruction was good conduct.

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3. As the matter of instruction was knowledge bearing the sanction of authority, the learner was debarred from free inquiry, and the general tendency was toward immobility.

4. As the knowledge of the day was embodied in language, the process of learning consisted in the interpretation of speech, and so involved a large and constant use of the memory; and this literal memorizing of the principles and rules of conduct promoted stability of character.

5. As the purpose of instruction was guidance, there was no appearance of the conception that one main purpose of education is discipline or culture.

6. The conception of education as a means of national regeneration had a distinct appearance among the Jews; and among this people we find one form of compulsion—the obligation placed on towns to support schools.

7. In Persia, the State appears for the first time as a distinct agency in promoting education.

8. In China from time immemorial, scholarship has been made the condition for obtaining places in the civil service, and in consequence education has been made subordinate to examinations.

9. Save to a limited extent among the Jews, woman was debarred from the privileges of education.

10. In the main education was administered so as to perpetuate class distinctions. There was no appearance of the conception that education is a universal right and a universal good.

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Descartes has stated some of the great principles of modern pedagogy. The first is the equal aptitude of minds to know and comprehend. "Good sense," says Descartes," is the thing of all else in this world that is most equally distributed. . . . The latent ability to judge well, to distinguish the true from the false, is naturally equal among all men." What is this but saying that all men are entitled to instruction? In a certain sense, what are the innumerable primary schools scattered over the civilized globe, but the application and the living commentary of Descartes' ideas on the equal distribution of good sense and reason among men?

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Another Cartesian principle is the substitution of free inquiry and reflective conviction for blind beliefs founded upon authority. Descartes promulgated this famous rule of his method: "The first precept is, never to receive anything for true that I do not know, upon evidence, to be such; . . . and to comprise no more within my judgments, than what is presented so clearly and distinctly to my mind that I have no occasion to call it in question." In this declaration he has not only reformed science and revolutionized philosophy, but has banished from the school the old routine, the mechanical processes and exercises of pure memory, and has made a demand for rational methods that excite the intelligence, awaken clear and distinct ideas, and provoke judgment and reflection. Of course it is not proposed to make a little Descartes out of every child, despoiling him of received beliefs in order to construct personal opinions *de novo;* but the rule of evidence, applied with moderation and discretion, is none the less an excellent pedagogical precept, which will never be disallowed by those who wish to make of the child something more than a mere machine. —*Ibid., pp. 190, 191.*

(3) **Responsibility of Civilization.**—There is no human right to the status of barbarism. The civilized states have a claim upon the uncivilized populations, as well as a duty towards them, and that claim is that they shall become civilized; and if they cannot accomplish their own civilization, then must they submit to the powers that can do it for them.

The civilized state may righteously go still further than the exercise of force in imposing organization. If the barbaric populations resist the same, *à l'outrance*, the civilized state may clear the territory of their presence and make it the abode of civilized man.

The civilized state should, of course, exercise patience and forbearance toward the barbaric populations, and exhaust every means of influence and of force to reduce them to subjection to its jurisdiction before adopting this policy of expulsion; but it should not be troubled in its conscience about the morality of this policy when it becomes manifestly necessary. It violates thereby no rights of these populations which are not petty and trifling, in comparison with its transcendent right and duty to establish political and legal order everywhere.

There is a great deal of weak sentimentality abroad in the world concerning this subject. So far as it has any intellectual basis, it springs out of a misconception of the origin of rights to territory, and a lack of discrimination in regard to the capacities of races. It is not always kept in mind that there can be no dominion over territory or property in land, apart from state organization,—that the state is the source of all titles to land and of all powers over it. The fact that a politically unorganized population roves through a wilderness, or camps within it, does not create rights, either public or private, which a civilized state, pursuing its great world-mission, is under any obligations, legal or moral, to respect. It would be a petty morality indeed which would preserve a territory capable of sustaining millions of civilized men, for the hunting-ground of a few thousand savages, or make its occupation depend upon contract and sale with and by them.

No one can question that it is in the interest of the world's civilization that law and order, and the true liberty consistent therewith shall reign everywhere upon the globe. A permanent inability on the part of any state or semi-state to secure this status is a threat to civilization everywhere. Both for the sake of the half-barbarous state, and in the interest of the rest of the world, a state or states, endowed with the capacity for political organization, may righteously assume sovereignty over, and undertake to create state order for, such a politically incompetent population.

The civilized states should not, of course, act with undue haste in seizing power, and they should never exercise the power, once assumed, for any other purpose than that for which the assumption may be righteously made, *viz.*, for the civilization of the subjected population; but they are under no obligation to await invitation from those claiming power and government in the inefficient organization, nor from those subject to the same. The civilized states themselves are the best organs which have yet appeared in the history of the world for determining the proper time and occasion for intervening in the affairs of unorganized or insufficiently organized populations, for the execution of their great world-duty.—"*Political Science and Comparative Constitutional Law*," *by J. W. Burgess, Ph.D., LL.D., Vol. I., pp. 46-48.*

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18. FORCE SUPPLEMENTED BY FALSEHOOD.

The attempt to govern men by organized force results in their government through organized falsehood and deception. Masters who control their slaves through mutual exchange of services, may deal with them on the basis of candor. But they who govern by force are obliged to deceive. They must exaggerate their own power, must conceal weak points, must make the slave believe that he is more helpless than he really is. The use of an army also involves deception. The general is morally bound to deceive his enemy. A soldier who would not lie to the enemy under certain conditions would be court-martialed. War includes falsehood as a necessary agency, and when the army is sent to rule the State this quality is not changed.

If the many are to obey and the few to give commands, in order to have peace, there must be no mistake as to who they are who must obey and who shall command. Plato, who is most explicit in his teaching that the many are born to serve, likewise teaches that among the subject classes some natural rulers are born; while among the ruling classes are born natural subjects. (1) Yet a State founded on force can admit no such principle. The subject class must be taught that they are by nature subject. The authority of the rulers must be above suspicion. In such a State, the tendency is to the establishment of an impassable gulf between the classes. Hence the caste systems of Asia.

As stated in a former lesson, governments supported by mere brute force are short-lived. They have in themselves the elements of ruin. Impending ruin is prevented by resort to some superstition, some beliefs and opinions born of fear. As both rulers and subjects are victims of common fears, they alike become victims of common erroneous beliefs. Then, in all good conscience, the rulers who are *ex-officio* in the position of teachers, impose upon their subjects a body of erroneous opinions and beliefs. Thus the very escape from brutality and anarchy is made to depend upon the acceptance of erroneous teachings. The teaching must be imposed, it must be accepted without question, it must be believed in as infallible, and to this end it must be put forth with divine sanction. Men are kept from killing each other by being preoccupied by a vast system of religious ceremony with infinite and growing detail. There thus arises a class of experts in religious ceremonial, whose ministrations are necessary to the preservation of the State. The State comes to be dependent upon these beliefs. To allow these beliefs to be questioned is treason to the State.

In such a State the learned classes become separated from the people. Learning becomes the peculiar treasure of the few. The people must be kept in the belief that the learned live in another world, that they are possessed of mysteries wholly above the apprehension of the common herd. The teaching must therefore be kept quite distinct from matters of every day life and observation. It must pertain to another world, or to a long-forgotten age. That which is taught must be accepted as true whether it is true or not. In such a State all regard for the truth must be eliminated and men must believe and teach only that which seems necessary to preserve the State. (2) Society comes to be founded upon beliefs which will not bear investigation: to investigate becomes treason. Progress must cease. The very idea of progress must be eliminated, because this would imply that the teachers are not infallible.

These conditions are fulfilled in such a state as China was before the advent of Western influences. Such governments were being established in Europe at the close of the Middle Ages before the Reformation. Similar qualities may be discovered in the Russian government to-day. Any State which is organized upon the theory that one person, or a select few are to rule and the many are to obey, can be made enduring only as the minds of the subject class are either paralyzed by fear or

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controlled by false teaching. All this tends to destroy those qualities upon which the Western State is based. Western Democracy aims to secure the consent and coöperation of all its citizens. It may employ force in dealing with the exceptional and abnormal man, but it depends more and more upon an enlightened public opinion. The many are encouraged to think, to question, to persuade. By the free exercise of the minds of all, the sense of unity grows more distinct. Without this sense of unity, the sense of a common patriotism, a recognition of public opinion, there can be no State as the term is coming to be used in the West. Hence, using the term in this sense, we may say that China is not a State. Ancient Babylonia was not a State. Asia has produced no great State until the advent of new and Westernized Japan. The so-called Asiatic States have been founded upon force, upon superstition, upon deception and erroneous teaching, and all these tend to destroy and to forestall the development of public opinion.

Western Democracy does not simply propose a change in the form of government. It proposes to build a State upon different principles. In the place of force it will substitute reason and conscience; in the place of superstition it will progressively seek to realize the highest ideals of religion and morality; in the place of erroneous beliefs, deception and falsehood, it will seek to cast the lie out of politics and industry, and to suffer no institution to survive which cannot endure the light of day.

All governments, therefore, of every name and kind are founded upon education. In the despotic State, education is imposed by force, and some faculties are paralyzed while others are abnormally developed. In the democratic State education is induced by friendly coöperation, and the State aims at the harmonious development of all the faculties.

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18. FORCE SUPPLEMENTED BY FALSEHOOD.

(1) **Plato's Teaching.**—"How then may we devise one of those falsehoods in the hour of need," I said, "which we lately spoke of—just one royal lie which may deceive the rulers, if that be possible, and at any rate the rest of the city?"

"What sort of lie?" he said.

"Nothing new," I replied; "only an old Phœnician tale of what has often occurred before now in other places (as the poets say, and have made the world believe), though not in our time, and which is indeed not very likely to occur again, and still more unlikely to be believed."

"Your words," he said, "seem to hesitate on your lips."

"You will not wonder," I replied, "at my hesitation when you have heard."

"Speak," he said, "and fear not."

"Well, then, I will speak, although I really know not how to look you in the face, or in what words to utter the audacious fiction, which I propose to communicate gradually, first to the rulers, then to the soldiers, and lastly to the people.

"They are to be informed that their youth was a dream, and the education and training which they received from us an appearance only; in reality during all that time they were in process of formation and nourishment in the womb of the earth, where they themselves and their arms and appurtenances were manufactured; and when they were completed, the earth, their mother, sent them up; and their country being their mother also and their nurse, they are therefore bound to advise for her good, and to defend her against attacks, and her citizens they are to regard as children of the earth, and their own brothers."

"I cannot wonder," he said, "at your feeling ashamed of uttering the lie."

"Nay," I replied, "there is more yet: I have not told you all. 'Citizens,' we shall say to them in our tale, 'you are brothers, yet God has framed you differently. Some of you have the power of command, and these he has composed of gold, wherefore also they have the greatest honor; others of silver, to be auxiliaries; others again who are to be husbandmen and craftsmen he has made of brass and iron; and the species will generally be preserved in the children. But as you are of the same original family, a golden parent will sometimes have a silver son, or a silver parent, a golden son.

"'And God proclaims to the rulers, as a first principle, that before all they should watch over their offspring, and see what elements mingle in their nature; for if the son of a golden or silver parent has an admixture of brass and iron, then nature orders a transposition of ranks, and the eye of the ruler must not be pitiful towards his child, because he has to descend in the scale and become a husbandman or artisan, just as there may be others sprung from the artisan class who are raised to honor, and become guardians and auxiliaries. For an oracle says that when a man of brass or iron guards the State, it will then be destroyed.' Such is the tale. Is there any possibility of making our citizens believe in it?"

"Not in the present generation," he replied; "I do not see any way of accomplishing this; but their sons may be made to believe, and their sons' sons, and posterity after them."—*"Jowett's Plato," New York, 1873, "The Republic," Book III., pp. 239, 240.*

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THIRD WEEKLY REVIEW.

13. **DEMOCRACY NOT A MERE FORM OF GOVERNMENT.**—Asia has Produced all the Great Religions, but no State in the Modern Sense.
14. **FORCE IN THE TRAINING OF ANIMALS.**—Experience of Despotism Leads to the Conclusion that Government is Organized Force.
15. **FORCE AS RELATED TO SLAVERY AND WAR.**—Slaves may be Made Submissive through Terror.
16. **FORCE SUPPLEMENTED BY SUPERSTITION.**—Slavery, War and Superstition the Chief Factors in the Formation of the Asiatic State.
17. **EDUCATION INVOLVED IN EVERY KIND OF GOVERNMENT.**—In Despotic Governments, Masses Trained to Obey Rulers. In Our Government Trained to Mutual Exchange of Services.
18. **FORCE SUPPLEMENTED BY FALSEHOOD.**—In a Despotic State, Rulers and Subjects Become Victims of Erroneous Beliefs.

QUESTIONS.

13. *What do the words "Asia has produced no State" mean? How old is the idea of the modern State? What are some of the peculiar difficulties encountered by one who attempts to describe the modern State? What is the essential difference between ancient and modern democracies? Was the Grecian democracy simply one of three forms of government?*

14. *What is the common view of the relation of force to government? What does force mean? What causes the crow to avoid the scare-crow? What is the difference between the control of an engine and the control of a horse? Is the control of an engine properly called "government"? What is meant by taming a wild animal? Do men govern domestic animals by force?*

15. *What is the difference between the government of domestic animals and the government of human beings? Why does the control of men lead to a greater use of force than the control of animals? What is vicarious punishment? How did war lead to the formation of a ruling class? Do war and slavery rest upon force? Is there any other government so simple?*

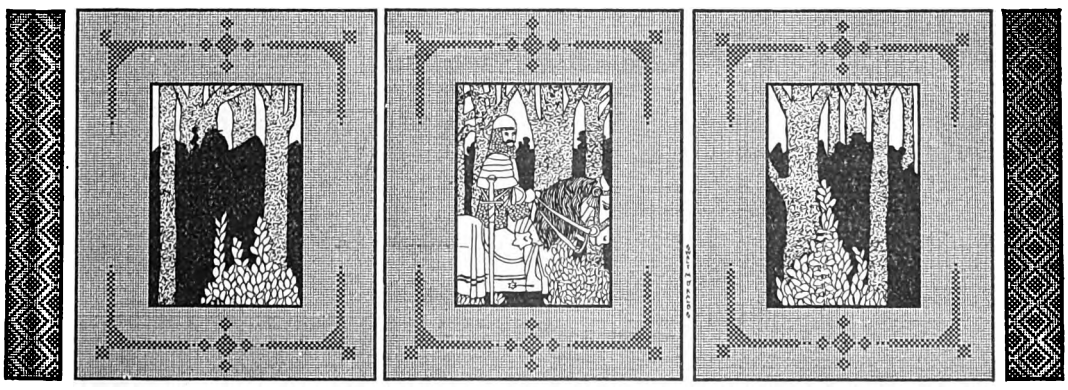
16. *Which is the more important factor in primitive government, force or superstition? Superstition and force are alike in what respect? In actual slavery what must there be besides force? In the discipline of an army what? How does an army govern a State? Why is the military despotism short-lived? What sort of support is essential?*

17. *Is there any sort of government which is not dependent upon education? What are radical differences between the education suited to a despotism, and education suited to a democracy? What are the contradictory views of human nature involved in the two governments? What is the end of education in a despotism? Why may not the New Testament be imposed upon a people at the edge of the sword? Can a despotism exist if free inquiry is permitted?*

18. *Does slavery necessarily involve falsehood? Does military discipline? Do military operations? Why must the rulers in a despotic state be accounted infallible? Does the reputation for infallibility of rulers involve deception? Can there be a sense of unity in a state governed by force and fraud? What are the distinctive principles of the western state?*

SUBJECTS FOR SPECIAL STUDY.

1. *For opposing view to that advanced in Maine's "Popular Government," see T. H. Green's "Political Obligation."*
2. *Study current accounts of the Chinese and Japanese governments.*
3. *Study arguments in favor of slavery before the war with special reference to its effect on candor.*
4. *Uncle Tom's Cabin.*
5. *Luther's contest with Tetsel.*
6. *Systems of education in Turkey and China.*



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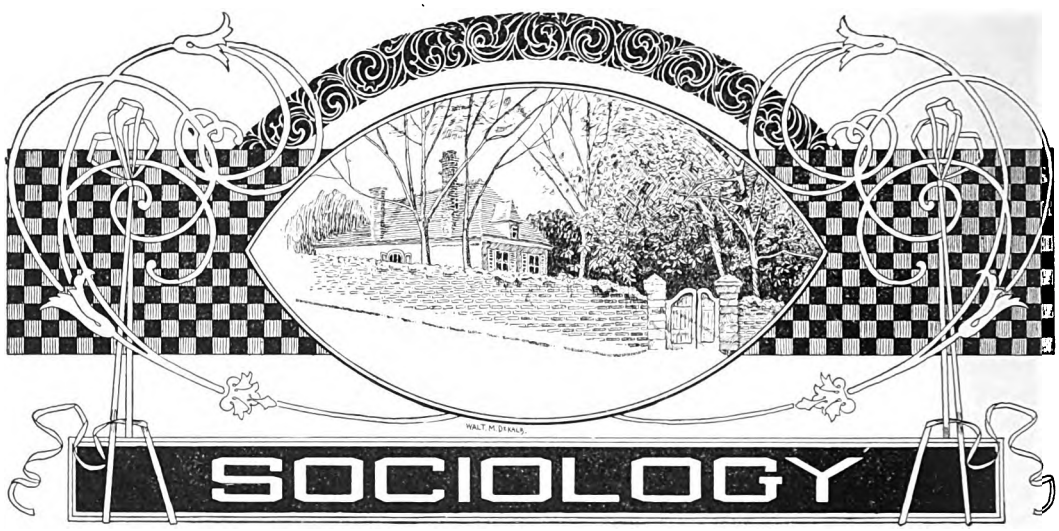

WEAKNESS AND DANGERS OF ASSOCIATION.

BY

H. H. POWERS, Ph.D., Ex-Professor of Economics and Sociology, Leland Stanford Jr. University, Cal.

19. HELPLESSNESS AND DEPENDENCE OF SPECIALIZED INDIVIDUALS.

WE are accustomed always to think of society as an unmixed blessing and the source of nothing but strength and happiness. In this way we encourage ourselves to be loyal to society, and to contribute to its development and stability. This is a natural and laudable tendency which the result of our study will fully justify in its place. But however clear our duty may be to loyally support society and do our utmost to perfect it, we can not, as students, shut our eyes to its defects and its necessary limitations. It is one of the difficulties under which the true scientist labors that he has to do without many comfortable illusions. Other men may find tremendous incentive in looking at only one side of a question, and may find intense conviction and passionate certainty in this partial view. (1) But it is the fate of the scientist to see both sides and find out that the institutions to which he owes allegiance, are human and finite. If we are going to be students of society we need to be truer men, more sensible to the slightest obligations, for we shall find that all things have their disadvantages which the recreant spirit can use as pretexts for shirking duty. (2) Science is a great sifter of men. The truly manly nature finds it an invaluable aid for the accomplishment of his nobler purposes, while the cowardly and the selfish, find it easy to sulk behind its technicalities. Fortunately there is no danger that society will stand condemned as the result of our investigations, and it need not disturb us to discover that we have to pay a certain price for all the advantages which society brings us.

We have seen that life always adapts itself to the conditions under which it exists. This is wholly an advantage, provided the conditions are stable. Animals living on tropical islands become thoroughly adapted to the climate and lose noth-

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ing by so doing, but if the climate were liable to change to that of Greenland, we can see that this adaptation would speedily destroy them.

Society, the companionship and coöperation of one's fellows, is an exceedingly influential condition affecting life, and the changes that take place in man as he slowly passes from a non-social, to a social state are more extensive than those effected by passing from a tropical to a polar climate. This very natural adaptation has two great disadvantages: First, the social condition is as yet far less stable than climate, and second, it in part directly reverses the process of earlier evolution. Life in society thus distinctly unfits us for life in any other condition. Advances in social organization need, therefore, to be made with some caution; (3) for if the new conditions can not be made permanent, the new departure may involve great danger. (4)

The great contrast between non-social and social life, is that the former makes men independent and self-sufficient, and the latter makes them dependent (5) and individually helpless. (6) In so far then, the one directly unfits men for the other.

First of all men become incapable of independent self-support. Turn a civilized man loose in a primeval forest with all the resources of nature at his disposal and he will starve. We hear of hunters and hermits who live quite alone, but they invariably depend on civilized societies for guns, or implements, or clothes, having quite forgotten the arts by which our primitive ancestors contrived to cope individually with the difficulties of the chase or tillage. (7) Without these articles, which are the product of the organized activity of thousands of men, we should be reduced to extreme wretchedness and speedy death.

In like manner social man has lost the power to defend himself against enemies. There was a time when he was able, with no other weapons than well-chosen sticks and stones, to hold his own against the powerful cave bear, and other dangerous beasts which he has long ago succeeded in exterminating. Now without the appliances of civilization he would be at the mercy of a cat, if the latter should attack him.

Along with these changes in habits and aptitudes go certain changes of feeling which still more disqualify men for a return to former conditions. Here, as everywhere, men learn to like what is long associated with their welfare, and so they learn to like their fellows. Men are so much in our thoughts that we are lost without them. Deprive a man of companionship, and ten to one but he will go insane. (8) Deny him the sympathy of his fellows, and he will suffer untold tortures, and perhaps commit suicide. At least he will be incapacitated for normal social life. Society thus develops feelings in men which make him dependent on its sympathy and favor, and helpless if these are withheld. (9) There is no dependence so complete as that of the thoroughly socialized man upon society.

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19. HELPLESSNESS AND DEPENDENCE OF SPECIALIZED INDIVIDUALS.

(1) **Social Function of Prejudice.**—This suggests a subject for close attention and thought as we continue our study, namely, the social function of prejudice. To the scientist and the teacher prejudice and partisanship are very odious and embarrassing, but is it quite so sure that prejudice is always a nuisance? What would happen to a second-rate nation, or community, or church, if people were not prejudiced in its favor? A large part of the patriotism which is the bulwark of states is a patriotism of prejudice, one based on false estimates of the excellencies and defects of one's own and other countries. Undoubtedly there is reason for defending one's country, if its real character is recognized, but would most men see that reason or be strongly enough influenced by it? And how about the relation of children to parents, of pupils to teachers, etc. Is it quite sure that all things, even all good things, would bear the full light of conscious knowledge? The subject is one of the utmost difficulty and importance in real life. As a matter of fact it is much better solved in practice than in theory.

(2) **Evolution not Fatalism.**—Thus the doctrine of evolution has repeatedly been interpreted as a kind of fatalism, making it useless to exert ourselves in the interest of posterity. On the contrary, the whole meaning of higher evolution is that a race is being evolved whose members do exert themselves for one another, and who inherit the earth for that reason. The person who loses this character is simply a degenerate whom this same evolution must inevitably tend to eliminate.

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To such persons we may reply as Mordecai did to Esther. "For if thou holdest thy peace at this time, then shall relief and deliverance arise to the Jews from another place, but thou and thy father's house shall perish! and who knows whether thou art not come to the kingdom for such a time as this?"

(3) **Premature Effort.**—There is a danger in all such cases which is quite different from that now before us, namely, that we shall commit ourselves to certain forms of procedure before *we* are ready for them. For instance, coöperative housekeeping, communism, arbitration, etc., are apt to attract us by their ideal reasonableness before we have acquired the patience and self-control and sympathy necessary to make them a success. But this is not an imprudent advancement of social organization; it is rather an unreal and fictitious one, for no social change is real until it is thoroughly established in the feelings of men.

(4) **Peace Proposal.**—The Czar's proposal for disarmament is a case in point. Suppose a few nations representing the higher civilization should adjust themselves completely to a life of peace. What would happen if the less civilized world should slowly develop skill in asserting its still dominant military temper? An irrevocably peaceful civilization in the midst of militant barbarism would go to the wall. It is unfortunately true that any peace, which could be established in the world to-day would be a most unstable equilibrium, and any country which in reliance upon it, should commit itself too unreservedly to a peace organization, would jeopardize its own existence.

(5) **Independent Action.**—The insistence always laid upon independence of character, the power to act independently of, and even in opposition to the habits and opinions of others, is proof that men have a constant fear of being dangerously incorporated in society.

(6) **A National Characteristic.**—Americans are everywhere recognized as "handy" or able to help themselves in a great variety of emergencies. What circumstances in our national life are responsible for this characteristic? Is it as general and as marked as it used to be? Is it indicative of a highly developed social organization?

(7) **Results of Industrial Changes.**—The helplessness that goes with specialization is illustrated by the industrial disturbances of our own day. A part of the unemployed are at all times the victims of changes in specialization. Trades that once were prosperous are thrown out by industrial changes, and those who have devoted themselves to these trades are not able to find employment to advantage. Such was the case of the armourers, an immense body of skilled workmen who were thrown out of employment in the sixteenth century, and found no satisfactory substitute for their trade. Examples in our own day are very numerous, but usually less conspicuous. (See Introduction to *Ely's Outlines of Economics* for examples from English Industrial History.)

When simple specializations are displaced by more complex ones, the better specialists in the old trades naturally rise into the new ones, only the less competent being embarrassed by the change. But of late years the great destroyer of the old trades has been machinery, which unfortunately narrows up the field of highly specialized labor, machine making, calling for highly specialized labor, but machine tending requiring very little. The skilled craftsmen who have been displaced by machinery have suffered much from their helpless specialization, and would have suffered much more had they not found opportunity in the rapid expansion of industry.

(8) **Social Instincts.**—The writer has more than once known students who could not study in a room alone because they were so lonesome. It is needless to say that when not alone their instinct of sociability also interfered with their studying. Even so excellent a thing as the social instinct seems to have its limitations.

Solitary confinement has been found a most dangerous punishment for criminals. The humane efforts of the Quakers at an earlier date in Pennsylvania to reform criminals and humanize their treatment was based on a complete oversight of this danger. Prisoners were confined in solitude without occupation to meditate on their evil ways, and come to a consciousness of their moral state. We now know enough about criminals to know that they are quite incapable of doing anything of the kind. On the contrary, they frequently went insane. This intense dependence of the criminal on companionship is one of the few normal things about him, and if he is ever to be returned to society we should respect it. Solitary confinement without employment is now restricted in all well-ordered prisons to brief periods, seldom more than twenty-four hours, and is justly regarded as one of the worst of punishments.

(9) **Mental and Physical Pain.**—Notice the prominence of these social pleasures and pains in literature.

"For who would bear the whips and scorns of time,
The oppressor's wrong, the proud man's contumely
The pangs of despised love, the law's delay,
The insolence of office, and the spurns
That patient merit of the unworthy takes,
When he himself might his quietus make
With a bare bodkin? who would fardels bear,
To groan and sweat under a weary life;
But that the dread of something after death—
The undiscovered country, from whose bourn
No traveller returns—puzzles the will,
And makes us rather bear those ills we have,
Than fly to others that we know not of?"
—*Hamlet's Soliloquy.*

"In some of the Greek tragedies there is an attempt to excite compassion, by the representation of the agonies of bodily pain. Philoctetes (*see Glossary*) cries out and faints from the extremity of his sufferings. Hippolytus and Hercules are both introduced as expiring under the severest tortures, which, it seems, even the fortitude of Hercules was incapable of supporting. In all these cases, however, it is not the pain which interests us, but some other circumstance. It is not the sore foot, but the solitude, of Philoctetes which affects us, and diffuses over the charming tragedy, that romantic wildness, which is so agreeable to the imagination. The agonies of Hercules and Hippolytus are interesting only because we foresee that death is to be the consequence. If those heroes were to recover, we should think the representation of their sufferings perfectly ridiculous. What a tragedy would that be of which the distress consisted of a colic! Yet no pain is more exquisite.

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20. INDIVIDUAL DEGENERATION THROUGH ARRESTED SELECTION.

We have seen how natural selection continually operates to build up certain useful qualities in men as in other living creatures, by the simple process of destroying those who by birth or accident are deficient in these necessary qualities. Thus if a creature's existence depends on cunning, it will become more and more cunning as time goes on, because the less cunning will perish.

But if conditions change so as to make this quality unnecessary it will tend to disappear, (1) simply because those that are born without, it will no longer die for that reason and their increase will lower the average. It may even happen that the quality will become detrimental, in which case it will disappear much more rapidly, since those that possess it will now be destroyed just as those who lacked it were before. (2) Thus if the fox were to be domesticated, his great cleverness in capturing poultry would rapidly disappear, because those foxes that possessed most of this would be most likely to come to an untimely end.

When men pass from the non-social to the social state, a great many changes of this kind take place. Qualities that were once very useful now become useless or even injurious, in which case selection allows them to degenerate, or actively suppresses them. In still other cases qualities that are still useful tend to be lost, because they cannot be reconciled with other qualities that are more useful.

When qualities that have become obnoxious are eliminated by reversed selection, we can hardly call it degeneration, however useful they may once have been. Thus it is no loss that such heroes as Achilles tend to disappear. He was a big, brutal bully, just the kind of a man for his time and conditions, but one who would be a nuisance now. To-day he would be a bank-robber or a brigand and would be imprisoned or shot. In like manner the excessive development of the animal passions, once a necessary condition of race preservation, has become a nuisance which all the energies of refined society are organized to repress. We are thus in a sense undoing nature's previous work, but we can not call this degeneration.

It is more like degeneration when useful qualities disappear, because they have lost their importance. Thus the extraordinary powers of sight and hearing by which an Indian detects the approach of enemies or game, are so unnecessary to us that we have long since lost them. They would still be useful, but not being indispensable, selection has become lenient, and the defective have multiplied. In the same way as society advances there seems to be a decline in physical courage and bodily strength. But this can hardly be called a serious degeneration since we are probably quite as well fitted for life as were our ancestors.

But society seems to promote degeneration of a far more serious kind. It preserves and increases the physically, mentally and morally defective. Up to a certain point, at least, these classes increase in numbers as society advances. In some savage tribes not a single defective can be found, and the superiority of savages over civilized men in the matter of hair, teeth, etc., is a matter of common observation. Passing to the more pervasive defects of character as shown in the pauper and criminal classes, the contrast is quite as marked. There are no permanent dependents in a savage tribe, and there can be little doubt that in most advanced societies their number is increasing. Of insanity, this is conspicuously true.

It is a common notion that society *produces* these classes, that by unjust distribution of wealth and allotment of burdens it creates paupers and drives people insane. There is some truth in this, but it is not the principal truth. (3) Defectives in body and mind are produced in society as out of society for the most part by the imperfect working of physical heredity, which with all its wonderful perfection makes many slips and produces its freaks and weaklings. In brute and savage life these quickly perish; in society they do not.

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It is the peculiarity of society, therefore, not to produce defectives, but to *preserve* them. This is done in two ways: First, by specialization and exchange of services. If I were alone I should have to do my own seeing, hearing, chewing, thinking, etc. If I could not do these things I should die. But in a society I can do some of these things both for myself and others, and the others will do the other things for me. Thus if a dentist has poor eyes and an oculist has poor teeth, they can provide each other with glasses and fillings and get along very well. The penalty once laid on poor eyes, and poor teeth, is removed and both are allowed to multiply. Many forms of technical skill are unquestionably furthering degeneration.

The second cause is charity. Social beings must be sympathetic beings, must have a horror of seeing other people suffer, and an impulse to help them, otherwise the necessary coöperation can not be secured. But this sympathy once developed is rather imperious and undiscriminating, (4) and saves what nature is trying to get rid of. Only slowly does intelligence put restrictions upon sentiment, and teach us that even the pangs of sympathy are a pain that must sometimes be patiently endured. It is one of the misfortunes of half-developed society that its unschooled sympathies promote a degeneration which jeopardizes its very existence and involves incalculable suffering for posterity.

20. INDIVIDUAL DEGENERATION THROUGH ARRESTED SELECTION.

(1) **Courage and Skill.**—The recent war with Spain has been most instructive on this point. It can not indeed be said that Americans have shown any lack of courage, though it is doubtful if their courage has been of the instinctive physical kind which characterized their opponents. But the suggestive fact is the diminished rôle that mere intrepidity has come to play as illustrated by the conduct of the war. The Spanish have certainly shown no lack of this primitive virtue, but the contest seems everywhere to have been decided by a very different quality in which they have been most deficient, namely intelligent planning and mechanical skill. While any lack of intrepidity must always weaken a soldier, it is easy to see that a strong development of these other qualities may give the advantage to the less intrepid of two competitors and so tend to the loss of this primitive virtue.

(2) **Primitive Characteristics.**—Such cases are excessive appetite, once necessary on account of irregular food supply. It is said that certain savages can eat forty pounds of fat meat at a meal, a most valuable accomplishment when one may not get another square meal for a week. But when the food supply becomes regular and meals are frequent, such an appetite induces inactivity, overeating, gluttony and disorders which tend to destroy the individual.

Vindictiveness was an invaluable quality tending to self-protection at a time when there was no society and no organized means of protecting individual rights. But when government becomes organized, it finds in the powerfully developed instinct and tradition of blood revenge, one of the most serious obstacles to the exercise of its functions. The Mosaic law in Deuteronomy XIX. marks the transition from personal revenge to organized justice, and the large concession which the newly formed state was compelled to make to the ancient custom.

Licentiousness, polygamy and other vices are only the expression of instincts which, in times when life was far more precarious than now, required a powerful development for the preservation of the race. But now that death from accident and violence has almost disappeared, the primitive energy of these propensities has become most troublesome, and a multitude of powerful influences are at work to eliminate those individuals who endanger the welfare of society by their excesses.

(3) **Injustice of Society.**—We must not slur over the injury which society by unjust laws and acts does to its individual members. When social arrangements are wrong they may work mischief to thousands of persons, making honest men poor and virtuous men vicious, and quite perverting the wholsome tendencies of nature. In the very nature of the case, however, such a condition of things can not long continue. It is doubtful whether in any of the better societies of the present day the responsibility for individual poverty and and incompetency rests primarily with the organization. No effort should be spared to correct all the demoralizing tendencies of the social organization, but we must not for a moment assume that because we have paupers and incompetents there is something wrong with society. It is a perennial delusion that poverty and wretchedness can be cured by a new social program. Social reorganization can cure only those individual misfortunes which social misorganization causes; no others.

(4) **Abnormal Sentimentality.**—Sentimentality toward criminals is a familiar illustration of this abuse. Aside from the question of capital punishment, against which some very just and some very foolish arguments have been urged, there are numerous ways of showing sympathy to criminals which are distinctly pernicious. These sympathizers do not realize that the criminal is usually an abnormal individual who sees things quite awry and easily misunderstands these attentions. Ordinarily he is excessively vain and thinks himself a hero, and regards the attentions shown him as tributes of admiration. In any case the criminal class invariably so regard them, and find one of their chief incentives in the hope of being lionized. Compared with the mischief which such sentimentality works in society, the good done to the criminal is but as dust in the balance.

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21. CLASS ANTIPATHIES AS A RESULT OF DIFFERENTIATION.

The essence of association consists, as we have seen, not so much in collecting people together as in specializing them, so that they develop different aptitudes and are able to render one another mutual services. The immense gain in technical skill which individuals secure by this specialization gives to organized society its great superiority over unorganized men. We saw, too, in the last lesson, that life in society develops sympathies which eventually become the most prominent thing in our mental experience, exerting a powerful and necessary, though not always discriminating, influence over our conduct. But there is another side to this development of sympathies which is connected particularly with specialization and which is a source of new difficulties and dangers.

Specialization, of course, never goes so far as to make every man essentially different from every other. It establishes a limited number of special functions called professions, trades, etc., among which the members of society are divided, few in some and many in others, thus constituting social classes. These classes are very numerous and complicated, and the boundary lines cross each other in all directions. Differences of employment give us industrial classes; differences of belief and practice, religious classes; differences of education and feeling, culture classes, etc. Of course, a person may belong to several classes in different lines and thus have numerous and conflicting affiliations.

It follows inevitably that a society thus divided into classes should stick together very unevenly. Members of the same class have much in common and can sympathize with one another, while members of different classes understand one another but poorly and easily become jealous and hostile. (1) This is the more true because the different classes, though very necessary to one another, usually find their immediate interests somewhat in conflict. (2) For instance, workmen need employers to organize industry, and employers must have workmen; but in spite of this mutual necessity their *immediate* interests always tend to conflict, each trying to secure the largest possible share of the product of their joint effort. In this struggle of opposing interests it is easy to forget the larger interests which they have in common. The first need of both is harmonious coöperation and the largest possible production of wealth. The question of how to divide it, however important it may be, is, after all, a secondary matter, simply because if there is little to divide, it will matter little how it is divided. (3) But, however this may be, we are all familiar with the spectacle of these two classes arrayed against each other in bitter hostility. This involves two dangers.

First, there is a repression of social sympathies in the interest of class sympathies. People forget that they belong to the same religion, to the same nation, to the same race, and antipathies come in where society requires sympathies. If this is most conspicuous in the industrial field, it is only because this is the most prominent and the most unsettled part of our social order. Between the governing class and the governed, the learned and the unlearned, the military and the civilian classes, even between such closely allied classes as men and women, parents and children, we may observe temporarily or permanently this same consciousness of opposing interests, and something of a repression of the broader sympathies in consequence.

The second result is the natural counterpart of this, an extravagant and unreasonable development of the narrower sympathies in the interest of class solidarity. How often do workingmen or employers protect the unworthy among their number from their just deserts! How universally school-boys will protect one of their number from punishment, even though he have no standing among their number!(4) All this is due to an exaggerated sense of class importance, a feeling that class interests will suffer if any concession is made. Of course, the danger is that the class will thus on the one hand, weaken society by its unfriendliness,(5) and on the

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other that it will weaken itself by vitiating its own membership and by the opposition that it is sure to call forth. No class can safely espouse the cause of those whom society, in the interest of self-protection, finds it necessary to eliminate.(6)

Society seems thus by its very nature to develop tendencies which weaken it and endanger its existence. Social growth brings specialization, and specialization creates classes, and classes involve hostility and weakness. Only by the most fortunate combination of circumstances can a society develop continuously without destroying its own cohesion. The problem is, *how to differentiate and not disintegrate.* No progressive society ever outgrows this danger. But after all it is the same with life everywhere. There are infinitely more ways of failing than of succeeding. But there is a way to succeed and some find it.

21. CLASS ANTIPATHIES AS A RESULT OF DIFFERENTIATION.

(1) **Class Feeling.**—The feuds between religious sects illustrate in a different connection the degree to which class feeling may stimulate suspicion and hatred outside of class lines. Not to take illustrations from too near home, the following sentences from Baedeker's *Guide to Palestine* (page 62), may serve as a disinterested reminder.

"It is hardly a pleasant fact that Muslim custodians, appointed by the Turkish government, sit in the vestibule (of the Church of the Holy Sepulcher) for the purpose of keeping order, particularly during the Eastern solemnities, among Christian pilgrims from all parts of the world, and yet the presence of such a guard is absolutely necessary: so completely do jealousy and fanaticism usurp the place of true religion in the minds of many of these visitors to the Holy City."

(2) **Class Relations in Society.**—There has been interminable dispute on this point. Agitators have constantly assumed that the interests of these two classes are completely opposed, while benevolent and pacificatory persons are always insisting that there is nothing to quarrel about, and that the interests of the two classes are identical. These contrary opinions are plainly one-sided and biased. The two classes have an identical interest in the *production* of wealth, and opposite interests in its *distribution*. Something like this is true of all class relations in society.

(3) **Expensive Strikes.**—The sacrifice of primary, to secondary interests is painfully illustrated by recent strikes in England, such as the engineer's strike and the Welsh coal strike, the cost of which in each case is reckoned at tens of millions of dollars, involving incalculable annoyance and peril. It is conceivable that wrongs in the distributive process may warrant such a sacrifice, but the sacrifice must not be overlooked, nor the grave danger incurred by society, forgotten. American experiences are quite as unmistakable.

(4) **Class Sympathies.**—This kind of schoolboy honor is an excellent illustration of the difficulty and danger of class sympathies. Few things give the teacher more annoyance than this tacit conspiracy at all times present among the scholars, to maintain a solid front against all attack. No matter if the majority of them are in sympathy with the teacher and inclined to deprecate mischief, they still consider it dastardly to betray the mischief-maker, or to "give aid and comfort to the enemy" in any way. There can be no doubt, too, that the scholar who is inclined to "tattle" is generally lacking in manliness.

But annoying as this attitude is, prudent teachers seldom try to suppress this "honor." There can be no doubt that it is demoralizing to character to compel scholars to violate this normal and universal instinct. The reason is that it is a truly social instinct, a recognition of class solidarity and mutual obligations. It is vain to tell the scholar that his obligation to the school as a whole is greater than his obligation to a few mischievous companions. He *feels* the narrower relation and does not feel the broader one. To violate the obligation that seems to him to be real, in the interest of one that seems to him a mere name, is a demoralizing act. So far as the development of character is concerned, it is far more important that one should be true to one's feeling of right than that one should be true to any particular definition of right. All the same this very uneven development of social sympathies is a most serious danger to social organization.

(5) **Political Factions.**—The danger to society from political factions is even more striking, though it is not quite the same in kind as the cases we have been considering, for factions are not necessary or functional developments in society, but mere instances of incomplete cohesion destined to disappear as development proceeds. But while factions, unlike trades, professions, etc., are not necessary or useful, the dangers which they involve are just the same and are perhaps more easily recognized.

Political faction in Greece resulted in the ruin of Greek society. In Rome it destroyed the Republic and finally the Empire. The feuds between "blacks and whites" or Guelphs and Ghibellines destroyed all the free republics of Italy. The exhaustion suffered by France in the revolution (which was, however, less a struggle between factions, than one between widely differentiated culture classes) has never disappeared, but has proved a permanent handicap in the international struggle for existence. The differentiation of our country into agricultural, manufacturing and commercial sections, has brought, and is still bringing, serious dangers to our civilization. Black and white, Catholic and A. P. A., have other possibilities of disintegration.

(6) **Political Affiliations.** — Political parties illustrate the danger of a vitiated membership better than almost any other group. In order not to lose the support of any of their members they defend and countenance them even when popular indignation turns against them. The result is that very frequently they suffer the penalty for having vitiated their membership. Illustrations are needless.

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22. SOCIAL RIGIDITY.

The danger which we considered in the last lesson is one which peculiarly threatens progressive societies. Such societies are always developing new specialties and so forming new classes as well as doing away with old ones. While these classes are changing the difficulty of adjustment is very great, and may easily prove fatal. Even when things are fixed and relations established we must not expect perfect understanding and harmony, but under such circumstances the cohesive forces are easily in the ascendant and the divisive forces are not dangerous.

And so it happens that social progress has seemed to many men, and in fact always seems to men of a certain temperament to be a doubtful blessing, bringing with it anxiety, dissension and serious danger of general undoing. Hence there is always to be found in every society a conservative party whose effort is to maintain the social order rather than improve it. (1) Feeling that change carries with it often, ten chances of loss to one of gain, they are strongly in favor of letting well enough alone. The existence of such a party is not only natural but essential. We may safely assert that no society long endures which has not a strong conservative element, keenly alive to the danger of change and opposing it so effectually that only the most indispensable changes can be carried over their opposition. But necessary as conservatism and prudence certainly are, they too bring dangers in their train which we can not too carefully consider.

When conflict between classes disappears, and each settles down contentedly to its lot, society becomes rigid and fossilized. The laborer, the servant, the ruler, the priest, all accept their lot in life as ordained of God. When society gets thoroughly used to this, there grows up a feeling that it is wrong to try to change one's lot in life and one's duty, and one's privilege is limited to maintaining one's self in it. Thus all society organizes itself into a vigilance committee to repress innovation.

Such an ideal is so foreign to us that we seldom give it a fair consideration. We forget that such a condition is not only possible, but common, so common indeed that it may be said to be the goal toward which all social development unconsciously tends. (2) We can see the tendency at work even in new and plastic societies like our own. This does not mean that we are reaching the ideal of social development, but that our development has already produced divisive and disintegrating tendencies before which as a people we instinctively recoil and take refuge in rigidity. The same thing has happened in all the older civilizations, notably in the oldest of all, those of the East. Progress is not even thought of. Probably they would have gone to pieces long ago if they had not given up progressing.

Nor is it quite sure that this rigidity is so miserable a fate as it seems to us. Perhaps people are quite as happy in a static as in a progressive society. Of course an American wouldn't enjoy Chinese society, but it will not do to assume that a Chinaman doesn't.

Why, then, is rigidity a danger? Simply because it insures ultimate failure. No matter how excellent the social order thus established may be, sooner or later some upstart society will improve upon it, and the rigid society will go down before it. Whether the conflict comes in the form of war with its trial of strength, or in the subtle competition of industry or culture, the result is all the same. Somehow it comes. Progressive societies *may* fail; fossilized societies *must* fail; for *change is the order of all nature.*

Of course rigidity may be only partial and temporary. A fossilized society may wake up to find its existence threatened, and may enter upon a new course of change and progress. Many societies make an effort to do this; rarely one succeeds. It is the old story of deathbed repentance. When a society has gotten out of the habit of changing, it can only change by an immense effort and as the result of a terrible

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stirring up. Changes are postponed as long as possible and then come with disastrous violence, too often as mere precursors of dissolution. Once the inertia gives way and change begins, there is no moderation, no telling when to stop. (3) There is no debauchery equal to the excesses of a static society when it tries its awkward hand at progress. Then above all it shows its inferiority to a habitually progressive society, (4) and, acquiring the habit of revolution it dissipates its material and moral resources and ends in exhaustion.

Social organization to be permanent must be a perpetual reorganization. Successful reorganization is a most difficult and in some sense a painful process. Hence a prosperous society is constantly tempted to rest on its oars. This it can do till some other society distances it, but this is sure to happen. Only those societies have a chance at success which nerve themselves to force the risks and endure the pain of continual reorganization.

22. SOCIAL RIGIDITY.

(1) **Mixed Motives.**—In addition to these conservatives there is another and very different class who always identify themselves with the party of conservatism and prudence as a matter of policy.

These are the persons who oppose changes in society because they profit by social disorders. Whenever a reform is proposed in government, like the introduction of the Australian ballot, there are politicians who oppose it, nominally as being a dangerous innovation, "un-American" and subversive of free institutions, but really because it endangers their power. Industrial, ecclesiastical and all other reforms have always to encounter this same "conservative" opposition. It is a great mistake, however, to conclude that all conservatism is of this dangerous and self-seeking kind, or that even these men are always conscious of the disingenuous role they are playing.

Precisely the same double character is found among progressives. There are those who are actuated by a sincere desire to improve society, and there are others who urge changes in the hope that they may improve their position, or profit by the resulting disorder.

(2) **Progressive Races.**—It is only with the progressive societies that we are concerned, and nothing is more remarkable than their extreme fewness. In spite of overwhelming evidence, it is most difficult for a citizen of western Europe to bring thoroughly home to himself the truth that the *civilization* which surrounds him is a rare exception in the history of the world. The tone of thought common among us, all our hopes, fears and speculations would be materially affected, if we had vividly before us the relation of the progressive races to the totality of human life.

It is indisputable that much the greatest part of mankind has never shown a particle of desire that its civil institutions should be improved since the moment when external completeness was first given to them by their embodiment in some permanent record. One set of usages has occasionally been violently overthrown and superseded by another; here and there a primitive code, pretending to a supernatural origin, has been greatly extended, and distorted into the most surprising forms, by the perversity of sacerdotal commentators; but, except in a small section of the world, there has been nothing like the gradual amelioration of a legal system.

There has been material civilization, but, instead of the civilization expanding the law, the law has limited the civilization. The study of races in their primitive condition affords us some clue to the point at which the development of certain societies has stopped. We can see that Brahmanical India has not passed beyond a stage which occurs in the history of all the families of mankind, the stage at which a rule of law is not yet discriminated from a rule of religion. The members of such a society consider that the transgression of a religious ordinance should be punished by civil penalties, and that the violation of a civil duty exposes the delinquent to divine correction. In China this point has been past, but progress seems to have been there arrested, because the civil laws are coextensive with all the ideas of which the race is capable.—"*Ancient Law*," *by Henry Sumner Maine, pp. 21, 22.*

(3) **One Result of the French Revolution.**—Of course the French Revolution is the most conspicuous (though not the only) example. From the time of Richelieu to that of Louis XVI. the organization of French society had been acquiring more and more rigidity, while that of England had undergone slow but constant readjustment. The excesses of the French Revolution were a perfectly natural result of this rigidity. But the worst of it all is that France has never since acquired even reasonable stability, but national restiveness and proneness to revolution have become chronic. Of all the great governments of the world it seems to be the only one which is liable at any moment to be coerced or paralyzed by the demonstrations of a mob.

(4) **Changes of Constitutions.**—It is a question whether the rigidity of our federal constitution does not involve serious dangers in this line. This has been remedied in part by a most flexible interpretation in the decisions of the Supreme Court, but there are limits to this flexibility, and there are signs that these limits are being reached. It inheres in the very nature of society, however, that change must go on, and constitutions, like other things, must continually readapt themselves to new conditions. When it is proposed to amend the constitution, however, the anxious protest is at once raised. "Let us beware! If we begin to make changes we shall not be able to stop." The probabilities are, however, that an obstinate refusal to amend an instrument which, in the nature of the case, cannot be permanently adapted to changing conditions, will endanger the stability of the constitution and the conservative spirit of the country far more than a policy of systematic adaptation.

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23. PERVERSON OF FUNCTIONS.

We are already familiar with the fact that social organs, that is, individuals or classes of individuals specialized to perform certain services for society, are the great source of social efficiency. So great is the advantage of this specialization that when all society is divided into such bodies of experts, its power may easily be increased a hundred or a thousand fold. This advantage, however, depends strictly on one great condition, namely, that the organs thus developed shall perform the functions actually required of them and so remain servants of society. Now it is one of the constant dangers which society has to face, that these highly developed and powerful organs should betray their trust, and do something else than what they were intended to do. If they choose to do this it is often almost impossible for society to prevent it, for their skill usually enables them to baffle the efforts of the rest of society to hold them to their task. This change of action on the part of a person or class we may call perversion of function.



Julius Cæsar. (From the Colossal Statue at Naples.)

A familiar case is that of the governing or directing organ. No society gets very far without having efficient leadership, whose authority is sufficient to maintain order and to organize society for defense and self-development. It is the function of government to keep all classes from betraying their trust and injuring society. But who shall keep government from betraying its trust? This is a problem that has never been satisfactorily solved.

A monarchical government easily degenerates into despotism. The monarch's authority once firmly established, can easily be diverted to his own gratification, until often the state is impoverished and exhausted by the effort to maintain an authority created for its own advantage. (1) The establishment of the Roman Empire, after decades of anarchy, proved the incalculable advantage of such leadership as that of Julius and Augustus Cæsar, but when, a few years later, Nero (2) took their place, the mischief of perverted leadership was equally apparent.

When the American government was founded an earnest effort was made to guard against the abuse of authority. (3) Rulers were to be elected and were to represent the will of the people. But the last years of the nineteenth century have witnessed a strong reaction against representative government. These representatives somehow manage to misrepresent the people's will, and while accomplishing their own more or less objectionable purposes, they are able by means of a highly specialized professional skill, to hoodwink their constituents and maintain their power. (4) In America, and perhaps still more in England, (5) representative government has partly succeeded in preventing the perversion of the function of government to unsocial uses, but even here the hopes of its advocates have by no

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means been realized, while in countries like Italy, Spain and the South American republics, it has become quite as perverted and corrupt as monarchy itself. In Austria we have the curious spectacle of a people looking forward with dread to the reassembling of their disgraced and incompetent parliament, and depending for protection against their own representatives, on their able and revered monarch.

The religious and ecclesiastical servants of society, in spite of the lofty incentives with which they are constantly made familiar, have not escaped this universal danger of all specialists. (6) With the mysteries of the spirit world and the most solemn interests of mankind in their supposed keeping, they have had a power over the superstitious fears of men which it would have been more than human not to abuse.

Similar perversions of function can be detected on all sides. Doctors, whose business is to make people well, are sometimes suspected of keeping them ill, in order to increase their fees. With more justice they may be charged with enveloping their art in artificial mystery. Far more is this the case with the legal profession. The mystification of simple principles, the retention of cumbersome procedure, (7) and the positive perversion of justice, are notorious.

We shall see later how society manages more and more to hold its servants to their duty, but we must not forget that as society increases its specializations its difficulties in this line also increase. Sometimes the whole organization of society becomes so perverted that there is no curing it, (8) and it has to be destroyed and slowly rebuilt. Woe to a people that finds its organization perverted and its servants turned to parasites at a moment of conflict with an efficient rival.

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23. PERVERSION OF FUNCTIONS.

(1) **Effete Monarchies.**—The traditional illustration is that of an effete monarchy. Kings are the successors of chieftains originally chosen as leaders in war. They were originally selected for a special purpose, and for reasons of special fitness, and enjoyed no special privileges not immediately connected with their function. Among other things should be noted that they had their private property and paid their expenses out of their own income like other people. But sooner or later, they almost everywhere succeed in getting control of public revenues, and ultimately in appropriating them to their personal maintenance, and increasing them for their private aggrandizement. Sometimes it comes to be regarded as the natural thing that a state should exist merely to support a king and his numerous parasites, just as farm animals are kept to support the farmer and his family. Sooner or later, of course, this perverted relation disappears, as has been the case in almost all modern states, either by the abolition of the monarchy or by limiting its extravagance and exacting more service from it. It may be questioned whether modern monarchs, as a rule, are not about as serviceable and efficient functionaries as any that popular governments can show. In any case it is not in monarchs that we shall find the greatest danger of perverted functions.

(2) **Perversion of Function.**—The perversion of the monarch's function in this case is graphically and not untruthfully portrayed in the popular novel, *Quo Vadis*.

(3) **Limitation of Power.**—In all the early state constitutions, not only was the effort made to limit the power of the chief executive, often to the serious detriment of his executive efficiency, by restricting his authority, but this authority was often divided between several persons, as a governor and council, who were to check each other. In one case it is said that a member of the governor's council was required always to sleep in the governor's house to make sure that he did not plot against the commonwealth. The presidency of the republic was also a matter of anxious concern to our fathers. As a result of these well-meant restrictions, the real authority or one-man power, has slowly developed outside these offices where it had less legal recognition, but also less legal limitation. The persons to which we need to direct our attention now are the "boss" in state politics, and the speaker of the House of Representatives. These men have power and may abuse it.

(4) **Political Machines.**—The management of primaries and nominating conventions by bosses, and the organization of elections by their "heelers," or lieutenants, is one of the finest illustrations to be found anywhere of the power of technical skill over unspecialized men anywhere to be met with. A mere handful of political experts can control many times their number of persons not only indifferent, but even hostile to their purposes, by carefully setting them off against one another and manipulating the machinery of government in ways that only they can do.

(5) **English and American Methods.**—Many efforts have been made to discover the secret of English good government in the English governmental machinery. But it is doubtful if the power of our political experts to baffle the community of non-experts, would be much embarrassed by an adoption of English machinery. The difference seems rather to lie mostly in the existence in England of a set of political experts actuated by public spirit and rewarded by a public esteem quite unknown with us. Important as changes in our machinery may be, the principal thing must be the development of this more wholesome class of experts and this process must be slow.

(6) **Spanish Rule.**—A study of Spanish rule in

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the Philippines is most instructive in this connection. Other illustrations can be found suited to all tastes and prejudices.

(7) **Land-tenure.** — Perversions of the legal function may be illustrated by a single interest, that of land-tenure. In England a man who owns a piece of land that has been exchanged a hundred times, must keep all the deeds himself from the beginning in order to assure his title, there being no official registry of titles as with us. The enormous advantage of such a registry is perfectly apparent to Englishmen, but the lawyers have successfully resisted all efforts to have it introduced because it would materially reduce their business and their fees.

This bad point against English lawyers, however, is quite matched by one against our own. There is still an enormous amount of litigation over land titles, a large part of which has been obviated by a new system devised in Australia, a country prolific in ingenious devices. This system has been widely advocated and its superiority demonstrated beyond doubt, but the lawyers have so far successfully resisted its introduction.

All movements, too, to simplify legal instruments and adopt an intelligible legal phraseology have met with the same opposition.

Perhaps of all professions, that of medicine is most above reproach in this respect. The reason apparently is that physicians deal constantly with very real and tangible ills which appeal powerfully to humane instincts and make self-seeking at the expense of others more hateful and difficult.

(8) **Rotation in Office.**—We have noticed in a former lesson the wastefulness of the system of rotation in office, increasing, as it does, perpetual inexperience in public service. The enormous value of expert knowledge calls in the strongest terms, for the retention of experts in office "during good behavior."

But this lesson suggests the important qualification at that time alluded to, namely, that experts may misbehave. It is possible even that in a society where individual virtue is low, and public spirit is inadequate, the danger of official disloyalty may be so great that rotation in office with its perpetual succession of inexperience may be the lesser evil, such men having less power to serve, but also less power to injure society than an organization of permanent officials. But such a necessity is a guaranty of weak and inefficient government. Moreover when an expert class of rogues have time to get their hand in, they usually manage to rotate the offices inside their own number quite satisfactorily to themselves. No such device can take the place of citizen virtue, and public spirit.

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24. COMPLEXITY AND VULNERABILITY OF A SPECIALIZED SOCIETY.

We have seen in the preceding lessons that a thoroughly well balanced social development in which all the parts serve the whole and are equal to the task required of them, is a very rare thing. In fact, societies are quite as imperfect as individuals, and like individuals their imperfections make them trouble, often threatening their very existence. Not, of course, that there is any danger that society as a whole will fail. (1) The advantages of organization are so great that no matter how many societies fail, new ones are bound to take their place, profiting in some degree by their failure, and avoiding the dangers to which they succumbed. But imperishable as human society is, individual societies have but a precarious existence and are constantly menaced by their own weaknesses. It is these dangers inhering in the imperfections of social development that we have thus far considered.

But society is in the unenviable position of being menaced by its perfections as well as its imperfections, paradoxical as that may seem. That is, the very arrangements that make it efficient and powerful, also make it sensitive and vulnerable. This is not peculiar to society, but is characteristic of all higher organisms. The lowest animals are almost indestructible. Even the hydra, which is not the lowest, can be cut into several pieces and each will develop a complete animal. But the higher the organization the more sensitive it becomes to accidents, until in man a prick of a pin may produce death. Of course, it is true that the higher organisms develop compensating protections and advantages—they could not exist without—but all the same the new dangers that come with complexity and sensitiveness are very real.

The same is true of society. This increasing sensitiveness is manifested first toward the forces of nature. Thus, an earthquake has practically no terrors for a people dwelling in tents or rude huts, while to a society living in brown-stone fronts it may come as an awful calamity. Storms have become more dangerous since

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human movements came to be dependent on the telegraph. The crowding of people in cities pollutes streams, even in the bowels of the earth, (2) and gives disease germs new terrors. The list can be extended indefinitely.

Not only do these wild forces of nature work havoc, but the tamed forces upon which material civilization depends often slip the leash with terrible results. The savage may but burn his fingers in his camp fire, but the modern may be killed by touching an electric wire and a city may be annihilated by the explosion of a gas reservoir or the bursting of a dam. Or the exhaustion of a coal-field, (3) a forest, a mine, etc., may displace communities, disturb a whole social organization and modify the boundaries of states.

Societies grow sensitive also to the attacks of individuals of whom some can always be found who are ready to injure it if they can, or who are liable to do so through stupidity. The anarchist is a familiar example, though perhaps not the most important one. The prominence which these dangerous individuals have acquired of late is probably due not so much to any increase in their numbers (4) as to the enormous increase in their power for mischief. Modern science furnishes them with bombs and destructive agents of every imaginable sort. On the other hand, by judiciously aiming their blows they can bring infinite confusion into society almost by a single stroke. But there are other ways by which the individual can attack society which are probably more dangerous, simply because they are less obvious. The corrupter and the demagogue are more dangerous than the assassin, and sophistry and deceit are more destructive than dynamite. In a society that has to settle questions of money and tariff, of education and morals, and a thousand delicate and intricate adjustments, they have opportunities such as early societies cannot furnish.

Finally, societies become sensitive to the action of other societies. Time was, when a society had nothing to fear from another country or even another county unless from direct invasion. Even so the wound was seldom serious or enduring. But now a change of commercial policy, a new law about taxes, or banks, or tariff, even a rumor of new undertakings or altered sympathies, may carry to another continent widespread consternation and disaster. In this far-reaching sensitiveness we already see the beginning of a world society. (5)

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24. COMPLEXITY AND VULNERABILITY OF A SPECIALIZED SOCIETY.

(1) **Race Perpetuity and Progress.** — The great fact of evolution, once fully grasped, has at least this advantage that it relieves us completely of anxiety as to the fate of the race, a connection in which our anxiety is as impatient as it is groundless. Nothing but a serious and unfavorable change in the constitution of nature can endanger the perpetuity and the progress of the race. But along with this perpetuity and progress may go an indefinite amount of individual disaster involving the failure of men and even of whole societies and races. It is fortunately not left to us to determine whether the race shall progress or not, but it is left to us to determine in some measure how much that progress shall cost and who shall enjoy it.

(2) **Modern Sanitation.**—The discovery of this fact has made the great compact cities of our day possible. Until recently great cities were periodically visited by pestilences. Throughout the Middle Ages the suspicion was constantly current that somebody was poisoning the wells. And somebody was, but they little imagined who or how.

(3) **English Coal Fields.**—What will become of Anglo-Saxon civilization, nay, what will happen to the whole course of human development if the English coal fields are exhausted? Few questions are more suggestive, or of more direct concern to ourselves as a principal partner in this great department of civilization. A somewhat similar, if less important question is suggested by the present ruthless destruction of our forests. What would be the effect on the great competition for leadership in civilization if, as a German expert has predicted, the inhabitants of the United States, after wasting their forests and ruining their climate, should have to import artificially grown timber from Germany? For, after all, civilizations like trees, are products of the soil.

(4) **Unsocial Individuals.**—Yet the number of anti-social individuals may have increased of late on account of the rapid progress of society. The more rapid the advance in complexity of social organization, the more exacting become society's requirements and the more numerous those who fail to meet these requirements. The socially rejected, those who cannot keep up with the procession, are always a burden, or an active danger to society, and progress must necessarily be so moderate as to prevent an undue increase of their numbers. The signs are not wanting that we have been moving pretty fast, and that those are becoming dangerously numerous who glare sullenly at

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the procession with which they have failed to keep up.

(5) **International Commercial Relations.**—Recent commercial and political history furnishes numberless illustrations of this principle. Failures in Australia embarrass a London bank, and within a few hours precipitate a crisis in the United States, followed by months and even years of depression. Bismarck compels a change in Russian tariff laws, by a hint to German bankers to refuse a Russian loan. An export bounty on sugar in France and Germany ruins agriculture in the West Indies. A tax on pearl buttons in the United States throws thousands of people out of employment in Vienna. Even so long ago as the beginning of the century when international commerce was far less developed than now, Napoleon after all attempts at invading England had failed, nearly succeeded in conquering his indomitable foe, by excluding English goods from the Continents. These subtle but terrible weapons are more and more displacing the crude weapons of old-time war.

FOURTH WEEKLY REVIEW.

19. **HELPLESSNESS OF SPECIALISTS.**—Weakness and Danger of Association.
20. **INDIVIDUAL DEGENERATION.**—Arrested Selection.
21. **RESULT OF DIFFERENTIATION.**—Class Antipathies.
22. **SOCIAL DANGERS.**—Rigidity in Progressive Societies.
23. **PERVERSION OF FUNCTIONS.**—Services of Specialists.
24. **COMPLEXITY OF SOCIETY.**—Rarity of well balanced Development.

QUESTIONS.

19. *How are we accustomed to think of society? What can you say of this tendency? What is required of students of society? What can you say of science in its relation to its devotees? How does life adapt itself to existing conditions? What can you say of the influence of society? For what does life in society unfit us? What is the difference between social and non-social life? What are some of the effects of civilization? What has social man lost? What changes of feeling have also obtained? What feelings are developed in man by society?*

20. *Why does the development of certain qualities depend largely upon the amount of use which is made of them? When men pass from the social to the non-social state, what changes are likely to take place? What would be the position of Achilles in modern civilization? What can you say of the degeneration of sight and hearing? Why is it, that as society advances, there is a decline in physical courage and bodily strength? What more serious degeneration does society promote? How are defectives in body and mind produced? How does specialization preserve defectives?*

21. *In what does the essence of association consist? What can you say of the gain in technical skill? Does specialization make men essentially different from each other? What special functions are developed by it? What is given us by difference of employment? What follows? What can you say of the differences between employers and workmen? What can you say of the repression of social sympathies? Where is this most conspicuous? Between what classes? What is the second result? Mention instances of solidarity. What are the dangers of this? What tendencies are developed by society? What is the problem which must be faced by all progressive societies? Of what are class antipathies sometimes the result?*

22. *What danger especially threatens progressive societies? What are such societies always developing? What can you say of the relative strength of the ascendant and cohesive forces? Why does social progress seem to many to be a doubtful blessing? What is the effort of the conservative party? What results when conflict between classes disappears? What has our development already produced? Why is rigidity a danger? What is the result of conflict? What can you say of the failure of societies? How may social organization become permanent?*

23. *In what way are specialists a source of social efficiency? What is the advantage of specialization? What dangers must society constantly face? Instance a familiar case. How does a monarchical government easily degenerate? What can you say of the Roman Empire? What can you say of the foundation of the American government? What has been the result of representative government in America and England? What can you say of it in Italy, Spain and the South American republics? What is the political condition in Austria? What other instances of perverted function can you mention? Why do the difficulties of society increase as specialization increases?*

24. *What can you say of a thoroughly well balanced social development? Compare societies and individuals. How is society menaced? Of what other organisms is this a characteristic? How is increasing sensitiveness in consequence of civilization manifested? What social elements are more dangerous than those of nature? In what way does modern science aid anarchy? How do societies become sensitive to other societies?*

SUBJECTS FOR SPECIAL STUDY.

1. *The dependence of specialists upon others.*
2. *Physical degeneration resulting from civilization.*
3. *The development of class antipathies.*
4. *Dangers of social rigidity.*
5. *Dangers of specialization.*
6. *The various menaces to society.*

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GAZETTEER AND GLOSSARY.

Bryce (brīs), James.—A noted English historian, born at Belfast, Ireland, May 10, 1838. He became regius professor of civil law in Oxford University in 1870, under secretary for foreign affairs in 1886, chancellor of the duchy of Lancaster in 1892, and president of the board of trade in 1894. His principal works are "The Holy Roman Empire" (1864, 7th edition 1877) and "The American Commonwealth" (1888, 3d edition 1894-95).

Descartes (dā-kärt′), René (Latinized, Renatus Cartesius).—Born in France in 1596, died at Stockholm in 1650. A French philosopher, who was the founder of Cartesianism and of modern philosophy in general. He was the author of several works on philosophy and also on mathematics,

Gardiner, Samuel Rawson.—An English historian, who was born in 1829.

His works include a history of the Stuart period "From the Accession of James I. to the Disgrace of Chief Justice Coke," (1863. "Prince Charles and the Spanish Marriage" (1869), "The Thirty Years War" (1874), "England under the Duke of Buckingham and Charles I." (1875), "Personal Government of Charles I." (1877), "Outlines of English history" (1881), "Fall of the Monarchy of Charles I." (1882), "History of the Great Civil War" (1886), and others.

He has also done valuable editorial work upon hitherto unpublished letters and documents, for instance, "The Fortescue Papers," "The Hamilton Papers," etc.

Maine, Sir Henry James Sumner.—A distinguished English jurist, who was born Aug, 15, 1822, and died Feb. 3, 1888.

He studied at Cambridge, where, in 1847, he became regius professor of civil law, a position which he held until 1854. He was called to the bar in 1850, became a reader on Roman law and jurisprudence at the Inns of Court, London, in 1852. He was legal member of council in India, 1862-69, was Corpus professor of jurisprudence at Oxford in 1869-78.

In 1877 he was elected master of Trinity Hall at Cambridge, and afterward became professor of international law.

Among his works are: "Ancient Law" (1861), "Village Communities" (1871), "Early History of Institutions" (1875), "Dissertations on Early Law and Custom" (1883), "International Law" (1888) and others.

Philoctetes (fil-ok-tē′-tēz).—In Greek legend, a Greek warrior in the Trojan war, who was a famous archer. He was the friend and armor-bearer of Hercules, and set fire to the funeral pile of that hero.

He was wounded either by a serpent, or accidentally by one of the poisoned arrows given him by Hercules, and left to die on Lemnos. The legends about him vary. He was made the subject of a play by Sophocles.

Sidgwick (sij′-wik), Henry. An English author, who was born at Yorkshire, May 31, 1838.

He was educated at Rugby and Trinity College, Cambridge (being elected fellow in 1859), and was elected Knightbridge professor of moral philosophy at Cambridge in 1883.

Among his works are: "Methods of Ethics" (1847), "Principles of Political Economy" (1883), "Outlines of the History of Ethics" (1886), etc.

Wilson (Woodrow).—An American historian, who was born in Virginia, Dec. 28th, 1856.

He was graduated at Princeton, in 1879; practiced law at Atlanta, Georgia, for a time. He studied history and politics at Johns Hopkins University in 1883-85; taught history at Bryn Mawr College, Pennsylvania, 1885-86, and was associate professor of history and political science there, 1886-88. He was elected professor of history and political economy at Wesleyan University in 1888, and afterward became professor of finance and political economy at Princeton.

He is the author of "Congressional Government. A Study in American Politics" (1885), "The State" (1889), "Division and Reunion" (one of the "Epochs of American History," series, 1893), "An Old Master," and other political works.

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Ely, Richard T., Ph.D., L.L.D	Introduction to Political Economy; Outlines of Economics.
Gardiner, Samuel Rawson, M.A	History of the Commonwealth and Protectorate.
Green, John Richard	History of English People.
Green, T. H	Political Obligations.
Jowett	Plato.
Maine, Sir Henry Sumner	Popular Government.
Mill, John Stuart	Political Economy.
Nicholson, J. S	Money and Monetary Problems.
Payne	Compayrés History of Pedagogy.
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Smart, William	Introduction to the Theory of Value.
Smith, Adam (McCulloch's)	Wealth of Nations.
Wilson, Woodrow	The State.

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STATISTICS.

BY

EDWARD D. JONES, Ph.D., Instructor in Economics and Statistics, University of Wisconsin.

THE Use of Figures.—I have no doubt but that the word statistics suggests to the mind of the reader columns of figures forbidding in aspect and uninteresting because their import is not easy to discover. They become interesting as we gain the power to see through them the forces moving nature and society and to look beyond them and see the conditions of human lives. These numerical records are the devices to which it has been found useful to resort in the examination of subjects involving the study of a large number of cases. We may, as scientists, search for a rational order in the universe either by applying a general rule unconsciously formed in the mind to the explanation of the matter in hand, or by laboriously studying and grouping our facts until an interpreting relation is discovered. The latter procedure is the inductive method, of this the statistical method is one form. When the facts with which we have to deal are so numerous that the unaided memory is incapable of retaining them, and when their diverse character confuses the intellect we naturally turn for assistance to a written record and try to bring order out of confusion by classifying the recorded facts. If our classification is satisfactory we may use figures entirely to indicate the cases of each sort which come under our observation. By these means our study is made more complete and accurate while the records preserved are easily made and examined. The statistical method is that scientific procedure employed in "quantitative aggregate observation."

Characteristics of the Method.—Two processes may be distinguished, namely, enumeration and comparison. The first is the compilation of records, the second is the comparison of part with part in the endeavor to discover causal connections. The statistical method is characterized by exactness. This follows from having an objective record and from employing figures and classifications. When we are dealing with large numbers, an error which affects a few cases only becomes insignificant, and an error which affects all, can sometimes be so clearly defined that we can discount it, as for example, the undervaluation of property for assessment purposes. In the process of comparison the student is called upon to construct a theory as to the relation between two sets of facts. Here is a point of danger. Figures do not lie, they are merely mute when students misuse them. It is the business of the student of statistics to test every reasonable hypothesis and honestly to adopt the one which best accounts for all the facts. There is obviously great danger of misinterpretation. In the United States in 1890 the number of native whites in poor-houses was one to every nine hundred and sixty-one of the native white population. The proportion among the colored population was one to every one thousand one hundred and forty-three. Are the colored population more industrious than the whites or, from advantage of situation, more uniformly possessed of a rude abundance, or are these figures merely a consequence of the fact that the poor-house system is little developed in the South? Care must be taken to suppress no consideration which can influence the conclusion of one's study. Hon. Carroll D. Wright, Chief of the Federal Bureau of Labor, has likened the way in which some persons use statistics to the way in which a certain man attempted to prove from the Bible that there was no God. He quoted the words, "There is no God," and submitted the case. But he suppressed the most significant part of the sentence from which the quotation was taken: "The fool hath said in his heart there is no God."

A serious limitation of the statistical method lies in the fact that it cannot be applied without the preparation of an extensive record of observations. These records are sometimes very expensive. A simple enumeration of the population of the United States costs millions of dollars. There are many subjects of investigation which might yield profitable returns but which cannot be studied because the attempt to secure the information would be too expensive, or the questions asked would be considered inquisitorial. A large part of the subject-matter of statistics is compiled in the form of what may be called "office records" of the various branches of government. Because a tax is laid upon tobacco we can ascertain approximately the amount consumed in the United States annually, but there is no way of discovering how large a proportion of the population use tobacco. The records of many private institutions furnish valuable material for the study of society. Thus, we can observe the starting up and the slowing down of the economic mechanism through the records of clearing-houses. The movement of philanthropic forces and the fluctuation of misery may be partially understood by examining the records of charity organization societies. In general, we may say that those social forces which

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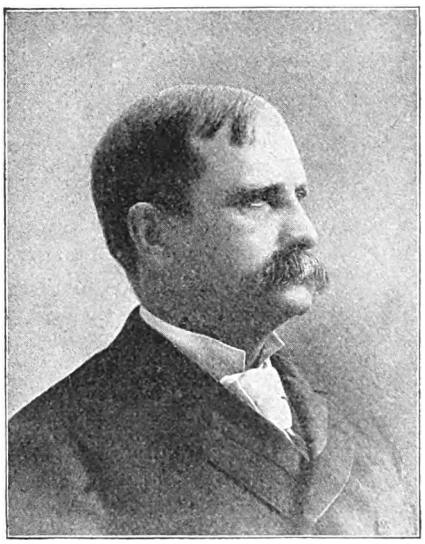
manifest themselves in such a way as to find registration in some agency of government, or which are fairly measured by the records of the great institutions of business or society generally, may be studied statistically. It is, in this connection, easy to see why we know much about crimes committed, and but little of the temptations to crime which have been resisted. We do not indeed know how many crimes are committed in the United States in a year, because no record of crimes is kept, but we know how many arrests are made, how many persons arrested are discharged, tried, acquitted or convicted. Because the institutions of wholesale trade are well organized and the movements of





goods and values are carefully recorded by them we may make intelligent statistical studies regarding wholesale trade. The institutions of retail trade, being more widely distributed and less uniform in character, enable us to tell very little about the characteristic movements of retail prices.

Lest it should appear from this that the statistician is utterly helpless because of the imperfection of his records, we should remember that there are few well-prepared tables of statistics which do not quite clearly show other things besides those which they were compiled to show. The population of the various minor subdivisions of the United States is ascertained in the federal decennial censuses for the purpose of determining the representation of the states in the lower house of Congress. But when these records are reduced to a series of charts, as is done in the Compendium of the Eleventh Census, they serve to show the spread of settlement westward from the thirteen colonies, and form the bases of important conclusions concerning the movement of population and the growth of social organizations in a new country. These collateral lines of significance, contained in most tabulations of figures, enable the student to pass by roundabout routes from the facts at his disposal to the desired conclusions.

It is thus that estimates are made. We may illustrate the use of estimates by observing some of the ways in which the figure representing the total population of a country has been obtained. In England, the first estimate of the population was made from the number of houses registered in the Doomsday Book, it being assumed that each house, on the average, contained a certain number of people. The population of Rome was, at one time, estimated from the size of the army. This became an unsafe method when military service was required of other than citizens of Rome. The post-office records and city directory lists are habitually used in American cities to estimate the population between census years. The school population is also used for similar purposes. There is always a measure of uncertainty in these estimates. They are based upon records liable to great imperfections and they involve the use of formulas or "rules of thumb." Thus, to get an estimate of the total population from a census of children of school age (five to seventeen years inclusive) we must assume that the population of school age is one-third of the total population, or some other proportion. These formulas are liable to great local variation and some of them to continual historical change. It is estimated that under the present conditions one square mile of territory in the United States will support an agricultural population of forty-five persons, so that a population in excess of this must depend in part upon manufacture and commerce. But as the agricultural arts develop, the maximum agricultural population will doubtless increase. The economist MacCulloch estimated that the value of manufactured goods was, in general, three times the value of the raw material. Since his day there has been an almost continuous decline in the value of manufactured products, although some sorts of raw material have decreased but little, and many have actually risen, in value. The assumptions which are contained in any process of statistical manipulation should always be carefully tested with reference to the precise conditions under which they are to be used and, finally, to avoid all ambiguity and provide the way for future corrections, these assumptions, the "ifs" and "provideds," should be honestly reproduced in detail wherever the conclusions are used.

We have spoken of the statistical method. This term implies that what we have to do with, is rather a type of scientific proceedure than a specific body of knowledge. The statistical method may be applied to the study of natural forces as in meteorology. It aids the science of biology in many ways, being for one thing indispensable in answering the question, What constitutes a type? The social sciences have occasion, in the study of the aggregates composing society, to make constant use of the quantitative method. Much material for determining the physical basis of a proper social life, is afforded by vital statistics which, buttressed by meteorology and hygiene, form the foundation of the study of public health. In the examination of the phenomena centering in wealth, as pursued by economics, statistics are indispensable. The distinguishing characteristic of economics among the social sciences, according to Professor Alford Marshall, is that the social forces it considers, can be subjected to accurate measurement through their influence upon values. While moral forces are, as a rule, not susceptible

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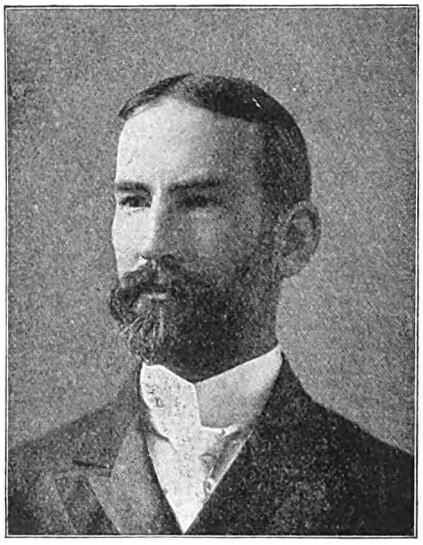
of statistical expression the use of that body of observation usually called "moral statistics" has exerted no small part of the influence which has revolutionized ethics into an empirical science, and endowed it with life and progress. Sociology and the entire group of social sciences may well unite the statistical method, which is the most precise and systematic form of inductive reasoning, with its most comprehensive form, the historical method, in the endeavor to save themselves from ever again treading the barren rounds of metaphysical reasoning. As Professor C. R. Henderson has well said: "We know social facts completely only when we measure them. We cannot measure social facts without statistics. The iron law of necessity may compel us to do without such measurement, but no competent reasoner will rest content until he secures all available information." Let us examine a couple of the chief bodies of statistical observation, choosing for our purpose some typical vital and social statistics, and adding a brief review of economic statistics.

Vital Statistics.—To begin, then, with the numerical study of the physical life-history of communities, we find the first problem is that of securing, through census enumeration, an idea of the number and groupings of the population within a political state. Estimates made by a number of authorities have reached substantial agreement in placing the population of the globe at a billion and a half. In the political scale every people does not count simply according to numbers. The European continent and the Chinese Empire contain about the same number of human beings, but one outweighs the other a thousand fold in its contribution to the progress of the race. Our own country contains about one-twentieth of the world's population, but we are learning better than to boast of mere size.

After the mass and political groupings of population have been observed the sex classification is usually considered. The two sexes are seldom equally represented in a community. In those regions where little migration takes place the females exceed the males from two to fifty in every one thousand of the population. As the males constitute a greater proportion of emigrants than do females, a country giving up population tends to an excess of females, while one receiving immigration will have an abnormally large proportion of males. Sixty per cent of the immigrants to this country are males, and our census enumeration shows that we have one thousand males, to every nine hundred and fifty-two females. The proportion of the sexes is not the same at all age periods. While, on the average, more male than female children are born, more females grow to maturity. Within our own country we find the belt of Atlantic States showing an excess of females; but as we pass westward the proportion changes until, in Washington, Montana, Idaho, Wyoming, Nevada and Arizona, the sex composition of the population is the same as that of our foreign immigration. The emigration to our west is chiefly from the Eastern States, rather from Europe, showing that the law of sex in migration holds true. Our large cities usually show an excess of females. Mining and lumbering communities are proverbially "stag camps," while centers of textile and light manufacturing are given up to females. The male sex does the rough work of pioneering, and is quickly drawn to adventuresome enterprises. The female sex remains where the social order is well established and industrial tasks suited to its strength may be found.

The age classification of a people may be considered next to that of sex. In the United States, we find that children below the age of ten years constitute one-fourth of the population. This class is largely dependent, in the economic sense, and brings home to us the importance of our educational system. As Mr. W. T. Harris, the United States Commissioner of Education, has recently announced, more than a fifth of the American people are at school, either in elementary or advanced institutions of learning. Those persons who are below twenty-two years of age constitute



Richmond Mayo Smith, Prof. of Political Economy and Social Science, Columbia University, N. Y.

almost exactly one-half of the American people. If we consider that those between the ages of fifteen and fifty-five constitute the bulk of the earning classes, we find that 55.66 per cent of the population support the remainder. The age composition of the population, as it exists at any given time, may be represented by a pyramid having for its broad base the childhood world, and reaching up to a narrow apex of venerable octogenarians. But such a figure does not give us an idea of the manner in which the individuals composing society are passing through the various estates, or how the pyramid is constantly losing but constantly being renewed. A population is in some respects like a tree, bearing in its body the scars of past experiences. A war which, like the Franco-Prussian war of 1870-71, slays thousands of young men and temporarily checks the birth-rate, will be felt twenty-five years after in two distinct scars, a lack of males between the ages of forty and fifty-five, and a slight falling off in the class of men and women just assuming the responsibilities of home and state. As years pass by, these scars will be shifted to older age classes, until they disappear entirely. The best composition of a population is secured in those countries where such care is taken of the young that as large a proportion as possible of the children are raised to maturity.

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The number of births in normal communities ranges between twenty-three and fifty, annually per one thousand of the population. The first figure is very low, representing such countries as France and Ireland; the latter rate has been observed in Russia and India. The birth-rate is very strongly influenced by fluctuations in general prosperity. There was a time when rye was a most important food of the common people of Bavaria. At that time it was noticed that a rise in the price of rye was accompanied by a decrease in the birth-rate, and *vice versa*. It can easily be shown, by means of charts, that the birth-rate in England to-day varies in a similar antithetical way



Horace G. Wadlin, Chief of the Massachusetts Bureau of Statistics and Labor.

as the value of English goods exported rises and falls. A war diminishes the birth-rate, but with the declaration of peace comes a period of abnormally high rate. The birth-rate varies not only from year to year, with the change of social and economic conditions, but it varies within a single year, according to the climatic and social characteristics of the seasons.

Of the great fundamental events of life, namely, birth, marriage and death, marriage is the one most completely under the control of the human will. We may expect, therefore, to find the occurrence of marriage influenced not only by natural conditions, which affect the other two likewise, but by considerations of convenience and custom: in short, by moral considerations generally. The marriage rate, by which is meant the number of marriages celebrated annually per one thousand of the population, varies from nine in Ireland, to twenty-one in Servia. It is low in Norway, Denmark and Switzerland; high in the United States (17.2), and in Spain, Hungary, Greece and Prussia. Aristotle proposed that men should marry at thirty-seven and women at eighteen. The average age of Englishmen at marriage is now about twenty-five and two-thirds years, and of women twenty-four and three-tenths years. Aristotle was in error, as Farr has shown, in recommending so great a discrepancy of ages, for if his advice were followed in England to-day the average duration of married life would be reduced from twenty-seven to twenty-four years, while to every twenty-four married couples there would be four widowers and eighteen widows. In the average, it will be found that the educated and wealthy classes contract marriage at more advanced ages than those not so advantageously placed. There are of course exceptions as in those countries where child marriages are fashionable with the upper classes, as in Russia. In England, in 1883, the average age of coal and iron miners, at marriage, was 24.06 years, and of their wives 22.46 years, while the age of members of the professional and independent classes was 31.22 years, and of their wives 26.4 years. As we pass from a lower to a higher social class we find the age of the contracting parties, at marriage, increases, but that of the male increases more rapidly than of the female. This gives us the greatest discrepancy between the age of the husband and wife among the wealthier classes. A consequence of this is that in an old established and wealthy community many widows will be found, and a great amount of property will be under the control of widows. In such communities the problem of providing such safe and easy means of investing wealth as are suitable for women, becomes important, and a just extension of the rights of women, before the law, in control of property, is correspondingly more needed than in a frontier community. The general tendency in this country is toward postponing marriage, and the number who reach marriageable age, but never marry, is increasing. This is usually accounted for by the increased stress of competition accompanied by an elevation in the standard of life. The opportunities afforded by our large cities in the way of comfortable rooms and eating-places for single persons, together with clubs, amusements and other opportunities for association, lessen the attractions of the married state, while the entrance of young women into business provides them with a means of livelihood outside of marriage. We must not be deceived in regard to the influence of the city by the fact that the marriage rate is higher there, per thousand of the general population, than in the country, for the young blood which comes to the city gives us a larger proportion of persons of marriageable age than in the country. With the discussion of marriage the subject of divorce naturally couples itself. And this brings us to an important problem, but one about which so much has been written that it may be passed over rapidly in a statistical survey of this character.

Between 1867 and 1886 the population of the United States increased about sixty per cent, but the number of divorces granted, increased one hundred and fifty-seven per cent. In 1885 the number of divorces granted in Canada, Great Britain, Ireland, France, Italy, Switzerland, Belgium, Holland, Denmark, Norway, Sweden, Germany, Austria, Roumania, Russia, and on the Australian continent amounted to a total of twenty thousand, one hundred and eleven, while in the United States, in the same year, the number of divorces equalled all of this, and exceeded it by three thousand, three hundred and sixty-one! It can be shown, for the United States at least, that children serve to cement the marriage tie. For every divorce granted to a couple with children, in this country, there are usually three and one-half to the account of couples without children. More divorces are granted to native Americans than to the foreign-

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born; more are granted in the north than in the south.

As spoke brave Horatius, the Roman captain,

"To every man upon this earth
Death cometh soon or late."

Although this supreme event in human life is usually classed as beyond human control, the study of societies shows that it may be so hastened or so postponed by human actions as to betray in the manner of its occurrence many important social laws. The study of mortality statistics, with reference to climate, specific diseases, age classes, and industrial classes, teaches many valuable lessons both to the physical and social sciences. Climate has a greater influence upon the death-rate than upon the birth-rate. Readers of Vanity Fair will remember that Lord Steyne, the admirer of Colonel Crawley's wife, the fair Becky Sharp, used his influence to gain for Colonel Crawley the Governorship of Coventry Island, trusting to the notoriously insalubrious climate of that region to do the rest, in the furtherance of his schemes.

The death-rate varies between races. Mr. Rüs tells us that the Jews are able to live in health, in slums where other races perish in appalling numbers. If we were to divide the population into classes, according to age, we should find the highest death-rate at the two extremes among children and the aged. If we suppose one thousand persons of English birth to start out at the same time upon the race of life, we shall find that, on the average, there will remain after ten years about seven hundred and thirty-five, after twenty-five years, six hundred and seventy, after fifty years, five hundred, after seventy-five years, one hundred and sixty-five. After ninety years ten will remain, while practically all will be gone before the century mark is reached. The expectation of life which depends upon different groupings of age classes shows some rather surprising peculiarities. The death-rate among children is so great that up to about the fourth year it may be said that every day a child lives increases the years of life remaining to live. This results of course from the fact that as the child increases in age he is progressively entering a more select class, the weaker dropping out and the fit remaining. The average expectation of life is the chance of a living child at birth. This is somewhat greater for girls than for boys, but averages for both, (Berlin experience), about thirty-six and one half years. This is also the expectation of life of persons twenty-six years of age so that, in a sense, we may say the first twenty-six years of life need not be counted out by those who have succeeded in living them. Beyond this age the expectation of life gradually declines. The death-rate is influenced by occupation,—clergymen, gardeners, farmers, and teachers being favored, while miners, saloonkeepers, manufacturers of files, earthenware, felt hats, and the like, show high death-rates. In this connection it has sometimes been pointed out that the occupation of Kings is not a healthy one. The average age of the thirty-four English sovereigns between William the Conqueror, and William IV., at the time of accession to the throne was thirty years. The mean expectation of life for persons of that age is thirty-three years. The mean length of their reigns was however twenty-two and one-half years, which shows a falling short by ten and one half years. The death-rate of married persons is usually smaller than of unmarried persons of the same age. The choosing of partners for the married state is a selective process in which the superior are naturally first chosen. Furthermore, marriage promotes steady habits and a wise conservation of one's powers, while the home is adapted in many ways to resist disease and furnish proper care in case of sickness. Space forbids us to deal longer with these topics and we pass on to examine briefly the contribution of statistics to economics.*

Economic Statistics naturally group themselves according to the arrangement of the subject-matter of Political Economy. In the production of wealth man works upon nature. The statistician can provide for the student of economic life some



Roland P. Falkner, University of Pennsylvania.

conception of the size of these factors. We know that out of the total population of the United States some nineteen million men, and four million women are engaged in remunerative occupations. Nine millions are in agriculture and the extractive industries, five million carry on the manufacturing enterprises in the country, three and one third million are in trade and transportation, and so on. Man is not long content however to apply his unaided hands to the subjugation of nature. He tames animals and devises implements and machines by means of which he can compel physical forces many times greater than his own to work with him and for him. These devices, by which man creates an ally in his work, constitute a third factor in production called capital. We find in the United States to-day that the hand-power exerted in wealth production is about six thousand, five hundred millions of foot-tons daily, while steam-power produces sixty-eight thousand millions of foot-tons of energy. Aristotle thought the institution of slavery so necessary, as the foundation of a cultured society, that it could only be abolished when the shuttle should move of itself.

These conditions have nearly been complied with, in our age, for the power of animals and wind and water and steam, exert a force equal to five men working by the side of every laboring American.

*For a systematic discussion see Professor Mayo-Smith's interesting studies in his "*Statistics and Sociology*."

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These forces are brought to bear upon the second productive factor, nature. To this factor the term "land" is sometimes given, but it means, for the economist, more than is popularly meant by land. It includes not only the six hundred and twenty-three million acres in American farms, but the stores of timber standing upon parts of our territory, the mineral deposits, our waterways and harbors and the fish in the waters, the game, ice, and the like.

The result of man's efforts through the institutions of industry is a quantity of products useful in satisfying human needs—in short, wealth. A part of this is in enduring form, a part is rapidly consumed. It comes forth as the product of industry in the form of the two thousand five hundred millions of dollars worth of agricultural products, resulting from agriculture annually. A thousand million dollars worth of values come forth from our forests, seven hundred million dollars worth of mineral products from the mines. The greater part of these products receive an immense addition to their value by being manufactured. The raw materials entering our manufacturing institutions in a year are valued at five thousand millions. Their value as manufactured products is placed at nine thousand millions of dollars. Values are further added to the products of labor by transporting them to all parts of the country where they are wanted, and by retailing them when wanted and in the desired quantity. From this it results that, before a good comes into the possession of the ultimate consumer, a large part of its usefulness is in place, time, and quantity utility. Of all parts of the productive process the retailing is the most confused and expensive. The manufacturing and commercial processes are marvelously organized.

The quantity of goods produced in a community like the United States annually, is so great that figures representing the aggregates, produce no definite impression upon the mind. The difficulty of organizing this process and of distributing the product must be apparent. It is in large part done through the mutual exchange of goods. The ratios in which these goods exchange for one another are their values, and the ratio of exchange in terms of money, is price. By means of these exchanges every industrial group and every factor in production receives its share. The price statistics which have been preserved for the use of the economist, are well-nigh inexhaustible in quantity. The use to which these tables have been put in economics, so far, is chiefly to verify the results of deductive reasoning. The investigation which depends chiefly upon price and currency statistics, is probably that of the money question.

In order that men may work together, in wealth creation, a part of the product must be set aside for each person. In the processes of production a great variety of individual claims are established to portions of the resulting goods. These claims are usually classified as rent, wages, interest and profits, and the persons engaged in production classified according to the share they receive in distribution, are landlords, wage-earners, capitalists, and *entrepreneurs*. It is the business of the statistician to study in connection with the share paid to the landlord, what is the extent of tenancy both in the country and in the city, for it is important that the strong interests generated by ownership should be employed to bind a people to their homes, and to generate in them an interest and a sense of responsibility in the local affairs of the neighborhoods where they may be placed. The study of rents will bring into view the growth of land values in our large cities and will show us an extensive unearned increment. It can hardly be but that great and undeserved wealth has come to a few land-owners when we know that some land in Chicago has risen in price, within a generation, from two or three dollars per acre, to a value three hundred and nine thousand times that of average Illinois farming land, and this all without any commensurate activity on the part of the owners.

The second share in the national dividend is wages. It is of great importance that wage statistics should be as widely popularized as possible. Not merely in order that the movement of wage-earners from place to place and from one occupation to another shall be facilitated, but that the wage contract may profit by the beneficial effects of publicity, and the weaker party to the contract be placed on a basis of equality with the stronger, as far as knowledge of the market is concerned. Although the statistics compiled concerning wages are enormous in extent, we cannot tell the exact amount paid in wages in this country for a year, nor is that figure of much importance to us. We know how important wages are as an element of cost in many enterprises. In manufactures, for instance, we know that to produce a product worth one hundred dollars, means in general the payment of twenty-four dollars and thirty-six cents in wages. But scarcely any two manufacturing enterprises pay out the same proportion for wages. Statistics enable one to tell quite accurately how wages differ with the skill of the worker and with the continuity and arduousness of the labor. Wages differ with the local conditions as to demand and supply, and with the cost of living. From China westward around the world in the north-temperate zone to our Pacific coast, the rate of wages increases, and upon the Pacific the most diverse economic conditions face each other to work out in a more final form than heretofore, the problem of what constitutes industrial superiority.

Interest and Profits.—We can consider interest and profits but briefly. It is perfectly manifest that the ownership of wealth, in this or any other highly developed country, is not coincident with its industrial disposition and control. What the total sums are, which in any country are paid for the use of borrowed wealth we do not know. In the study of interests and profits it is difficult to collect statistics which will satisfy the economist, as the scientific classifications are not recognized by popular usage. The interest charge, as understood by the economist, includes more than is passed from hand to hand as interest. It embraces the interest charge as made upon the books of firms whether capital is borrowed or not. A part of what is popularly classed as rent is to the economist, interest, while a part of what is commonly called interest, is to the economist insurance, etc. In January, 1890 there was something over six thousand million dollars worth of mortgages in the United States, secured upon real estate, being over 16.5 per cent of the true value of all real estate and mines. The rate of interest is probably not far from 6 per cent. The public debt of the United States, and of the states and local governments combined, was in 1890 nearly two thousand millions of dollars, bearing interest at the rate of 4.85 per cent, and forming an interest charge annually of ninety-four and one half million dollars, or $1.51 per capita. The rate of interest

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varies in different sections of the United States, that paid on incumbrances on farms and homes being highest in Arizona, 13.07 per cent, lowest in Connecticut, 5.47 per cent. Interest in the popular sense includes an element of insurance and remuneration for the managing of property so that it varies with the character of security accepted, the length of time for which the loan is made, etc. The confidence reposed in our city and state governments, as well as in the Federal government, enable them to borrow at lower rates of interest than private parties. This fact sometimes becomes of practical importance as in the question of municipal pawnshops.

The sums which are distributed in industry as profits are least accessible of all shares in the national dividend to the statistician. We have already noted the unearned increment on land through its rent drawing power. Profits due to the exercise of monopoly power are not easy to estimate, as we do not have the competitive and monopoly charge side by side for convenient study. Corporation profits are often so covered up by methods of book-keeping, by expenses incurred for improvement and by issues of fictitious capital stock, that reliable statistics are, on any large scale, out of the question. The *New York Tribune* list of millionaires, compiled in 1893, gives satisfactory proof that most of the very large fortunes of New York City were built up from economic surpluses accruing from land, natural monopolies and the like. If this be true, the fact that wealth is more concentrated in a few hands in this country than any other country in the world, shows the significance of profits in our industrial system.

We have now briefly considered the chief shares in distribution. The productive machinery is not only growing more productive, but is becoming more economical. Nevertheless all which is produced does not find its destination in satisfying human wants. The chief source of waste is a failure to calculate wants properly, and hence to properly coördinate the productive process with wants. On this no statistics can be given. Of that sort of waste which implies the destruction of goods for which the want exists, a few items can be mentioned. It is estimated that in 1895 property was destroyed by fire to the value of one hundred and forty-two million dollars. On the average about three millions a year is lost by tornadoes. The mismanagement of the forests about the headwaters of the Mississippi River system promises, according to Professor Fernow of the Division of Forestry, to inflict losses in the Mississippi valley annually greater than the expense of maintaining all forms of government in the United States.

Deducting these losses, when the sum of the national dividend has been divided between the factors of production in the process of production, and after portions of these shares have been redistributed by government authority, or voluntarily from philanthropic and other motives, we at length reach a point where we may assume that distribution is complete. There then remains to enquire how all this is consumed. The study of the process of consumption has thus far been neglected. It is largely governed by social forces, but by those which the students of social action have as yet but vaguely defined and classified. It follows that our statistics are meagre. We may perhaps divide the statistics at hand into two classes, those which deal with aggregate and per capita consumption, and second, budgetary studies.

We are all familiar with the kind of tables presented in the Statistical Abstract of the United States. There we learn that the per capita consumption of raw cotton in the country was, in 1895, twenty-two and a half pounds, of wool six and thirty-two hundredths pounds, of wheat four and a half bushels, of corn seventeen bushels. Some of these figures need interpretation, for we know that the average citizen of this country does not directly consume seventeen bushels of corn per annum. A large part of this is fed to cattle and hogs, while some is manufactured into such diverse food products as confectionery and beer. The statistics must have been taken at a convenient stage of the productive process, while the goods were still distant from ultimate consumption. Since the early seventies, we discover that the per capita consumption of wheat, tea, distilled spirits and wine has been stationary, while that of sugar, cotton, corn and malt liquors has increased. These statistics are mainly produced directly from statistics of production, adding to or subtracting from them according to the movement of exports and imports. It will be noticed that they concern articles, either closely watched for speculative purposes as the grains, largely imported as coffee, or otherwise registered because of a bounty, as sugar, or for internal taxation, as alcoholic liquors.

From the study of private budgets we learn such facts as the following: that a typical Illinois working man expends for subsistence 41.38 per cent of his income, for clothing 21 per cent, for rent 17.42 per cent, for fuel 5.63 per cent, and for sundries 14.57 per cent. By comparing the percentage of given expenditures for incomes of various sizes we discover some important laws of consumption. They have been formulated by the late Dr. Ernst Engel, at one time Director of the Prussian Statistical Bureau, as follows: "First. That the greater the income the smaller the relative percentage of outlay for subsistence. Second. That the percentage of outlay for clothing is approximately the same, whatever the income. Third. That the percentage of the outlay for lodging or rent, and for fuel and light is invariably the same, whatever the income. Fourth. That as the income increases in amount the percentage of outlay for sundries becomes greater." These laws find many important practical applications. Production is for the sake of consumption. The study of consumption ought to yield us some idea what future demand will be.

With this sketch of economic statistics, our study must be closed, not, however, because there are not many other bodies of statistical material yielding equally important practical results. Recollecting that statistics is a method, we can readily understand the diversity of the material indicated by the word statistics. The contribution which the method is capable of yielding to the social sciences alone, to choose a field in which it has been granted a permanent standing, is probably greater than has been commonly realized. All new methods of research are difficult to handle until their characteristics are understood. But a new method always has a compensating fertility. This can be made clear by recurring to an expression often used to designate a science, namely, a "field." If a science is a field, investigation may be said to be the attempt to discover new territory. The advantage of striking out upon a new route, if the object is to discover new territory, illustrates the advantage of a new scientific method.

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NOTES FROM CENTERS

AND EDITORIAL COMMENTS.

IN the present issue we wish to call especial attention to the valuable text of Dr. Ely in relation to instruments of exchange, values, prices, etc.

The principles of "Demand and Supply" are also ably discussed, and this question, about which so much is said and so little is really understood, is surely worthy of careful attention.

The nature and definition of money, both as a medium of exchange and a measure of values, are carefully considered, together with the monetary problems concerning reform, and the requirements of a safe currency.

Dr. Macy has also furnished elucidations of the principles of democracy and force, as a factor in civilized government. The features of early society are briefly presented, and the influences of education among the primitive nations are shown to be important factors in their development.

Dr. Powers presents the various forms of weakness and dangers of certain associations, together with the helplessness and dependence of specialists. He also discusses individual degeneration through arrested selection, and the social rigidity which militates against social development.

In some cases the very arrangements which make society efficient and powerful also make it sensitive and vulnerable.

We are also enabled to present this month an especially valuable paper on "Statistics," by Prof. Edward D. Jones of the University of Wisconsin. Dr. Jones possesses much of that rare ability which enables him to present a naturally dry theme in an attractive and interesting manner. He defines the use of figures logically, and presents the characteristics of statistical methods in a way which will be new to most people.

The principles of vital and economic statistics are ably discussed, and much light is thrown upon the various problems which affect the vital questions of life. It is hoped that in the careful study of this number this valuable contribution to our pages will receive the attention which it so richly deserves.

Havana, Ill., has a flourishing Center, of which Mr. George W. Wessling, secretary and ex-county treasurer, writes as follows:

"Havana's University Extension Center enters upon its third year's work with bright prospects and with an eagerness and enthusiasm that forbodes progress and success. An active membership now of forty-six, as compared with twenty-five at organization December 2d, 1896, certainly indicates increasing interest and encouragement to the University Association for the plan and courses by them arranged and adopted.

"Our membership consists of men and women of various vocations, each striving to gain new information and more knowledge, vieing with one another to make the meetings successful, interesting and instructive. The method of conducting class work, that we find most successful and beneficial, is by using the questions prepared for each week's work, by discussing their answers, and by raising such new questions and advancing new thoughts, as the occasion may require, together with the views gained by members from any side reading done by them. The study of Universal History and Literature has been profitable and instructive, and as Political Economy, Political Science, and Sociology are questions of vital importance, affecting citizenship, good government, and the welfare of humanity in general, we anticipate equal or greater benefits to be the results at the close of the present year's course."

Manhattan, Kan.—This Center has just reorganized—having been in operation for three years—and the outlook for it is most encouraging. It is fortunate in securing the services as leader, of Prof. E. W. Bemis, now located at that point. Dr. Bemis has a wide reputation as an economist, and will bring to the organization the knowledge acquired by many years' experience as a teacher of the subject.

Aledo, Ill.—This Center is now in its fourth year and has done excellent work.

"The University Club is at present studying the fourth year's course of the University Association, and consider it, as well as the preceding courses, replete with interest and profit to those whose aim is to help humanity to a higher civilization.

"W. S. DAVIS, President.

"MRS. MAY I. WHITHAM, Secretary."

Normal, Ill.—Dr. Edwin C. Hewett, of the State Normal School, is taking an active part in the work of this Center (now in its third year), and as a result it is a decided success. He writes:

"Our Center is working away busily and earnestly, using the PROGRESS very diligently. We meet every week, and our attendance averages about fifteen, mostly ladies."

Hammond, Ind.—A splendid Center of nearly fifty members was organized here by Mr. Hanson. Four leaders have been selected, as follows: Hon. C. F. Griffin takes charge of the First Week in the department of Economics. Mr. A. F. Knotts of the Second Week, Rev. M. H. Appleby of the department of Civics, and Rev. F. W. Herzberger of Sociology. This gives a different leader for each meeting, thus assuring careful attention and a variety in the work. We commend this plan of arrangement to other Centers. No one person should be expected to do all the work for a local center.

Ohio.—Among the new Ohio Centers recently organized are strong clubs at Defiance, Sidney, Piqua, and Troy. These clubs are composed principally of business and professional men, who show their progressive spirit by seeking further information on the great issues of the day. It certainly is an encouraging indication of the interest aroused in the study of social and economic subjects, when such men are willing to take the time from their business for the work.

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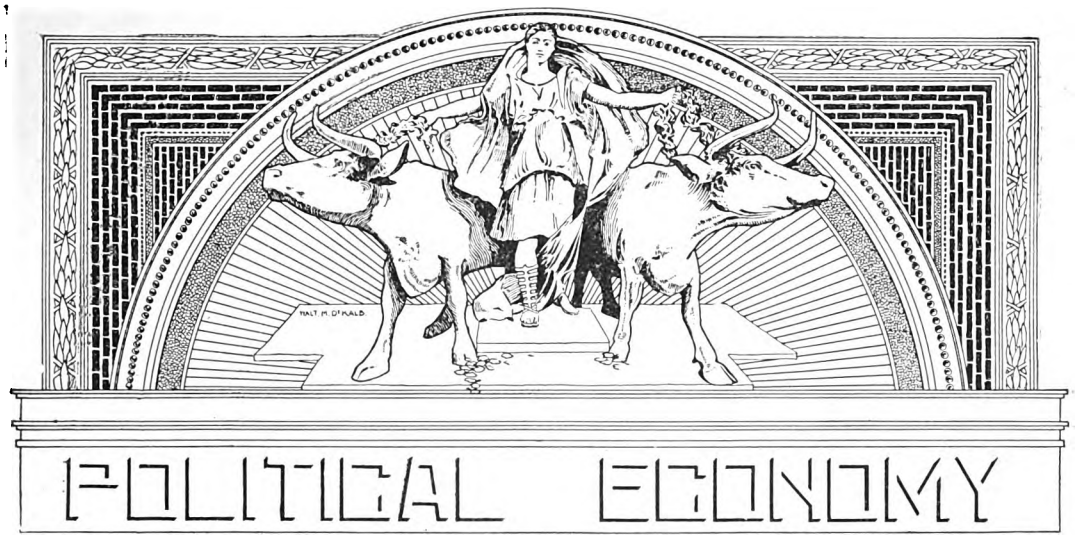

TRANSFERS OF ECONOMIC GOODS, INCLUDING, AS AGENTS OF TRANSFERS, MONEY, CREDIT, AND BANKING.

BY

RICHARD T. ELY, Ph.D., LL.D., Professor of Political Economy, and Director of the School of Economics, Political Science and History, in the University of Wisconsin.

1. THE QUANTITY THEORY OF THE VALUE OF MONEY. PART IV. (Continued).

WHAT is it that gives value to money? This is a much debated and most important question. A theory which has been widely accepted is called the Quantity Theory. According to this theory briefly expressed, the value of money depends upon its quantity. But when it is said that the value of money depends upon its quantity, it is necessary to add the phrase: other things being equal. But what are these other things, a change in which can, even according to the quantity theory, produce a change in the value of money while its quantity remains unchanged? There are many money-substitutes, and these must be considered in connection with the quantity of money. Checks may be mentioned, and in connection with these, the deposit-accounts in banks against which checks may be drawn. These perform the function of money to a considerable extent. The use of credit in other forms may also take the place of money. This is the case with ordinary book credits. If it is customary for people in a given country to have what they purchase "charged" to them, making settlements only at intervals, and even then, as a rule, with checks, much less money is required to do the money-work of a country, than is required if all payments are made with money, supposing, of course, the range or level of prices to be the same in both cases. When it is said, then, that the value of money depends upon its quantity, it is supposed that there has been no change in the use of money-substitutes. (1)

The rapidity of circulation of money is also an element in determining its effective quantity. In other words: If in country A, money circulates twice as rapidly as in country B, it will require, according to the quantity theory, one-half as much money in country A, to do a given work as it does in country B. In the statement

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of the quantity theory, note is generally taken, as a matter of fact, of the rapidity of circulation. Mill, for example, states the theory in these words: "Consequently, the amount of goods and of transactions being the same, the value of money is inversely as its quantity, multiplied by what is called the rapidity of circulation. And the quantity of money in circulation is equal to the money value of all the goods sold, divided by the number which expresses the rapidity of circulation."

Among the things which must remain the same if the quantity of money is to measure its value, is the extent to which barter is used, inasmuch as barter is a substitute for money. As we pass away from barter, we need increasing quantities of money; but in the development of industrial life the use of instruments of credit arises, thus decreasing relatively the amount of money needed. Consequently, among the money-substitutes, we have, at one end of the line, barter; and at the other end, those instrumentalities supplied by the modern bank.

The quantity theory of money is stated by General Francis A. Walker, in an article in the *Quarterly Journal of Economics* for July, 1895, to be simply an expression "of the general law that value is determined in the relation between demand and supply." General Walker states that the failure of the quantity theory to obtain credence in some quarters, is due to inadequate definitions of the terms, demand and supply, when they are used with reference to money. He then proceeds to sum up those things which are to be taken into account when it is said that the value of money depends upon its quantity. His statement runs thus:

"The demand for money arises from the fact that there is a certain amount of money-work to be done; that is, exchanging has, to a certain extent, to be effected in that community through the use of this agent. In the situation existing—the quantity of goods to be exchanged, being such as it is, prices ruling as they have done, producers and consumers living at such distance from each other, as may be the case, the habits of the people as to carrying and using money, being what they are, the machinery of exchange being what it is—there is occasion for a certain exercise of the money-function in that community. The money-function cannot be exercised in a lower degree than is thus required without personal inconvenience and economic loss. Shall we say that the demand for money is determined merely by the amount of goods to be exchanged?

"No. Many of these goods may conveniently be exchanged directly against each other in barter, or indirectly through the intervention of commercial and financial credit, without the use of money. Such goods do not constitute a factor in the demand for money. Even when we know the amount of goods which must be exchanged through the intervention of money, we have still to inquire how often each commodity may require to be thus exchanged. On the other hand, the supply of money is not determined solely in the number of money-pieces of a certain denomination or denominations available to do the money work. We must also know the rapidity of circulation. (The nimble six-pence does the work of the slow shilling.) In a community possessing in a high degree the agencies of transportation and transfer—railroads, parcel express, post, and telegraph—a given volume of money-pieces might conceivably do two or three times as much of the money-work as in a community more backward in the respects indicated. To resume, the demand for money, and the supply of money, are both quantities of two dimensions."

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1. THE QUANTITY THEORY OF THE VALUE OF MONEY. PART IV. (Continued).

(1) **Value of Money.**—It is unfortunate that in the very outset of the subject we have to clear from our path a formidable ambiguity of language. The Value of Money is to appearance an expression as precise, as free from possibility of misunderstanding, as any in science. The value of a thing, is what it will exchange for: the value of money, is what money will exchange for; the purchasing power of money. If prices are low, money will buy much of other things, and is of high value; if prices are high, it will buy little of other things, and is of low value. The value of money is inversely as general prices: falling as they rise, and rising as they fall.

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But unhappily the same phrase is also employed, in the current language of commerce, in a very different sense. Money, which is so commonly understood as the synonym of wealth, is more especially the term in use to denote it when borrowing is spoken of. When one person lends to another, as well as when he pays wages or rent to another, what he transfers is not the mere money, but a right to a certain value of the produce of the country, to be selected at pleasure; the lender having first bought this right, by giving for it a portion of his capital. What he really lends is so much capital; the money is the mere instrument of transfer. But the capital usually passes from the lender to the receiver through the means either of money, or of an order to receive money, and at any rate it is in money that the capital is computed and estimated. Hence, borrowing capital is universally called borrowing money; the loan market is called the money market: those who have their capital disposable for investment on loan are called the moneyed class: and the equivalent given for the use of capital, or in other words, interest, is not only called the interest of money, but, by a grosser perversion of terms, the value of money. This misapplication of language, assisted by some fallacious appearances which we shall notice and clear up hereafter, has created a general notion among persons in business that the Value of Money, meaning the rate of interest, has an intimate connection with the Value of Money in its proper sense, the value or purchasing power of the circulating medium. We shall come to this subject before long: at present it is enough to say, that by Value I shall always mean Exchange Value, and by money, the medium of exchange, not the capital which is passed from hand to hand through that medium.

The value or purchasing power of money depends, in the first instance, on demand and supply. But demand and supply, in relation to money, present themselves in a somewhat different shape from the demand and supply of other things.

The supply of a commodity means the quantity offered for sale. But it is not usual to speak of offering money for sale. People are not usually said to buy or sell money. This, however, is merely an accident of language. In point of fact, money is bought and sold like other things, whenever other things are bought and sold *for* money. Whoever sells corn, or tallow, or cotton, buys money. Whoever buys bread, or wine, or clothes, sells money to the dealer in those articles. The money with which people are offering to buy, is money offered for sale. The supply of money, then, is the quantity of it which people are wanting to lay out; that is, all the money they have in their possession, except what they are hoarding, or at least keeping by them as a reserve for future contingencies. The supply of money, in short, is all the money in *circulation* at the time.

The demand for money, again, consists of all the goods offered for sale. Every seller of goods is a buyer of money, and the goods he brings with him constitute his demand. The demand for money differs from the demand for other things in this, that it is limited only by the means of the purchaser. The demand for other things is for so much and no more; but there is always a demand for as much money as can be got. Persons may indeed refuse to sell, and withdraw their goods from the market, if they cannot get for them what they consider a sufficient price. But this is only when they think that the price will rise, and that they shall get more money by waiting. If they thought the low price likely to be permanent, they would take what they could get. It is always a *sine quâ non* with a dealer to dispose of his goods.

As the whole of the goods in the market compose the demand for money, so the whole of the money constitutes the demand for goods. The money and the goods are seeking each other for the purpose of being exchanged. They are reciprocally supply and demand to one another. It is indifferent whether, in characterizing the phenomena, we speak of the demand and the supply of goods, or the supply and the demand of money. They are equivalent expressions.

We shall proceed to illustrate this proposition more fully. And in doing this, the reader will remark a great difference between the class of questions which now occupy us, and those which we previously had under discussion respecting Values. In considering Value, we were only concerned with causes which acted upon particular commodities, apart from the rest. Causes which affect all commodities alike do not act upon values. But in considering the relation between goods and money, it is with the causes that operate upon all goods whatever, that we are especially concerned. We are comparing goods of all sorts on one side, with money on the other side, as things to be exchanged against each other.

Suppose, everything else being the same, that there is an increase of the quantity of money, say by the arrival of a foreigner in a place, with a treasure of gold and silver. When he commences expending it (for this question it matters not whether productively or unproductively), he adds to the supply of money, and by the same act, to the demand for goods. Doubtless he adds, in the first instance, to the demand only for certain kinds of goods, namely, those which he selects for purchase; he will immediately raise the price of those, and so far as he is individually concerned, of those only. If he spends his funds in giving entertainments, he will raise the prices of food and wine. If he expends them in establishing a manufactory, he will raise the prices of labor and materials. But at the higher prices, more money will pass into the hands of the sellers of these different articles; and they, whether laborers or dealers, having more money to lay out, will create an increased demand for all the things which they are accustomed to purchase: these accordingly will rise in price, and so on until the rise has reached everything. I say everything, although it is of course possible that the influx of money might take place through the medium of some new class of consumers, or in such a manner as to alter the proportions of different classes of consumers to one another, so that a greater share of the national income than before would thenceforth be expended in some articles, and a smaller in others; exactly as if a change had taken place in the tastes and wants of the community. If this were the case, then until production had accommodated itself to this change in the comparative demand for different things, there would be a real alteration in values, and some things would rise in price more than others, while some perhaps would not rise at all. These effects, however, would evidently proceed, not from the mere increase of money, but from accessory circumstances attending it. We are now only called upon to consider what would be the effect of an increase of money, considered by itself. —"*Principles of Political Economy*," by *John Stuart Mill, Book III., Chapter viii.*

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2. THE VALUE OF MONEY (Continued).

The quantity theory of the value of money, long accepted by very able theorists as well as by men of affairs, has recently been made the subject of searching criticism, and as a result has been widely rejected. Among those who have been led to reject the theory as a result of critical examination, may be mentioned Prof. William A. Scott, of the University of Wisconsin, who published an able article on the quantity theory of money in the *Annals of the American Academy of Political and Social Science*, for March, 1897. (1)

It is not easy to understand how that is going to serve as a medium of exchange which does not directly or indirectly measure values, and how can that thing measure values which has no value in itself? Must we not in the last analysis get back to something which itself has value? Is it indeed possible to mention any sort of money which has not had its value determined by some substance containing value in itself? Let us take the case of the United States to-day. We have many kinds of money, but they all bring us back by some road or another to gold, and consequently it is gold which gives the standard of value to all our money. Take the case of France, in which a large quantity of silver money circulates by the side of paper money, and also of gold. The value of every kind of French money is equivalent to the amount of gold called for by its denomination. Let us take the case, for example, of a five-franc silver piece. That is far more valuable than the amount of silver which it contains. It has in fact the same value as the amount of gold called for by five francs.



Wm. A. Scott, Professor of Economic History and Theory, University of Wisconsin.

The value of money, then, according to the views of the present writer, depends upon the value of that money-material in itself, to which all kinds of money have reference. At the present time in the United States, and quite generally if not exclusively in Europe, the value of money depends upon the value of gold. What is it, then, which determines the value of gold? The value of gold depends upon those laws, already examined, which govern the value of other things, namely, unsatisfied demand. This is also true, of course, of the value of silver. Gold and silver simply bring out more clearly than some other commodities the principles of value. They have certain value, and this value regulates their production. Their value gives us what is called a margin of production. In other words: Those sources of supply are utilized which yield minimum profits, or more than minimum profits, at the existing value. It is not the margin of production which determines the value of the precious metals, but it is their value which determines the margin of production.

The quantity of gold and silver accumulated is very great, and the demand for them arises from their use as money, and also from their use in the arts. The desire for them is indefinitely large, and the intensity of this desire gives them value. If the number of mines which are over and above the margin of production is large, and if these mines are fruitful, the quantity of precious metals produced will be correspondingly great; and if this increase in the supply outruns the increase in the desires for these precious metals, their value will fall.

It is often said that the value of the precious metals depends upon their cost of

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production. This implies that it is necessary to produce a definite quantity of the precious metals; but that is not at all the case. So much is produced at any time as the value of the precious metals makes possible, whether this is a greater or a less quantity. Thus the value does not depend upon the cost of production. Quite the reverse: value determines what mines can be operated and what cannot.

2. THE VALUE OF MONEY (Continued).

(1) **The Quantity Theory.**—Admitting, then, the necessity for a standard of values in the sense described, the problem before us resolves itself into the question—could a community acquire the habit of quoting or describing the values of commodities in terms of something which is valueless?

To ask the question is to answer it. One surely is not called upon to prove that a ratio of exchange could not be established between a valuable good, and a commodity without value. Neither is it necessary to do more than to call attention to the fact that the history of monetary standards shows that only commodities of very high degree of utility and value have served their respective communities as standards.

The opinion has already been expressed that the failure of many people to grasp the simple truth that a standard of values is necessary, and that it must be a commodity of high utility and value for purposes of consumption, is due to a failure to distinguish clearly between the functions of a standard and that of a medium of exchange. It is proper, therefore, that we should devote some space to a description of the real nature and service of a medium of exchange.

To this end no extended analysis is needed. Professor Jevons and many other writers have clearly pointed out the difficulties of both.

Even among people who had become accustomed to quote the values of commodities in terms of a standard want of "coincidence" and of "means of subdivision" in exchanges, might constitute insuperable obstacles to accurate and extensive business transactions.

An early method of obviating these difficulties consisted in the making and denominating of coins fashioned out of the commodity which had become the standard of values. This was a most natural mode of procedure. The commodity which had become the standard must have previously been an object of universal, or nearly universal desire, and, on that account, more readily exchangeable than any other commodity. . . .

When the standard commodity came to be used frequently and on a large scale, for this purpose, the need of putting it up in convenient and properly labeled packages, must have speedily become apparent, and wherever minerals constituted the standard some method of coinage developed.

Other methods of securing "coincidence" and "means of subdivision" in exchange, superior for many purposes to the one just described, have been discovered in modern times, and extensively employed.

Instruments of credit—such as bank-notes, checks, drafts, bills of exchange, and many varieties of government paper, also bank accounts—are nowadays used for this purpose in all civilized countries.

Coin is still circulated widely, and in large quantities, but these other instrumentalities easily hold the supremacy as media of exchange.

It is possible, though by no means probable, that credit instruments may come to be exclusively used for currency purposes. In that case we should have a complete separation between the instrumentalities which serve in different countries as standards of value and those which serve as media of exchanges.

Whether or not, however, such a separation ever takes place, the two functions will remain, as they ever have been, entirely distinct and without any necessary connection each with the other.

A standard of values would be a useful thing even in a state of simple barter, and standards of more or less extended use have very likely existed in communities which lacked entirely a medium of exchange.

The fact that gold, which is the standard of values in the most highly civilized nations of the world at the present time, is also used in large quantities as a medium of exchange, involves important consequences, one of which is, that its value is greater than it would be if it were not so used, but it does not involve the consequence that its value as a standard is entirely, or, necessarily even largely, determined by its use as a medium, and therefore by the volume of the circulation.

The use of gold as a standard does not affect its value in the slighest particular.

It possessed high utility and great value before it ever became a standard, and still remains such largely because of its great value for purposes of ordinary consumption.

Its uses as a medium affect its value for the reason that large quantities of it are withdrawn from its ordinary uses, and thus its marginal utility is raised. If less were used for this purpose more would be available for uses of ordinary consumption, and its marginal utility would fall accordingly; if none were used for this purpose, its marginal utility would fall to that point which the state of the need for gold for ordinary purposes of consumption, together with the supply, would determine. But it might perfectly well, even then, serve as a standard of values, and as such, as one of the chief determinants of price.

If this view of the matter be correct, the true relation between the volume of the currency and prices is very different from that implied in the quantity theory.

We may indicate it by supposing two possible cases, one of which represents the actual situation at the present time.

First, suppose that the currency consists solely of instruments of credit of various sorts, and that the only monetary use of gold is that of a standard of values; secondly, we will suppose what is actually true at the present time that the currency consists in part of gold, and in part of instruments of credit, and that gold is also the standard of value. Under the conditions assumed in the first case, prices would represent the ratios between the marginal utility of say 23 2 grs. of gold, and the marginal utilities of the various commodities on the market.—*Wm. A. Scott, in "Annals of American Academy of Science," March, 1897.*

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3. THE VALUE OF MONEY (Continued).

If we had gold money alone, and free coinage of gold, the problem of the value of money would be simple enough. There would necessarily be a correspondence between the value of money and the value of the material of which it was composed. There would have to be correspondence, inasmuch as, according to the hypothesis of free coinage, the money material could be freely converted into money. If there were a small charge for coinage,—and that is compatible with free coinage—money might have a greater value by the amount representing the charge for coinage ; and if it were necessary to wait for some time for the coin after the money-material had been delivered to the mint, there could be a further difference between the value of the coin and that of the money-material equivalent to a recompense for the loss of interest.

The actual conditions are very different, however, from the hypothetical case just described. We have not only gold, but also silver and many kinds of paper money. Frequently the metallic value of silver coins in the United States has been less than one-half their money value. How is it possible that this should be the case? It is because silver in the form of money responds generally to the same desires which gold satisfies. Ordinarily, therefore, there is substantially the same demand for a silver dollar which there is for a dollar's worth of gold. Uncoined silver, in the arts, will not satisfy the same demand which it will satisfy in the form of money ; a given quantity of silver bullion has less value than the same quantity of silver in the form of coin. There is a demand for silver dollars great enough to give them a value equal to that of gold dollars. They are ordinarily received as a medium of exchange, paying debts and discharging obligations according to their nominal or face value. We all know from experience that, as a general rule, ten silver dollars, or a certificate calling for ten silver dollars on demand, will pay the same debts and discharge the same obligations which a ten-dollar gold-piece will satisfy. The same holds true with regard to paper money, except that there is a greater demand for paper than either for gold or for silver. This greater demand is sufficient to lead occasionally to a small premium on paper money. The writer himself has been obliged to pay such a premium on French paper money, when he might have obtained French gold without any premium. In New York City also a higher price he has found charged for Bank of England notes than for English gold. Nevertheless, the silver has a value equal to the value of gold bullion in gold money of the same denominations; and our paper generally has the same value, but sometimes a slightly higher value, due to its greater convenience. The paper and the silver do not perform all the functions of money under all circumstances, but on account of the existing limitations in their supply, the demand for them for those purposes which they will serve as well as gold is sufficient to bring about an equivalence between their nominal and their real value.

In every case it is an unsatisfied desire which lends them their value.

There is a monetary law, called Gresham's Law (*See Glossary*), according to which bad money drives out good money from circulation. This means that the money which has a higher nominal value than the value of its material, will displace the money which has a nominal value equal to the value of the material composing it. This is not a complete statement of Gresham's Law, but it is sufficient for present purposes. Why, then, does not the silver drive out the gold from circulation? It is on account of its limited supply. If the supply of silver were increased without limit, the time would come when the supply of silver money would exceed the demand for silver coins at their face value ; and the reason why this would be so is because there are certain money functions which silver will not perform. This point is further elaborated in the accompanying quotation from Professor Arthur T. Hadley's discussion of Gresham's Law in his "*Economics*." (1)

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3. THE VALUE OF MONEY (Continued).

(1) **Gresham's Law.**—When the amount of debased currency has become so great as to afford the necessary reserve for all transactions in which the government can compel the creditor to accept this form of payment, the limit of displacement is reached. For when *all* the current circulation of the country is debased, there is none left which can be advantageously used in the arts or for export. Any further issue will produce a redundant stock of money, and a fall in the value of each piece of money, which manifests itself in the form of rising prices. If the government persists in putting debased coin into circulation, this increase in the amount of currency and diminution in its value can go on until the purchasing power of the coin falls so low as to allow it to be melted down or exported in spite of the seigniorage.

Such an increase in debased currency beyond the displacement limit, is known as *inflation;* the resulting loss in purchasing power is known as *depreciation.*

Debasement usually results in depreciation, because the fiscal motive to expand the amount of a debased currency is very great. If the government abstracts a certain amount of bullion and coins the remainder, the bullion as bullion is relatively useless. The temptation to coin the seigniorage as a means of paying current expenses, or of meeting some unexpected emergency, is enormous. This motive, seconded as it habitually is by the interest, real or supposed, which many voters have in seeing an increased abundance of money, has proved well-nigh irresistible. The world's monetary history shows that very few governments have been able to resist the temptation which the existence of a seigniorage involves.

Paper money is a convenient substitute for gold or silver on account of its lack of weight, and has therefore come into increasing use as transactions have grown larger. It has three forms, governed by different laws and to be judged on wholly different principles.

Coin or bullion certificates. These certificates simply state that an amount of coin or bullion corresponding to the face of the note has been deposited with the government and is held as a fund to redeem that note, not to be used for any other purpose whatsoever. The amount of coin or bullion thus specially reserved always corresponds exactly to the amount of coin certificates. These, therefore, have exactly the same purchasing power as the coin or metal for which they call. They are more convenient to handle than metal, and do not involve any danger except that of absolutely reckless dishonesty and violation of pledges on the part of the government; a violation which is not likely to occur with deposits thus specifically appropriated.

The gold and silver certificates in the United States, and (to all intents and purposes) the notes of the Bank of England are of this description.

Redeemable Paper.—Like the coin certificate, this is a promise on the part of the government to pay coin; but, unlike the coin certificate, it is secured only by the general solvency of the treasury department, and not by a specific deposit, dollar for dollar. Experience proves that this is not nearly so safe a reliance as that on which the coin certificate is based. The government, in issuing notes which are secured by the general assets of the treasury, is really doing a banking business, whose safety depends upon the degree in which the administration and the legislature understand the methods of banking.

At the very best, there is danger that the assets on which the government relies for the payment of such notes will fail in an emergency. The treasury department is not well constituted for doing a general banking business. The assets of the government are, for the most part, permanent investments, of a kind which it is not easy to sell at short notice. When a fiscal emergency arises the dangerous power, possessed by the legislature, of declaring such notes a legal tender even if they are not redeemed, is a constant menace to financial stability.—"*Economics,*" *by Arthur T. Hadley, pp. 189-192.*

Walker on the Gresham Law.—In the process of coining it is inevitable, notwithstanding the truly admirable science and skill applied to this art, that difference should exist between coins.

The mints of some countries do their work much more exactly than others; but the best mints cannot turn out pieces absolutely uniform in fineness and weight. A certain range of variation must be allowed, and this is generally formulated by law and is known as the "tolerance" of the mint.

Even were all coins issued of exact uniformity, the wide difference in usage would soon make an appreciable difference in their weight. Some go early into hoards or deposits; others are worn down by almost continuous circulation; others still are dealt with illigitimately by clipping, punching and "sweating" until a considerable portion of their substance disappears.

If now with a body of coin of unequal value a demand for the money metal arises, for export, or for uses in the arts, the process of picking or selecting coin will at once begin. All merchants and bankers dealing largely in coin will lay by those of full, or nearly full weight, and throw the lighter specimens back into circulation.

This process of picking or selecting coin begins early in the history of such a demand, as has been indicated, and proceeds steadily as long as that demand lasts.

The operation costs practically nothing, and the profit, where great numbers of coins are daily handled, is large and certain.

Clerks and cashiers become so expert that they can tell light coins by the touch, while if doubt appears a pair of adjusted scales will in an instant decide the question. The observation of this process for picking or selecting coin has led to the statement of the economic theorem, known as Gresham's Law, viz., that "bad money always drives out good money."

Thus boldly stated, as in most treaties it is, the theorem is wrong. That effect will not be produced unless the body of money thus composed of heavy and of light coins is itself in excess of the needs of the community, as determined by the law of the territorial distribution of money, which has been stated.

In a country in which money is, according to this standard, deficient, a light coin may have, by reason of that deficiency, a higher purchasing power than a heavy coin in a country in which money is in excess.—"*Political Economy,*" *by Francis A. Walker, Advanced Course, paragraphs 180, 181.*

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4. THE VALUE OF MONEY (Concluded)

There are several things which require further consideration at once in our discussion of the value of money. The use of the precious metals as money, creates the chief demand for them. The fact that silver and paper are largely used as money sets free a large amount of gold for use in the arts. If the use of silver and paper diminishes, the demand for gold increases, other things remaining the same.

It must become apparent, then, that the value of money must depend upon a multiude of causes, inasmuch as a multitude of causes operate to influence the relations between the supply and the demand of that material which, in its form as a mere commodity, has the same value which it has when converted into money. Gold is the standard at the present time, and the demand for gold depends not only upon the extent to which men desire to use gold rather than other things, as money-material, but also upon the multitude of causes which determine the desire for gold in the arts. If there is a large concentration of wealth, and as a result many very wealthy people in modern society, the desire for gold in the form of gold plate and gold ornaments will be greater than if wealth were more widely diffused. A person of moderate means must be content with silver plate, whereas the vanity of the rich man may require gold in order to distinguish him from those less wealthy than himself. Consequently, even such a matter as the concentration of wealth will influence, and that not inconsiderably, the value of the money-material.

All the circumstances which influence the use of money-substitutes will affect the value of that which is money. At a given moment we have a demand for definite quantities of money which take their origin in past engagements of all sorts, for we must never in all our economic discussions lose sight of the continuity of our economic life. Past, Present and Future make up one mighty economic stream. Consequently, if through lack of confidence, money-substitutes are refused, as in time of a panic, the demand for money will increase. Again, if discredit is cast upon any money-material, either by legislation or by the fears of the business world, that will naturally increase the demand for that money-material which commands the greater confidence. This has been the case with silver. Whatever may have been the causes, the fact remains that the governments of the world quite generally, and also, at least, a powerful section of the commercial world have attempted to limit sharply the use of silver as money. Consequently, the demand for gold has been relatively greater than it would have been if silver were looked upon with as much favor as it was fifty years ago. (1)

But the discussion of the use of silver as money naturally leads us to a discussion of bimetallism, which proposes the free coinage both of gold and silver.

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4. THE VALUE OF MONEY (Concluded).

(1) **The Rejection of Silver.**—Gradually the arguments of English economists in favor of a single gold standard began to make impression, and this was deepened by indications that an excessive supply of silver from the Bonanza mines of Nevada might be expected.

In 1867, in connection with the Paris Exhibition of that year, an international monetary conference was held at Berlin, and since even delegates from the United States, among others, supported resolutions advocating the demonetization of silver, the idea of gold monometallism spread.

The importance of the question to the United States was not generally felt at this time, though a few writers, considered radicals, pointed out the danger. Circumstances, however, either favored the gold monometallists, or they took shrewd advantage of circumstances to induce demonetization of silver.

The war of 1870-1871, by securing to Germany a large sum of gold and merchantable paper equivalent to gold, in payment of the indemnity of one billion dollars exacted from France, put Germany into a position to establish the single gold standard for herself.

As a very large amount of her international commerce is transacted with the United Kingdom, this proposal was welcomed by the business community as a convenience.

The German minister of finance, Herr Delbrück, in this, as in other matters, was in sympathy with the English school of economists.

The law of December 4, 1871, completed July 9, 1873, superseding the local coinage by an imperial coinage, demonetized silver by restricting its coinage to the amount regarded as necessary for change.

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Of the silver previously in circulation, about $260,000,000 worth was called in by 1878, and only $106,650,000 worth recoined by the imperial mint; while of gold, $2,275,000 worth was called in, and $409,500,000 was issued in the new coins.

This left $153,350,000 worth of silver in the imperial treasury to be disposed of in the silver market in such quantities as could be sold without loss.

In the half decade, 1866-1870, the average price of silver had been 60⅝d. an ounce, being one ounce of gold to 15.55 ounces of silver, while the European standard of coinage valued one ounce of gold at 15.50 ounces of silver.

During these sales on account of the German treasury, it fell in value, and at one time, in 1878, it was sold at 49d. an ounce. From this time it rallied slightly, when the German treasury was deterred from further sales by heavy losses, but it again declined.

The influence of Germany's action was felt in other quarters than the silver market, and its results everywhere had the effect of increasing the depression of silver. In 1873, Denmark, Sweden, and Norway followed her in adopting the single gold standard, and although the amount of their coin circulation is not large—the new gold coinage of 1872 amounting to only $20,021,055, in value—the act served to inflict a fresh blow on the prestige of silver. Holland followed in 1875. In the United States, the influence of the bankers and the capitalists had already caused the withdrawal of the greenbacks, the issue of interest bearing bonds, the vote to pay both capital and interest in gold (although in some cases it had not been promised to be paid in gold), and besides all this, *the gradual contraction of the currency*, and thus of course the enhancement of the value of gold.

For the details of this we must refer the reader to the article "Currency"; but it must at least be mentioned in any true history of the bimetallic controversy as one important factor.

Hitherto silver, since the beginning of the war at least, had played a small part in United States monetary affairs. During the war, and until about 1876, it was mainly a question of paper or gold. This led to unforeseen consequences. Silver—hitherto technically although not practically a legal tender, and standard of value—was in 1873 technically demonetized.

A bill was introduced into Congress and passed February 12, 1873, nominally to regulate details of coinage at the mint, but which, without mentioning the demonetization of silver, did practically accomplish this by not mentioning silver coins except for small change, and saying that no coins either of gold or silver should be coined except those therein set forth. It elicited at the time small attention.

Few knew that it demonetized silver and stalwart friends of silver voted for it. Silver was scarcely an issue.

But gradually, as the country saw the circulation contracting, and the opponents of contraction found that they could not obtain a paper currency,



W. D. P. Bliss.

they turned to silver and then discovered that it had been demonetized.

The excitement was intense. Mr. Sherman and the few who knew it had been done, were branded as traitors by the growing friends of silver. It was charged that demonetization had been carried by a conspiracy of a few Congressmen with the "gold kings" of Wall street.

A monetary commission was appointed by Congress in 1876, which reported strongly in favor of silver, and led to the call of an international monetary conference at Paris in 1878, to secure the coöperation of the European powers in remonetizing silver.—*W. D. P. Bliss, "Encyclopedia of Social Reforms," p. 157.*

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5. BIMETALLISM, ITS NATURE AND PURPOSE.

It has just been stated that bimetallism contemplates the free coinage of both gold and silver. But something more than this must be said before we can understand what is essential in bimetallism. The free coinage of both metals could be introduced, without the establishment by law of a fixed ratio between the relative value of silver coins and gold coins. (1) Provision might be made to allow any one having silver bullion to bring it to the mint and receive in return therefor the same amount of silver in the form of coins, and to give to any one possessing gold bullion the same privilege. If the law stopped simply at this point, the metallic value of the two metals would be the same as their coin value. The value of a coin of either metal would be substantially that of the metal it contained; metallic value and coin value would be approximately equal; and the ratio between the value of a gold dollar and the value of a silver dollar would be the ratio between the value of the gold in the gold dollar, and the value of the silver in the silver dollar; the value of the coin being determined in either case by the value of the bullion it contained. Something more, however, than the free coinage of both metals is contemplated. It is proposed that both metals when coined should be full legal tender; and that there should be a fixed ratio between the amount of gold put into, say, an eagle, and the amount of silver put into coins of equal face value, in this case ten dollars. Both gold and silver money must then be received in full payment of debts, at least whenever it is not expressly provided by contract that the one or the other kind of money shall not be received. The English Royal Commission on gold and silver, in its celebrated report of 1888, states that bimetallism includes two essential features. The words of the report are these: "The bimetallic system of currency, to be completely effective, must, in the view of those who advocate it, include two essential features: (*a*) An open mint, ready to coin any quantity of either gold or silver which may be brought to it. (*b*) The right on the part of the debtor to discharge his liabilities at his option in either of the two metals at a ratio fixed by law."

Bimetallism, in the strict sense of the word, at present exists nowhere. The United States, France and Germany have in circulation a considerable quantity of full legal-tender silver, and they also have free coinage of gold. But as in these countries silver is no longer coined, or is coined only in strictly limited amounts, one of the conditions of true bimetallism is wanting, and we have only what is sometimes called "limping" bimetallism.

The purpose of bimetallism is to bring about a larger supply of money, in order to correct what are felt to be serious evils connected with the appreciation of money, that is to say, with the increase in the value of money. This appreciation of money is held to be unjust to the debtors, compelling them to pay more than they agreed to pay; and it is held also to be a burden upon producers who have always obligations to meet which have been incurred in the past, and whose burdens are increased by anything which increases the value of the measure in which they have to be paid, that is to say, of money. It is like borrowing ten bushels of wheat in the sowing time, and returning as many bushels in the harvest time, though meanwhile the bushels have grown larger.

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5. BIMETALLISM, ITS NATURE AND PURPOSE.

(1) Commercial Ratio of Silver to Gold Each Year Since 1718.

[NOTE.—From 1718 to 1832 the ratios are taken from Dr. A. Soetbeer; from 1833 to 1878 from Pixley and Abell's tables, and from 1879 to 1894 from daily cablegrams from London to the Bureau of the Mint.]

Year.	Ratio.	Year.	Ratio.
1718	15.11	1722	15.17
1719	15.09	1723	15.20
1720	15.04	1724	15.11
1721	15.05	1725	15.11

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Year.	Ratio.
1726	15.15
1727	15 24
1728	15.11
1729	14.92
1730	14.81
1731	14.94
1732	15.09
1733	15.18
1734	15.39
1735	15.41
1736	15.18
1737	15.02
1738	14.91
1739	14.91
1740	14.94
1741	14.92
1742	14.85
1743	14.85
1744	14.87
1745	14.98
1746	15.13
1747	15.26
1748	15.11
1749	14 80
1750	14.55
1751	14.39
1752	14.54
1753	14.54
1754	14 48
1755	14.68
1756	14.94
1757	14.87
1758	14.85
1759	14.15
1760	14.14
1761	14.54
1762	15.27
1763	14.99
1864	14.70
1765	14.83
1766	14.80
1767	14.85
1768	14.80
1769	14.72
1770	14.62
1771	14.66
1772	14 52
1773	14.62
1774	14 62
1775	14.72
1776	14 55
1777	14.54
1778	14.68
1779	14.80
1780	14.72
1781	14.78
1782	14.42
1783	14.48
1784	14.70
1785	14.92
1786	14.96
1787	14.92
1788	14.65
1789	14.75
1790	15.04
1791	15.05
1792	15.17
1793	15.00
1794	15.37
1795	15.55
1796	15.65
1797	15.41
1798	15.59
1799	15.74
1800	15.68
1801	15.46
1802	15.26
1803	15.41
1804	15 41
1805	15.79
1806	15.52
1807	15.43
1808	16.08
1809	15,96
1810	15.77
1811	15.53
1812	16.11
1813	16.25
1814	15.04
1815	15.26
1816	15.28
1817	15.11
1818	15.35
1819	15.33
1820	15.62
1821	15.95
1822	15 80
1823	15.84
1824	15 82
1825	15 70
1826	15.76
1827	15.74
1828	15.78
1829	15.78
1830	15 82
1831	15.72
1832	15.73
1833	15.93
1834	15.73
1835	15.80
1836	15.72
1837	15.83
1838	15.85
1839	15.62
1840	15.62
1841	15.70
1842	15.87
1843	15.93
1844	15.85
1845	15.92
1846	15.90
1847	15.80
1848	15.85
1849	15 78
1850	15.70
1851	15.46
1852	15.59
1853	15.33
1854	15 33
1855	15.38
1856	15,38
1857	15.27
1858	15.38
1859	15.19
1860	15.29
1861	15.50
1862	15.35
1863	15,37
1864	15 37
1865	15.44
1866	15.43
1867	15.57
1868	15.59
1869	15.60
1870	15.57
1871	15.57
1872	15.63
1873	15.92
1874	16.17
1875	16.59
1876	17.88
1877	17.22
1878	17.94
1879	18 40
1880	18.05
1881	18.16
1882	18.19
1883	18-64
1884	18.57
1885	19.41
1886	20.78
1887	20.13
1888	21.99
1889	22.10
1890	19 76
1891	20 92
1892	23.72
1893	26.49
1894	32 56
1895	31.60
1896	30.66
1897	34.28
1898*	36.04

Production of Gold and Silver in the World since the Discovery of America.—From 1493 to 1885, from a table of averages compiled by Dr. Adolph Soetbeer; for the years 1886 to 1896, the annual estimate of the Director of the Mint:

PERIOD.	GOLD. Total for Period. Value.	SILVER. Total for Period. Coining Value.
	Dollars.	*Dollars.*
1493-1520	107,931,000	54,703,000
1521-1544	114,205,000	89,986,000
1545-1560	90,492,000	207,240,000
1561-1580	90,917,000	248,990,000
1581-1600	98,095,000	348,254,000
1601-1620	113,248,000	351,579,000
1621-1640	110 324,000	327,221,000
1641-1660	116,571,000	304,525,000
1661-1680	123,084,000	280,166,000
1681-1700	143,088,000	284,240,000
1701-1720	170,403,000	295,629.000
1721-1740	253,611,000	358,480,000
1741-1760	327,116,000	443,232,000
1761-1780	275,211,000	542,658,000
1781-1800	236,464,000	730,810,000
1801-1810	118,152,000	371,677,000
1811-1820	76,063,000	224,786,000
1821-1830	94,479,000	191,444,000
1831-1840	134,841,000	247,930,000
1841-1850	363,928,000	342,400,000
1851-1855	662,566,000	184,169,000
1856-1860	670,415,000	188,092,000
1861-1865	614,944,000	228,861,000
1866-1870	648,071,000	278,313,000
1871-1875	577,883,000	409,322,000
1876-1880	572,931,000	509,256,000
1881-1885	495,582,000	594,773,000
1886	106,163,900	120,626,800
1887	105,774,900	124,281,000
1888	110,196,900	140,706,400
1889	123,489,200	155,427,700
1890	118,848,700	163,032,000
1891	130,650,000	177,352,300
1892	146,651,500	198,014,400
1893	157,494,800	213,944,400
1894	181,175,600	212,829,600
1895	199,304,100	216,292,500
1896	202,956,000	213,463,700
Total	8,983,320,600	10,556,706,800

* Six months.

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6. THE USE OF GOLD AND SILVER IN THE PAST.

We cannot understand the present monetary situation without an examination at least into the recent past, for bimetallism is a historical question in the sense that it has its roots in past institutions and conditions. The word itself is a new one, having been first used, it is said, by M. Cernuschi, an able advocate of the theory, in 1869. The discussion of bimetallism is new, but it rests back upon a concurrent use of gold and silver in past ages. In earlier ages silver appears to have been used to a greater extent than gold; but during the present century, gold has been employed as the money-material to an ever increasing extent. The legislation of England, France and the United States, as well as of other countries, has provided for the concurrent use of gold and silver. In these countries bimetallism has existed in the past, a legal ratio having been established between the two metals. The value placed by the English mint upon silver, as compared with gold, was not so high as the market value, when specie-payments were resumed, early in this century, after the close of the Napoleonic wars. This appears to have been one reason why, when England decided in favor of monometallism, gold was adopted rather than silver. That metal was taken which was the cheaper at the time, and thus gold monometallism was introduced in England in 1816. Silver was thereafter used solely for subsidiary coins, which since then has been legal-tender only up to the limit of forty shillings. This was the beginning of modern gold-monometallism.

The United States coinage laws provided for bimetallism up to 1873, when the free coinage of silver was abolished. The first ratio established was 15 to 1. Silver was given a higher relative value by the mint, than by the markets of the world. Consequently, silver circulated, and gold was no longer coined in large quantities. Much of the gold coin in the country was melted and exported, and silver was used as money. In 1834 the ratio of 16 to 1 was established; but at that time the mint ratio in France was 15½ to 1, and the market ratio was approximately the same. Consequently, the silver now went out of use, as it was worth more for other purposes than it was worth in the United States for monetary purposes, and gold was again employed. From that time onward, little silver money was coined in the United States until 1878, when, by the so-called Bland Act (*See Glossary*), it was provided that from two to four million dollars worth of silver bullion, should be purchased by the United States government to be coined into standard silver dollars having full legal tender value. At the time when the free coinage of silver was suspended in 1873, or, to use the current but less accurate phrase, when silver was demonetized, there was little silver in circulation in the United States. Silver was not taken out of circulation by the act of 1873, but the free and unlimited use of silver as money in the future was prevented. (1)

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6. THE USE OF GOLD AND SILVER IN THE PAST.

(1) **The Demonetization of Silver.**—The act of February 12, 1873, is known as the act which demonetized the silver dollar. Important consequences have been attached to it, and it has even been charged that the law was the cause of the commercial crisis of September, 1873. As if a law which made no changes in the actual metallic standard in use, and which had been in use thus for more than twenty years, had produced a financial disaster in seven months! To any one who knows of the influence of credit and speculation, or who has followed the course of our foreign trade since the Civil War, such a theory is too absurd to receive more than passing mention. To the year 1873 there had been coined of four hundred and twelve and one-half-grain dollars, for purposes of circulation only one million four hundred and thirty-nine thousand, four hundred and fifty-seven dollars, and these were coined before 1806.

But while the act of 1873 had little importance in changing existing conditions, it had an influence of a kind which at the present time can scarcely be overestimated. We are now, in the course of our story, approaching the year 1876, in which occurred the phenomenal fall in the value of silver. Had the demonetization of the silver dollar not been accomplished in 1873 and 1874, we should have found ourselves in 1876 with a single silver standard, and the resumption of specie payments on January 1, 1879, would have been in silver, not in gold; and fifteen per cent of all our contracts and existing obligations would have been repudiated. The act of 1873 was a piece of good fortune, which saved our financial credit and protected the honor of the State. It is a work of

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legislation for which we can not now be too thankful.

It is, moreover, possible that the silver dollar was not "demonetized" in 1873, in spite of the prevailing impression to that effect. The *legal-tender power* of the silver dollar was not taken away by this measure. The coinage laws had not been revised since 1837, and in the act of 1873 occasion was taken to drop out the silver dollar from the list of coins which were thereafter to be issued from the mint.

"Sec. 15. That the silver coins of the United States shall be a trade dollar; a half-dollar, or fifty-cent piece; a quarter dollar, or twenty-five-cent piece; a dime, or ten-cent piece; and the weight of the trade-dollar shall be four hundred and twenty grains troy: the weight of the half-dollar shall be twelve grams (grammes) and one-half of a gram (gramme); the quarter-dollar and the dime shall be, respectively, one-half and one-fifth of the weight of said half-dollar; and said coins shall be a legal tender at their nominal value for any amount not exceeding five dollars in any one payment.

"Sec. 17. That no coins, either of gold, silver, or minor coinage, shall hereafter be issued from the Mint, other than those of the denomination, standards, and weights herein set forth."

It will be noticed that the dollar of four hundred and twelve and one-half grains, is omitted from the list of silver coins which were in the future to be issued by the Mint, and of this list it is said that they shall be a legal tender to the amount of five dollars; but nothing it said which *takes away* the legal-tender quality of a coin already in existence, but of which no mention was made. Whatever silver dollars there were in existence were still a legal tender to any amount after the act was passed, although no more could be coined. The silver dollar, however, was demonetized; but not by the act of 1873. The revision of the statutes of the United States, previously authorized, was adopted as the law of the land in June, 1874. In the Revised Statutes the legal-tender power of *all* silver coins is thus limited:

Act of June, 1874: "Sec. 3586. The silver coins of the United States shall be a legal tender at their nominal value for any amount not exceeding five dollars in any one payment."

This statement, it will be noticed, is a general one, and applies to any silver coins of the United States whatever, while the act of 1873 predicated a limited legal-tender power of only a specified list of silver coins. The legal enactment, therefore, which really took away the legal-tender quality of the silver dollar of four hundred and twelve and one-half grains, was passed June 22, 1874. The act of 1873 only discontinued its coinage; the provision of the Revised Statues took away its debt-paying power for sums beyond five dollars. — *"History of Bimetallism in the United States," by J. Laurence Laughlin, Ph.D., pp. 93-95.*

FIRST WEEKLY REVIEW.

1. **THE QUANTITY THEORY OF THE VALUE OF MONEY.**—The Quantity of Money, and the Use of Money-substitutes. Rapidity of Circulation. General Walker's Statement of the Quantity Theory.
2. **THE VALUE OF MONEY.**—Professor Scott's Criticism of the Quantity Theory. The Value of Money Dependent Upon the Value of the Money Material. The Use of Gold and Silver in the Arts.
3. **THE VALUE OF MONEY (Continued).**—The Concurrent Use of Several Kinds of Money. Gresham's Law.
4. **THE VALUE OF MONEY (Concluded).**—Causes Influencing the Demand for the Precious Metals. The Concentration of Wealth and Its Influence. The Demand for Money in Times of Panic.
5. **BIMETALLISM, ITS NATURE AND PURPOSE.**—Bimetallism Means the Free Coinage of Both Gold and Silver. Bimetallism and Legal-tender Laws.
6. **THE PURPOSE OF BIMETALLISM.**—The Use of Gold and Silver in the Past. Bimetallism in Earlier Times.

QUESTIONS.

1. *Explain the quantity theory of the value of money. What do you understand by the rapidity of circulation of money? Give Mill's statement of the quantity theory; also General Walker's statement.*
2. *Is it possible for that to measure value which has not value? Upon what does the value of money in the United States ultimately depend? What is the relation of the value of the precious metals to their cost of production?*
3. *Explain the difference between the metallic value of silver coins and their nominal or face value. Why does foreign paper money frequently bring a higher price than foreign gold? Under what circumstances would it bring less?*
4. *What influence has the concentration of wealth upon the value of money? What effect does the use of money-substitutes have upon the value of money?*
5. *Define fully Bimetallism. What do you understand by "limping" Bimetallism?*
6. *Describe the results of Bimetallism in England and the United States.*

SUBJECTS FOR SPECIAL STUDY.

1. *Various forms of money substitutes.*
2. *The use of the precious metals in the arts.*
3. *Examination of Gresham's law.*
4. *Results of the concentration of wealth.*
5. *Examination of legal tender laws.*
6. *The purpose of bimetallism.*

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7. THE USE OF GOLD AND SILVER IN THE PAST (Concluded.)

We have seen that the most recent efforts of England and the United States to keep in circulation both gold and silver, as full legal-tender money, with free coinage, did not meet with success; and the failure was due to the fact that the relation between the two metals on the open market differed from that established by law. One of the great countries of the world, however, has met with better success. In the latter part of the last century, the ratio of fifteen and a half to one was established, and through the present century, up to 1873, free coinage of both metals existed in France. During the latter part of this period France entered into a monetary union with other countries, chief among which were Italy, Belgium and Switzerland. This was the celebrated Latin Monetary Union. (*See Glossary*). All the countries of this union had free coinage of both gold and silver at the ratio of fifteen and a half to one, while in the United States the ratio at the same time was sixteen to one.

The year 1873 was a great turning point in the history of bimetallism. Shortly before this Germany had won a decisive victory over France, and received an indemnity amounting to five thousand millions of francs. Formerly the German States had employed silver monometallism; but when the empire was formed Germany decided to introduce gold monometallism, thus coming into the market as a purchaser of gold and a seller of silver. Nor was this all. The silver mines of the United States were becoming more productive. France and the countries of the Latin Monetary Union grew alarmed, fearing they would become the dumping-ground for silver and that they would lose their gold. Consequently, these countries suspended the free coinage of silver, at first temporarily and then permanently.

What was it that kept the value of gold and silver at approximately one to fifteen and a half during the present century, up to the year 1873? It is generally claimed that it was the free coinage of both metals at that ratio, first by France and then by other countries. That was about the market ratio at the beginning of the century, and any one could send his gold or silver to the French mint in unlimited quantities and have it turned into money simply by paying a small charge in return for the service. After the discovery of gold in California and Australia, in 1848, and the period immediately following, there was a great influx of gold, and many Frenchmen feared that France would lose her silver. A celebrated French economist indeed wrote a work, in which he tried to show that it was really dishonest to use gold in France, and urged the demonetization of that metal, the work resembling quite strongly in many particulars those now written against silver. This writer was M. Chevalier. (*See Glossary*). The free coinage of gold was maintained, however, and likewise that of silver. Gold was brought to the mint in larger quantities than silver, and France undoubtedly did lose a considerable quantity of the latter metal. Nevertheless, there never was a time, until 1873, when both gold and silver coins of full legal-tender quality did not circulate side by side in France, and there never was a wide departure in the markets of the world from the legal ratio in France. (1)

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7. THE USE OF GOLD AND SILVER IN THE PAST (Concluded).

(1) **The Maintenance of Bimetallism in France After the Discoveries of Gold in California and Australia.**—Amid this general alarm, amounting to panic, the statesmen and financiers of France stood firm. The government, indeed, assembled a commission for the consideration of the question in its new and startling aspects; and some economists, like Chevalier, declared in favor of silver monometallism, as the only hope of preserving industry and trade and the social structure. Chevalier proposed to return to the system in force down to 1785, when silver was the standard; and gold was rated to it, by law or proclamation. He proposed that this rerating should be made every six to twelve months, to keep pace with the fall of gold! He even raises the question whether the gold coin thus issued should not be restricted as to the amount for which it could be tendered! And this, of Gold! The man who could put forward such a proposal should have been prosecuted for *lèse majesté*. But the hearts of the men who

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controlled the destinies of France did not fail.* Freely that country gave of her silver to all; freely took gold from all, without fear of its becoming worthless on her hands. Year after year the flood of the yellow metal poured in upon her mints; and her moneyers stood at their posts to coin it and give it back, full legal tender, at fifteen and a half to one.

In the eight years between 1853 and 1860, both inclusive, there was imported into France, gold to the value of three thousand and eighty-two million francs, or six hundred and sixteen million of dollars, or one hundred and twenty-three million pounds sterling. Coincidently with this influx of gold began the exportation of silver. In the eight years of which we have just spoken, France sold silver to the amount of one thousand, four hundred and sixty-five million francs, or two hundred and ninety-three million dollars, or fifty-nine million pounds sterling.

In his testimony before the Herschell Commission in 1887; Sir R. Giffen notes, as "a curious thing," that, while two hundred and twenty million pounds sterling of gold was coined in France in 1850 to 1865, and "although that fact to a large extent arose, through France having substituted gold for silver in its money, owing to the bimetallic arrangement, yet the amount of silver which France sent away was very much less than that. I think," he says, "it was only about seventy-five million pounds sterling."

I confess I see nothing curious about the matter. It has been stated that between 1822 and 1851, although France exported no gold in excess of imports, there was a great change in the proportion of the two metals in her circulation, owing to the effects produced upon her unreënforced stock of gold by ordinary wear, by consumption in the arts, by hoarding and by the substitution of that metal for silver, in the reserves of merchants and bankers.

In this instance France influenced the value of silver by buying of it largely; and she also influenced the price of gold by not buying of it, as usual, and consequently reducing the normal demand upon the current supply. Between 1850 and 1865 France again influenced the relative value of the two metals, this time both by buying enormously of gold and by selling silver largely. That the imports of gold still much exceeded the exports of silver is sufficiently explained by the fact that the aggregate stock of the world's money was rapidly increasing; and, of course, France's distributive share of that stock increased, also. Under the operation of the bimetallic law, that increase was wholly of gold.

Such was the course of the greatest financial storm of two centuries. By the end of 1860 the gale had well-nigh blown itself out, though the waves were still running high. During the decade then closing, there had been added to the stock of gold one thousand, four hundred and seven million dollars, as estimated by Soetbeer; one thousand two hundred and fifty-seven million, as estimated by Tooke and Newmarch. Even these figures do not fully express the shock which the bimetallic system had to bear during this tremendous crisis. Not only was France without an ally in sustaining the ratio of fifteen and a half to one, but, in addition to the blows which fell upon her from the enormously increased production of gold, she had to meet the hostile action of other nations in demonetizing that metal, or restricting its use within their own circulation.

When it is said that the gale had well-nigh blown itself out by the close of 1860, it is not meant that the production of gold very greatly declined after that period, though, in fact, it fell off considerably, owing to the exhaustion of the richest of the alluvial deposits. The average of the next decade was, according to Tooke and Newmarch, almost precisely twenty per cent below that of 1851-60. But the storm-center had passed by France.

The other countries, protected so long by the action of the French bimetallic system, were now experiencing the effects of the increased production of the precious metals, in a not too tumultuous manner, by gradual accessions which exerted an influence on trade, industry, and the social structure, here and there injurious to individuals, but on the whole immensely beneficial to mankind.

The French breakwater had beaten off the fury of the waves, but it could not, and indeed it was not desirable that it should, prevent the level of the harbor thus protected from being gradually raised.

In his testimony before the Commission on Agriculture, in 1894, Sir Robert Giffen again referred to the statistics of the exports of silver from France after the gold discoveries, and this time in a more disparaging way, and with an expression of the opinion that Chevalier did not know what he was talking about, when he spoke of France acting as a parachute to break the fall of gold.

According to his statement, the whole amount of silver with which France parted during twenty years was only "something like fifty millions sterling." This Sir R. Giffen deemed an amount too small for the effect generally attributed to the operation of the French monetary system in that period. But it is to be observed that it is not alone the amount of silver sold by France, but also the amount of gold bought by France, which measures the degree of her influence on the market for the precious metals.

During eight years, only, namely, 1853 to 1860, France, as we have seen, took three thousand and eighty-two million francs in gold, diminishing by so much the amount to be offered elsewhere for silver; and parted with one thousand, four hundred and sixty-five million francs in silver, increasing by so much the amount of that metal to be offered elsewhere for gold. This makes the total bullion operation amount to four thousand, five hundred and forty-seven million francs, or nine hundred and nine millions of dollars, or one hundred and eighty-two million pounds sterling!—"*International Bimetallism*," *by Francis A. Walker, Ph.D., LL.D., pp. 125-131.*

*I have quoted M. Calonne to show that, in spite of "Gresham's Law," the appreciating metal remained in actual circulation during the greater part, at least, of the period 1726-1785; and have stated that, between 1803 and the California discoveries, although silver was being imported to an enormous extent, because overvalued in the coinage, gold still remained money in France in appreciable quantities.

I now quote M. de Parieu to prove that, during the great influx of gold after 1853, silver did not disappear. That gentleman, a leading monometallist, and Vice-President of the International Conference of 1867, on that occasion said: "Great masses must be operated upon to find a profit in the exchange of metals; and the change of metals takes place slowly by successive movements. For these reasons, the general circulation is neither suddenly nor seriously affected by changes in the relative value of the metals, for *France has always had much silver in circulation*, even when that metal was largely exported."

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8. INTERNATIONAL BIMETALLISM.

The successful experience of France and the countries of the Latin Monetary Union up to 1873, suggested the possibility of the maintenance of free coinage of both gold and silver at a fixed ratio which should regulate the relative values of the two metals in the markets of the world. The argument in favor of International Bimetallism is not difficult to understand. The real obstacle in the way of bimetallism has at all times been Gresham's Law. When the United States established the ratio of fifteen to one, it offered more for silver than its market value as bullion, that is to say, as compared with gold. Consequently, as our country valued silver more highly for monetary purposes than did other countries, and valued gold less highly, silver was coined in the United States, and gold was not. Gresham's Law operated against us. With the free coinage of both metals in France, one could obtain in that country fifteen and a half ounces of silver (minus a slight charge for coinage) for one ounce of gold; whereas, if he took this ounce of gold to the United States mint, he would get for it only fifteen ounces of silver. Later on, our situation was just reversed. In both cases the free coinage of both metals in the older, and then richer country operated against the United States. But let us suppose there were an international agreement in regard to the ratio. How could Gresham's Law possibly come into operation under such circumstances? If the United States and France both have a ratio of fifteen and a half, nothing is gained by taking bullion from one country to the other for coinage. The coinage laws would then work together, and in so far as they are able to regulate the value of gold and silver by the demand which they create, there can be no departure of values from the legal ratio. Now, it so happens that the chief use of the precious metals is for monetary purposes, and it seems not unreasonable to suppose that by combination the chief users of the precious metals can regulate and determine, within a wide margin, their relative values. The argument rests upon the assumption that the great nations of the world are in this matter virtually in the position of monopolists. It is not so much that they themselves create the demand for gold and silver, as that the demand arising among the people finds an outlet through coins which these nations produce, upon terms which they themselves establish. (1)

The decisive question is this: Is the demand for the precious metals which proceeds from their use in the arts sufficient to withdraw either the one metal or the other from its use as money? The last report of the Secretary of the Treasury perhaps throws some light upon this question. He reports that the value of gold taken up in the United States for use in the industrial arts, during the calendar year 1897, was eleven million, eight hundred and seventy thousand, two hundred and thirty-one dollars, whereas, the value of the gold produced in this country during the same period was fifty-seven million, three hundred and sixty-three thousand dollars, or nearly five times the former amount. The total gold metallic stock in the United States on July 1, 1898, was eight hundred and sixty-one million, five hundred and fourteen thousand, seven hundred and eighty dollars. The use of gold in the industrial arts is, while large, still a comparatively small matter. Could a decrease in the value of gold, as compared with silver, which would be implied in the establishment of free coinage at one to sixteen, or even at one to fifteen and a half, bring about a consumption of gold in the arts sufficient to absorb the gold annually produced, and the thousands of millions of gold money in the world? It is generally admitted that such a consumption of gold in the arts is highly improbable. Naturally there must be a limit somewhere to what the united governments of the world could accomplish in the way of a determination of the relative values of gold and silver. If the nations, by an agreement, should establish a free coinage at the ratio of one to one, it seems not improbable that, rather than use gold as money at so low a valuation, the people of the world would employ it all in the arts. It is, however,

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extremely difficult to speak positively on the possibilities of united governments of the world with respect to the determination of relative values of gold and silver. It may be questioned whether gold is more beautiful than silver in itself; and if it did not have any higher value it could not satisfy vanity in any higher degree. But this is a question upon which we need not enter further, our desire being simply to bring out the nature of the discussion.

8. INTERNATIONAL BIMETALLISM.

(1) **Law and Money Values.**—There are many well-meaning persons on whom the suggestion that law can affect values, acts like the proverbial red rag on a certain pugnacious and aggressive animal. They become simply irrational at the word. "The impotence of law to affect values" is their favorite phrase. The terms, folly, idiocy, lunacy, make up the rising scale of their invective against all who put law and value into any possible relation of cause and effect. The notion that law cannot influence value, is not unnaturally derived from certain conspicuous instances where laws have attempted squarely to cross the economic impulses of mankind and to thwart the instinct of self-interest at its maximum of activity and intensity, and have failed.

During the French Revolution the government put out paper, by tens of thousands of millions of francs, which it declared should be in all respects the equivalent of coined money of the same denominations; yet the paper fell rapidly in value till it sank out of sight. The government issued decrees which fixed the prices of commodities in terms of paper money, but to no purpose. The export of specie was made a crime; yet specie flowed out of the country. In our own Revolution, the Continental Congress went through the process of issuing paper in enormous amounts, fixing the prices of commodities, forbidding the "forestalling" or "engrossing" of the market; but the normal operation of the principle of individual self-interest continually thwarted the intentions of the law-makers. Instances like the foregoing gave rise to the proposition quoted, namely, that law is impotent to affect values.

Yet there are numberless instances where laws have affected values; and there is not a civilized country in the world at present where law is not profoundly affecting, if not controlling, the value of some commodity. Laws often affect values when they were not intended to do so. Indeed, it is often difficult to prevent laws from affecting values, when they are passed for a very different purpose, even when the result of affecting values has been carefully sought to be avoided.

The truth of the matter is, law cannot affect values, much less control them, except as *it sets some economic force in motion*. Whenever law sets an economic force in motion, it can, and will, and must affect values. The degree in which values shall be affected will depend upon the extent of the economic forces thus put into operation.

"Had it been said that "law cannot create value," that is, add to the sum of wealth, much might be urged in defense of this proposition; but to say that law cannot affect values, that is, change the relative values of different things, is preposterous. As regards bimetallism, then, the question simply is, can government set in motion any economic force which will affect the relative values of gold and silver? I answer yes, incontestably; and that force is one of enormous scope and reach. By declaring the two metals indifferently legal tender in the payment of debts, at a certain ratio, it at once and powerfully influences the demand for one and the other of the two metals. This was what France did by the law of 1803.

That law gave an ounce of gold, in coined money, precisely the same power to pay debts as that possessed by fifteen and a half ounces of silver, in coined money. The operation of this principle was simple, instantaneous, automatic. If, at any time, either of the two metals became less valuable than by the legal ratio, every debtor instinctively sought coin of that metal, with which to meet his obligations, in preference to coin of the other metal. This increased the demand for the cheaper metal; and, by that very act, decreased the demand for the metal which was becoming dearer in the market. Now, to increase demand is, other things equal, to raise price; while to decrease demand is, other things being equal, to lower price.

Thus, through its power to regulate the payment of indebtedness, the government practically threw its weight upon that one of the two metals which tended to rise, and kept it down. No one wanted the dearer metal to pay debts with; every one wanted the cheaper metal for that purpose; and, since the volume of indebtedness coming due every day in any commercial country is very large, the force thus invoked was sufficient to produce an enormous economic effect. It was not at all because the French government declared that one part of gold should be worth fifteen and a half parts of silver, that this result took place; but because the French government set in motion competent economic forces to that end.

The principle which has been stated is absolutely incontrovertible. One has to go far away from the centers of educated financial opinion, as Boston, New York, and Chicago, to find men of position who are capable of denying it. I shall, at a later date, quote, in full recognition, not only of the theoretical correctness of this principle, but of its practical applicability to the case under consideration, Chevalier, in his day, the leading monometallist of France; the monometallist Lexis, the first economic statistician of Germany, if not of the world; the monometallists Cairnes, Jevons, and Bagehot, the three greatest economists of England who survived John Stuart Mill; and Sir Robert Giffen and Lord Farrar, to-day the chief champions of monometallism. Every one of the men quoted, and I might add a score of eminent names; has fully and ungrudgingly conceded the principle stated. The concurrence of general opinion on this subject is overwhelming. Not a person worth quoting can be cited to the contrary effect.—*"International Bimetallism," by Francis A. Walker, Ph.D., LL.D., pp. 93-96.*

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9. INTERNATIONAL BIMETALLISM (Continued).

The conclusion has been generally reached, as we have seen, that all the nations of the world, acting together, could establish international bimetallism at a fixed ratio within a wide margin. The ratio of fifteen and one-half to one has in the past been generally preferred, simply because it is the one which has been most widely adopted. But there is no magic in that ratio any more than in the ratio of sixteen to one, or that of twenty-two to one, which has been proposed by some recent writers.

If the theory of international bimetallism is sound, any one of these ratios would probably be a possibility; nevertheless, should the governments of the world establish international bimetallism, the nearer the legal ratio approximated to the market ratio at the time, the easier would be the task of maintaining the ratio agreed upon. But here as elsewhere, the clause: other things being equal, must always be understood.

What has thus far been stated concerning the possibility of the maintenance of bimetallism by universal international agreement, is admitted by even opponents of the plan, like the late Prof. Irwin Nasse of the University of Bonn, who was a very strong adherent of monometallism. Among the more extreme monometallists there are naturally those who will not admit even the possibility of bimetallism by international agreement.

It must be clearly understood how it is that the legal ratio regulates demand, and perhaps it is well to add a word on this point, even at the risk of repetition. In the paying of debts, men having their choice of either gold or silver, will take that metal which can be most readily secured, thus creating a demand for that metal. As the other metal, which for the time being cannot be so easily procured, will not go any farther in the discharge of obligations, men will not seek it to so great an extent. A disturbing cause is encountered in the demand for the metals for use in the arts. It is not claimed that it is at all necessary that there should be an absolute identity between the mint ratio and the market ratio, but only that there should be a close approximation, and that both metals should be in constant use. (1)

It is further claimed that the result of the use of the two metals would be a greater stability in their value, on account of the fact that disturbances in demand and supply would be spread over a greater surface, and that very probably also the irregularity in the supply of one metal might be offset by an irregularity in the supply of the other, taking an opposite direction. The two metals together would operate like the metals in a compensation pendulum.

It cannot be anticipated, however, and indeed seems never to have been anticipated, that all nations can be induced to agree to establish international bimetallism. The question has been frequently debated: How many and what nations must coöperate in order that the agreement may be effective?

Those nations which maintain free coinage of both metals, must be expected to be drawn upon by other nations, now for the one metal and now for the other, and its supply must be great enough to be incapable of exhaustion by the other nations either for monetary purposes or for use in the arts.

Let us suppose all the nations of the world except Belgium to unite in the establishment of international bimetallism. It is manifest that Belgium could secure from the other nations her full proportionate supply of either one or both of the precious metals, without disturbing the established ratio.

At any given time a proportionate amount of the world's money supply belongs to each country. If any country receives more than its due share, then, through the action of international commerce, the surplus will be again exported.

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9. INTERNATIONAL BIMETALLISM (Continued).

(1) **The Double Standard.**—The single silver standard having been practically abandoned as regards the currencies of Europe, the battle has more recently waged between the partizans of the double standard, represented in the currencies of France and the Monetary Convention of Western Europe, and those who uphold a gold standard combined with subsidiary coinages of silver and small money, somewhat in the manner of the English system. The advantages of the double standard have been most ably advocated by MM. Wolowski, Courcelle-Seneuil, Seyd, Léon, Prince-Smith, and others, while MM. Chevalier, De Parieu, Hendriks, Frère Orban, Levasseur, Feer-Herzog, and Juglar, have been some of the leading upholders of the gold standard. The literature of the subject is very extensive and, to most readers, dreary in the extreme, but I will try to give a tolerably concise statement of the principal arguments.

In the first place, I have no doubt whatever that M. Wolowski is theoretically quite correct in what he says about the compensatory action of the double standard system. English writers seem completely to have misunderstood the question, asserting that the system exposes us to the extreme fluctuations of both metals.

No doubt, when gold and silver are both legal tenders to unlimited amounts, there will be a tendency to pay in that metal which is overrated in the legal ratio of fifteen and one-half to one. Only when the price of standard silver is exactly 5*s.* $0\frac{13}{16}$*d.* per ounce is it a matter of indifference in France whether a debt be paid in gold or silver, and this exact price has only been quoted a few times in the London market in the last thirty years.

Accordingly, it has been urged that the double standard is not really a double one, but only an *alternative gold and silver standard.* When silver is lower in price than 5*s.* $0\frac{13}{16}$*d.* per ounce, silver becomes the standard; when silver rises above this price, gold takes its place as the real measure of value.

So far the English economists are no doubt correct; but, in the first place, it does not follow that the prices of commodities follow the extreme fluctuations of value of both metals, as many writers have inconsiderately declared.

Prices only depend upon the course of the metal which happens to have sunk in value below the legal ratio of fifteen and one-half to one.

Now, if in the accompanying figure we represent by the line A, the variation of the value of gold as estimated in terms of some third commodity, say copper, and by the line B, the corresponding variations of the value of silver; then, superposing these curves, the line C, would be the curve expressing the *extreme* fluctuations of both metals. Now the standard of value always follows the metal which *falls* in value; hence the curve D really shows the course of variation of the standard of value.

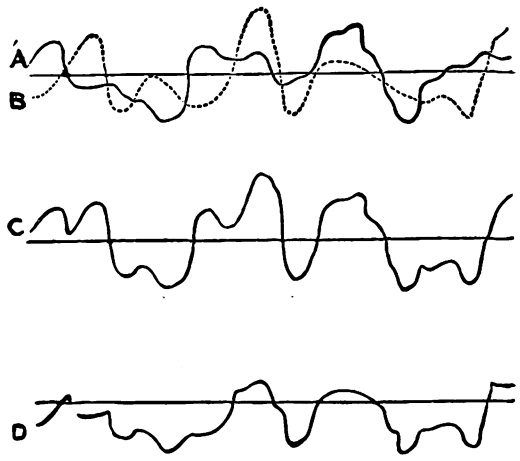
This line undergoes more frequent undulations than either of the curves of gold or silver, but the fluctuations do not proceed to so great an extent, a point of much greater importance.

COMPENSATORY ACTION.

Nor is this the whole error of the English writers. A little reflection must show that MM. Wolowski and Courcelle-Seneuil are quite correct in urging that a *compensatory*, or, as I should prefer to call it, *equilibratory action*, goes on under the French currency law, and tends to maintain both gold and silver more steady in value than they would otherwise be. If silver becomes more valuable than in the ratio of one to fifteen and one-half, compared with gold, there arises at once a tendency to import gold into any country possessing the double standard, so that it may be coined there, and exchanged for a legally equivalent weight of silver coin, to be exported again.

This is no matter of theory only, the process having gone on in France until the principal currency, which was mainly composed of silver in 1849, was in 1860 almost wholly of gold.

France absorbed the cheapened metal in vast quantities and emitted the dearer metal, which must have had the effect of preventing gold from falling, and silver from rising so much in value, as they would otherwise have done. It is obvious that, if gold rose in value compared with silver, the action would be reversed; gold would be absorbed and silver liberated.



At any moment the standard of value is doubtless one metal or the other, and not both; yet the fact that there is an alternation tends to make each vary much less than it would otherwise do. It cannot prevent both metals from falling or rising in value compared with other commodities, but it can throw variations of supply and demand over a larger area, instead of leaving each metal to be affected merely by its own accidents.

Imagine two reservoirs of water, each subject to independent variations of supply and demand. In the absence of any connecting pipe, the level of the water in each reservoir will be subject to its own fluctuations only. But if we open a connection, the water in both will assume a certain mean level, and the effects of any excessive supply or demand will be distributed over the whole area of both reservoirs. The mass of the metals, gold and silver, circulating in Western Europe in late years, is exactly represented by the water in these reservoirs, and the connecting pipe is the law of the seventh Germinal, an XI, which enables one metal to take the place of the other as an unlimited legal tender.—"*Money and the Mechanism of Exchange,*" *by W. Stanley Jevons, M.A., F.R.S., pp. 136-140.*

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10. INTERNATIONAL BIMETALLISM (Concluded).

The condition of things discussed at the close of the last lesson is simple enough when we take one country like Belgium, and imagine only this one country not to accede to the agreement. But it is by no means easy to say what nations might withhold their coöperation without endangering the smooth and easy working of international bimetallism. During the early stages in the agitation for international bimetallism there appears to have been an inclination to insist that England, as the greatest commercial nation of the world, must join in the establishment of an agreement for international bimetallism in order to make it secure. But as time went on and England evinced but little inclination to take part in the proposed International Monetary Union, it was asked: what countries without the coöperation of England could safely attempt the establishment of international bimetallism? The late Prof. Emile de Laveleye (*See Glossary*) thought that the coöperation of the following named countries would be sufficient: The United States of America, Germany, France, Italy, Spain, Belgium, Switzerland, Holland, Roumania, Bulgaria, Austria. He thought that England, Portugal and the countries of the Scandinavian Union could still maintain gold monometallism without endangering the stability of the union formed by the other countries, as their power to absorb gold would not be sufficient to withdraw the enormous supply of the countries in the union. (1)

Space does not permit us to enter into the details of the plans which have been advocated for international bimetallism, and of the arguments which have been brought forward in their support. We must be content here, as elsewhere, to suggest certain lines of thought and development.

We can safely say that the great authorities in England, Germany and to less extent, perhaps, the United States, are inclined to admit the validity of the theory of international bimetallism. We may mention Professor Foxwell of England, Professor Wagner of Germany, and Gen. Francis A. Walker of this country, together with M. Cernuschi of France, and Professor de Laveleye of Belgium, as among the most eminent adherents of international bimetallism in recent years. (2) There are very notable exceptions, it must be admitted. At the same time it is true that the efforts to secure international action have not been successful. There have been repeated International Monetary Conferences, and those who would know the particulars about these conferences are referred to an excellent work by Mr. Henry B. Russell, bearing the title, "International Monetary Conferences." There is now a general discouragement in regard to the prospect of all the nations of the world acting together to establish international bimetallism. (3) There are those who are still hopeful that sooner or later the nations of the world will perceive their own interests and establish such a monetary system; but probably there has never during the past twenty-five years, been a time when the hopes of the faithful adherents of the theory have been shared by so few. At the present time, the general tone among international bimetallists, so far as the writer can judge, is one of discouragement. Even the late General Walker, the chief representative of international bimetallists in the United States, in a letter to the present writer, dated February 16, 1885, used these words: "I am more and more convinced of the justness of the bimetallic argument—less and less hopeful of the international establishment of that principle."

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10. INTERNATIONAL BIMETALLISM (Concluded).

(1) **Universal Bimetallism Not Essential, Under Certain Conditions, in Order to Give Stability of Price.**—For the purpose of securing stability of price it is not, under certain conditions, necessary that all countries should coin both metals. The same effect will be produced if a country, or group of countries, with a sufficiently large currency, agrees to coin either metal indifferently and to make both kinds of coin legal tender at a fixed ratio, every other country coining one metal only.

Let us suppose that there are three countries. . . . Each country has a population of one

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million—one country coins *A* metal only, and requires ten thousand coins annually; the second coins *B* metal only, and requires one hundred thousand coins; and the third coins either *A* metal, or *B* metal at a ratio of one to ten, and requires an addition to its currency every year of the same value as the addition to the currency of each of the other countries.

If we assume the production of *A* metal to the amount of fifteen thousand coins annually, and *B* metal to one hundred and fifty thousand coins annually, the first nation will coin ten thousand *A* coins yearly, the second, one hundred thousand *B* coins, and the third will coin five thousand *A* coins, and fifty thousand *B* coins.

Let us now assume that the production of *A* coins rises to eighteen thousand yearly, and consider what will happen.

Each nation will add the same amount in value to its currency, and therefore the excess production will be distributed between the first and third nations, and the proportion of the *B* metal coined by the second nation will be increased.

If we distribute the two metals between the three countries, on the condition that the currency of each country gets an increment of equal value, we find that the first country must add to its currency eleven thousand *A* coins, and the second one hundred and ten thousand *B* coins, while the third will add to its currency seven thousand *A* coins, and forty thousand *B* coins.

In other words, the value of each of the three currencies remains the same, and the rise in prices due to the excess production of metal *A* is equally distributed over the whole set.

The result is therefore the same as if all three nations had been bimetallic instead of two being monometallic, one with *A* metal and one with *B* metal, the third being bimetallic.

If the over-production of *A* metal continued in future years, it will be evident that the third nation would go on absorbing a portion of the surplus and giving up a portion of the *B* metal to the second nation. On the other hand, if over-production of *B* metal took place, the third nation would absorb a portion of the surplus of that metal, and would give up a portion of the *A* metal to the first nation.

We thus see that the bimetallic system may be completely carried out, although some countries are monometallic, provided there is a country, or group of countries, which is prepared to coin both metals freely, and to accept them as legal tender at a fixed ratio.

It is an interesting question to determine how long a bimetallic country surrounded by monometallic countries can, unaided, sustain the bimetallic system.

The answer is simple, and is obvious from the considerations that have been already stated.

A single country can sustain the system so long as its currency is actually composed of both metals.

If one metal becomes so abundant in comparison with the other, that the latter is completely driven out of the country which uses the alternative standard, the principle of compensation ceases to act, and the country that was bimetallic becomes practically monometallic.

The market ratio between the two metals will then cease to be constant, and may vary to any extent.

If the metal which was over-produced, ceases to be over-produced, and over-production of the other metal begins, the bimetallic country which was denuded of the latter metal will begin to get it back again as soon as the market ratio returns to the legal ratio.

And it is quite possible that the currency of the bimetallic country might at one time be composed wholly of one metal, and at a future time be composed wholly of the other metal.

What is necessary, therefore, for the proper maintenance of the bimetallic system, when some countries are monometallic, is that the group of bimetallic countries should have a currency so extensive that it will afford complete scope for the play of the two metals, according as one or other is over or under-produced, without becoming completely denuded of either metal.

It has happened that different countries have been at the same time bimetallic, but each with a different fixed ratio.

In such cases each metal will drift towards, and be absorbed into, the currency of the country where it is most highly valued, and if the difference in the fixed ratios adopted by different countries, is of sufficient magnitude to make it worth while to export coin from one country to another, exportation will take place until at last one of the countries only will hold both metals in its currency, and the ratio established by that nation between the two metals will be the ratio which regulates the market price.

The United States were at one time bimetallic at one to sixteen, and France at one to fifteen and one-half. The result was that the gold was coined in America, and that silver tended to flow from America to France. The stream of silver that flowed to France was not of sufficient volume to totally exclude gold from her currency; and the world still retained the benefits of the bimetallic system at the French ratio, namely, one to fifteen and one-half, the effect of the American ratio of one to sixteen being to render the United States for the time practically monometallic.—"*Theory of Bimetallism*," *by Sir David Barbour, Financial Secretary to India, Chap. XI.*

(2) **Definition of Bimetallism.**—"The word 'bimetallism' is now well understood, but, as it is a somewhat misleading phrase, it may be as well to commence by clearly stating what is the meaning here attached to it. The adoption of bimetallism in this country would entail such an alteration in the law as would permit any one who now owes a certain weight in coined gold—a certain number of pounds sterling—to discharge that debt, either by paying the said weight of coined gold, or by paying a proportionately larger weight of coined silver, the ratio between the two weights being enacted once for all on the establishment of the system. Or, to put the matter more generally, bimetallism means any currency system which would establish a right on the part of the debtor to discharge his liabilities at his option in either of the two metals at a ratio fixed by law. . . . It is a necessary part of the bimetallic system that the leading commercial nations of the world should adopt it, fixing on the same ratio, and that they should allow their mints to be open, without restrictions as to quantity, to all who desire to have either metal coined. The term 'bimetallism,' as thus defined, gives no indication as to what the ratio may be.'—*From* "*Bimetallism*," *by Major Leonard Darwin* (*Appleton*).

(3) (*A*) **Advantages of Bimetallism, with Replies to the Advantages Claimed.**—"That bimetallism, by tying gold and silver together, would diminish the variations in average prices

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whether due to causes affecting only one of the metals, or to the indirect effect of commerce between countries with different standards.

In reply, it is stated that the result of recent investigations indicates that the steadying effect thus produced will not be very great.

(*B*) The government of India has found itself in serious financial difficulties through the fall in the rupee; and bimetallism with a suitable ratio, though it would not restore things to their previous condition, would insure against further troubles in the future.

In reply, it may be urged that these difficulties have already been nearly overcome by the monopoly-rupee system; and that gold monometallism, which it is intended to introduce into India, will remedy the evils complained of quite as effectively as bimetallism.

(*C*) That commerce between gold and silver-using countries is seriously hampered by the fluctuations in exchange; that the depreciation of silver has put industrial concerns in gold-using countries at a disadvantage in competing in all markets; that the existing diversity of standards increases the instability in the relative prices of different commodities, thus temporarily inflating or depressing particular trades in an injurious manner; and that all these evils would be remedied with regard to all gold-using and silver-using countries by means of a powerful Bimetallic Union, even if all were not included in it.

In reply, it is stated that these troubles, though no doubt they do exist, have been greatly exaggerated; that gold monometallic systems are rapidly being established throughout the commercial world; and that these difficulties will thus be overcome in so far as they affect commerce between nations adopting this common standard.

(*D*) That theoretical considerations show that we ought to adopt a system of currency which in times of commercial progress, neither allows prices to rise, nor allows the price of the output per man per day to fall; that, with the silver standard, the average price of wholesale commodities has remained approximately steady; that, with the gold standard, the price of the output of labor has not varied greatly; and that, judging by the past, a mean between the two would form a standard to which no objection could be raised on such theoretical grounds.

Monometallists, on the other hand, contend that the fall in prices has been on the whole beneficial, and that the gold standard should, therefore, be maintained in the future. It might be added that it is very doubtful whether the joint standard would permanently diminish the tendency to falling prices; and, if it did so, that there is some doubt as to the advantages thus to be derived.

(*E*) Lastly, it is contended that, if bimetallism is not introduced, gold will be more and more used as the standard of value; that this will cause an increasing demand for that metal for a long time to come; that we cannot always progress in the methods of economizing the use of the standard as rapidly as during the last half century; or, at all events, that this check on appreciation cannot be relied on in the future, any more than in the past; and that the appreciation of the currency, resulting from the balance of these conflicting causes, is certain to produce very harmful effects in depressing trade.

In reply, it is urged that the output of gold is increasing, and that this will prevent the undue appreciation of the standard."

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11. NATIONAL BIMETALLISM.

The discouragement concerning the impracticability of international bimetallism has doubtless strengthened very greatly the demand for independent action by the United States. Those who have a keen appreciation of the evils of falling prices and attribute to them a large share of our economic misfortune since 1873, and at the same time do not look forward hopefully to the introduction of bimetallism by international agreement, are inclined to demand that the United States, without waiting for action by any other nation, should alone establish bimetallism, and generally they urge that this country should return to the old ratio of 16 to 1.

There is no desire at this time and in this place to enter into any political arguments. The strictly scientific side of the question, however, is one that is not difficult to grasp. The arguments for national bimetallism resemble those for international bimetallism, so far as they are economic in character. We have just seen that international bimetallists have long discussed the question: how many countries must combine to put international bimetallism on a safe foundation? One of these men, namely Prof. Emile de Laveleye, has given a definite answer. We have also the experience of France and the comparatively small countries comprising the Latin Monetary Union, which is helpful in the present discussion. The national bimetallists hold that at the present time the United States alone is strong enough to establish bimetallism. If international bimetallism is theoretically sound, national bimetallism must also be a possibility, provided any one nation is strong enough commercially to maintain a balance in the use of gold and silver throughout the

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world. The nation which establishes national bimetallism must be able to supply gold or silver, as the case may be, at the legal ratio, and satisfy all demands without the exhaustion of either one of the precious metals comprising its monetary stock. Here we are concerned with a statistical question. In the past Gresham's Law has operated powerfully enough to drain our country first of one of the precious metals and then of the other. Have we now reached that preëminent position in which independent action is a possibility? The economists of the United States very generally answer this question in the negative. But there are exceptions.

Those who propose the free coinage of silver, and do so because they view with equanimity the disappearance of gold from among us as money in this country, are not really bimetallists at all, but silver monometallists. There are, however, others who believe that the independent establishment of bimetallism by the United States will confer upon this country such advantages, and would prove so disadvantageous to other countries, that we would not long stand alone, for others would follow in our footsteps.

A very intelligent correspondent in a letter to the present writer, expresses himself as follows concerning bimetallism:

"As regards the national bimetallists, it seems to me that they differ with the international bimetallists not on economic but on statistical and political grounds. Prof. ——— (a well-known English economist is named) for instance, who writes as an international bimetallist, has expressed himself within the past year, in private letters, as favorable to independent action by the United States in view of the manifest impossibility of bringing Great Britain to an international agreement so long as, by holding off, she can keep America to the gold standard.

"If I understand it, the statistical question between the two schools is in regard to the amount of silver available. All agree that the first effect of free coinage would be a rise of prices and a consequent large increase of business. This enlarged volume of business, especially at higher prices, would absorb a large part of the new coinage. Whether enough more silver would be available also to displace more than $700,000,000 of gold now in this country, is a matter of statistics upon which the two schools seem to differ. Second, as to the political question: national bimetallists seem to regard independent action as the surest, indeed, the only way to procure an international agreement. For even if our gold should all be withdrawn, and we should actually reach that frightful bugaboo, a silver basis, the national bimetallists seem to think that the results would be far worse for Europe than for America.

"Consequently they believe that the election of a congress and an administration known to be determined to open the American mints would hasten to lead England to throw all her influence in favor of an international agreement, for the following reasons; 1st, that a broken par of exchange between Europe and the United States would be much more disadvantageous to the former than to the latter, since, relatively speaking, Europe now buys of us largely goods which cannot be had elsewhere, while we buy of Europe much that could be produced at home; while on the other hand the par of exchange which would then exist between the United States and other silver-using countries, would give the United States a great advantage over Europe in trade with the orient. (1)

"Second, if the foreign holders of American securities found they were going to be paid in 'depreciated' silver, they would then have the same interest in 'bulling' silver that they now have in 'bearing' it.

"Third, if England found that the United States was determined to open the mints in any event, she would be anxious to secure a compromise by which silver might be coined at a lower ratio, say 22 to 1, a ratio now popular with many English bimetallists, so that the rise of prices should not be so great as it would at 16 to 1."

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11. NATIONAL BIMETALLISM.

(1) **Report of English Commission.**—In this connection I draw your attention to the following extract from the final report of the English commission before mentioned. This portion is signed by the twelve members of the commission, gold monometallists and all, comprising the greatest specialists in England:

"Looking then to the vast changes which occurred prior to 1873 in the relative production of the two metals without any corresponding disturbance in their market value, it appears to us difficult to resist the conclusion that some influence was then at work tending to steady the price of silver and to keep the ratio which it bore to gold approximately stable.

These considerations seem to suggest the existence of some steadying influence in former periods, which has now been removed, and which has left the silver market subject to the influence of causes, the full effect of which was previously kept in check.

The question, therefore, forces itself upon us: Is there any other circumstance calculated to affect the relation of silver to gold, which distinguishes the latter from the earlier!

Now, undoubtedly, the date which forms the dividing line between an epoch of approximate fixity in the relative value of gold and silver and one of marked instability, is the year when the bimetallic system which had previously been in force in the Latin Union ceased to be in full operation; and we are irresistibly led to the conclusion that the operation of that system, established as it was in countries the population and commerce of which were considerable, exerted a material influence upon the relative values of the two metals.

So long as that system was in force we think that, notwithstanding the changes in the production and the use of the precious metals, it kept the market price of silver approximately steady at the ratio fixed by law between them, namely 15½ to 1.

Nor does it appear to us a priori unreasonable to suppose that the existence in the Latin Union of a bimetallic system with a ratio of 15½ to 1 fixed between the two metals, should have been capable of keeping the market price of silver steady at approximately that ratio.

The view that it could only affect the market price to the extent to which there was a demand for it for currency purposes in the Latin Union, or to which it was actually taken to the mints of those countries, is, we think, fallacious.

The fact that the owner of silver could, in the last resort, take it to those mints and have it converted into coin which would purchase commodities at the rate of 15½ of silver to 1 of gold, would, in our opinion, be likely to affect the price of silver in the market generally, whoever the purchaser and for whatever country it was destined. It would enable the seller to stand out for a price approximating to the legal ratio, and would tend to keep the market steady at about that point."

The situation in France, and the nature and theory of the bimetallic adjustment, are admirably set forth in the following eloquent words of Cernuschi in the monetary conference of 1881:

Until 1874 a clear and sonorous voice was always heard resounding from the banks of the Seine. It said: "I am France, rich in gold and rich in silver. I can arrange that in the entire world the two metals form but one money. Peoples and nations, bring to Paris all the gold and silver you like; I take it all. For a hundredweight of gold, or 15½ hundredweights of silver, I will always give you the same quantity of francs. Let the production of one metal or the other be more or less abundant, more or less costly, it will be immaterial to me. Peoples and nations, do you want gold? bring silver; do you want silver? bring gold. As bimetallist, the French have no preference for one metal or the other; they will always make exchange for you, if you know how to ask it, of one metal for the other on the basis of 15½, and in the two hemispheres the relative value of the two metals will always and everywhere be the same."

The reason why France was able to do this was that her commerce was great enough and varied enough to give employment and exchange to all the metal of either kind that was offered for coinage. As I have before said, the test of ability to maintain a parity between the metals is the power, founded on extent and variety of uses for money, to absorb them in commerce. Whether the United States could independently achieve this result is not, perhaps, absolutely demonstrable. It is a question of judgment.

My own opinion is that the task is not beyond us, and that, though some international concert is preferable, independent action is much to be preferred to the indefinite continuance of the present system. In this connection I wish merely to call attention, in passing, to the fact that it was the powerful influence of the French mint that first caused the gold (when our mint ratio was 15 to 1 and France's 15½ to 1) then the silver (when we had changed to 16 to 1) to leave the United States and go to France. It was exactly as if a commodity were to seek the highest market. But if she took our gold she sent us her silver, and vice versa. The process was natural and not harmful. Both metals were somewhere performing full money functions for all the world. If our ratio and hers had been the same the alternation would not have occurred.

When asked whether England could successfully alone undertake the maintenance of the parity of gold and silver with open mints, Sir Henry Hucks Gibbs said: "Any great commercial nation can do it."

We do not sufficiently realize what a powerful nation we are and what we can do if we set about it. We need a little of the spirit of 1776. [Applause.] Why, we are more afraid of England now, after we have grown big enough to whip all creation, than our fathers were when they could count no more population than the State of Ohio has now. So long as we want her to do it, England will manage our money system for us, and we may depend on her having an eye on England's interest while she is at it.

I make the assertion that, in nearly every respect, the conditions enabling a nation to support a system of bimetallism are to-day more favorable to the United States than they were to France from 1803 to 1873.

To begin with, from 1803 to 1870 the average number of ounces of silver in the world in coin and available for coinage was thirty times as great as the number of ounces of gold. Yet she made it possible during all that time to go into the market and buy as much with 15½ ounces of silver as could be bought with one ounce of gold.—*Speech of Hon. Chas. A. Towne, House of Representatives, February 8, 1896.*

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12. MONOMETALLISM.

Monometallism means the free coinage of either gold or silver alone. We may have, then, gold monometallism as well as silver monometallism, and there are numerous countries with silver monometallism. The German States had silver monometallism until the change of their currency after the Franco-German war. The South American Republics and the countries of Asia are still mostly on a silver monometallic basis. In the United States, however, the term monometallism means gold monometallism. The monometallists in this country are those who advocate the free and unrestricted coinage of gold alone. They would assign to silver an entirely subordinate rôle, making it only "change," with limited legal-tender quality, or coining only very limited amounts of full legal-tender silver. In fact, however, they are inclined to advocate a reduction of the present amount of silver money, rather than an increase of it.

We are again obliged to be content with a treatment which is far from exhaustive. We shall be able to consider only some of the many arguments in favor of monometallism, and these rather briefly.

First of all, the monometallists generally deny vigorously the evils which bimetallists claim have been brought about by the appreciation of money. They frequently assert that in the true and only sense of the word there has been no appreciation of gold. They admit that the prices of commodities have generally fallen, but they claim this is due to improvements in the processes of production, and not to an increase in the value of gold. In other words, the change has been due to causes which may be traced to commodities, and not to causes which may be traced to gold. This is the position of the late Hon. David A. Wells. (1) Again, it is claimed that the fall in prices has been beneficial to large classes in the community, especially to wage-earners; for it is asserted that there never has been a time when earnings would purchase such large and generous quantities of the necessaries and conveniences of life. (2) The injury to producers is denied, because it is claimed that increased production offsets falling prices, so that it is not more difficult than formerly to meet obligations incurred in the past. Thus we have a broad and general denial of the evils which bimetallists claim have been brought about by the appreciation of gold.

Again, it is claimed by many bimetallists that the precious metals are commodities whose value is governed, like that of other commodities, by demand and supply primarily, and secondarily by the cost of production. Consequently, the value of the precious metals is regulated by natural laws, and not at all by statute laws. Professor Sumner of Yale University, in an article in the *Princeton Review* of November, 1879, uses these words: "To regulate the value of money is to fix prices, and Congress has never tried that since it has existed. Congress can determine how heavy a piece of metal of a certain fineness shall be the standard of value, just as it determines how long a bar shall be the standard of length; but it cannot regulate the value of a coin any more that it can regulate a physical object to make it longer or shorter than it is." The consequence is, that there cannot be a permanent and constant ratio between the value of gold and the value of silver, each one being regulated by its own conditions of supply and its own conditions of demand. The result of an attempt to establish a legal ratio must be the ultimate overvaluation of the one metal, and the undervaluation of the other, giving an opportunity for Gresham's Law to operate.

The monometallic position also makes the claim that there is a general preference on the part of the business world for gold; that in the struggle for survival among the money-metals, gold has shown itself the fittest and consequently it is the one to survive. All that legislation has to do, is to recognize and stamp with its approval this preference of the business world for gold. Any attempt to thwart this

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preference of the business world for gold as full legal-tender money, with unrestricted coinage can only be disastrous, inasmuch as it must unsettle confidence, upon which above everything else business prosperity depends.

12. MONOMETALLISM.

(1) **The Fall in Prices and the Causes.**—The question which next naturally suggests itself is: What have been the price movements of such commodoties as have not in recent years experienced in any marked degree a change in their conditions of supply and demand? Do they exhibit any evidence of having been subjected to any influence attributable to the scarcity of gold?

The answer is, that not only can no results capable of any such generalization be affirmed, but no one commodity can even be named, in respect to which there is conclusive evidence that its price has been affected in recent years by influences directly, or mainly attributable, to any scarcity of gold for the purpose of effecting exchanges.

In the first place, all that large class of products or services, which are exclusively or largely the result of handicrafts; which are not capable of rapid multiplication, or of increased economy in production, and which cannot be made the subject of international competition—have exhibited no tendency to decline in price, but rather the reverse.

A given amount of gold does not now buy more, but less of domestic service, and of manual and professional labor generally than formerly; does not buy more of amusement; not more of hand-woven lace, of cigars, and of flax, which are mainly the products of hand-labor; of cut-glass, of gloves, of pictures, or of precious stones. It buys no more of horses and other domestic animals; of pepper; of cocoa, the cheap production of which is limited to a few countries, and requires an interval of five years between the inception and maturing of a crop; of malt liquors, eggs, currants and potatoes; nor also of house rents, which depend largely upon the price of land, and which in turn is influenced by fashion, population, trade, facilities for access, and the like. Retail prices generally have not fallen in proportion to the decline in wholesale prices; and one explanation that has been given for such a result is, that retail trade is more directly and largely dependent on personal services.

"Any one who thinks about the subject of gold, and prices, must be struck with the curious fact that it is in the wholesale dealings in the principal articles of commerce, that the fall of prices is shown to have taken place, and that, at the same time, in these dealings little or no gold is ever used; while on the other hand, in the dealings (and in those countries) in which gold is used—such as small retail dealings and wages, no such fall in prices, or no equal fall, has been proved."—*Sir Thomas Farrer, Member of British Gold and Silver Commission.*

How little of change in price has come to the commodities of countries of low or stagnant civilization, that have remained outside of the current of recent progress, is strikingly illustrated in the case of a not unimportant article of commerce, namely, the root *sarsaparilla;* which, with a gradually increasing demand, continues to be produced (collected and prepared) in Central America, by the most primitive methods, and without any change in the conditions of supply, save, possibly, some greater facilities for transportation from the localities of production to the ports of exportation. Thus in the case of Honduras sarsaparilla, at New York, which is the principal distributing market of the world, the average price for the best grade was reported as identical for the years 1881 and 1886; while for the "Mexican," the average reported for 1881 was eight cents per pound, and for 1886, with much larger sales, from seven, to eight and a quarter cents.

The very slight decline in recent years in the prices of such of the commodities of India as constitute her staple exports is also an illustration to the same effect.

Now, all of the commodities referred to, including labor and personal service, and many others which might be specified, whose condition in recent years has not been materially influenced by changes affecting their supply and demand, ought to have exhibited evidence, in a decline of prices, of the influence of the scarcity of gold, if any such had been exerted; but they have not, and the *onus* of showing why they have not, clearly rests upon those who deduce from the evidence of price movements the conclusion that the standard of price measurements (gold) has appreciated.—"*Recent Economic Changes,*" *by David A. Wells, LL.D., D.C.L., pp. 191-194.*

(2) **Fall of Prices a National Advantage.**—I have dealt with this objection elsewhere, and will be very brief here.

The fall of prices is a mischievous disturbance of contract, tending, as Newmarch, Jevons and economists without number have shown, to injure the man of enterprise to the temporary advantage of the owners of fixed charges. People are very apt to confuse a fall in prices with a fall in the cost of production, and with increased purchasing power. These are, of course, advantageous; they are the chief results of material progress. But, as Sir R. Giffen and others have shown, they do not involve a fall of prices. They occurred when prices were rising, between 1850 and 1873, in even greater degree than since the latter date. They are occurring in silver countries, where prices have been fairly stable. They depend, not upon prices, but upon the relation of incomes to prices.

It is contended that the prices of wholesale commodities do not give a true measure of the variations in the value of money. If this objection could be sustained, it would not affect the bimetallist position. That position does not involve the admission that there has been an absolute appreciation of gold. It is enough to say that a condition of things in which wholesale prices rise, as between 1850 and 1860, or in which they are on an average stable, as between 1860 and 1873, whatever name may be given to these conditions, is more favorable to prosperity than one in which wholesale prices fall.

But I maintain that the index-number is not open to the objections raised. It is said that it does not include labor or house-rent, and that both of these have risen. There seems some confusion here. Economic rent and time-wages are forms of income. They have no more business in an index-number than salaries, profits, commissions,

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and interest. They represent the purchasing power, not the things purchased. So far as house-rent represents the cost of building a house, it might well be in the index-number. The difficulty would be to get a standard quotation. I believe it would be found that the building-rent of houses has greatly fallen. People who maintain the contrary forget that the house of to-day is a different thing altogether from the house of former times; different in cubic capacity, different in quality, different in its fittings and sanitary conditions. So with regard to labor. The thing bought varies. The cost of labor has fallen considerably, if we measure labor by its effects. How else could the cost of commodities have fallen, since the principal element in that cost is the cost of labor? The English artisan gets a large income or time-wage; and yet in many industries the cost of his labor, his piece-wage, is the lowest in the world. Mr. Brassey found the highly-paid English navvy cheaper than the wretchedly-paid Egyptian labor. The distinction between cost of labor and rate of wages is vital, and ought to be familiar. The gold-value of the first has fallen as much as that of most commodities, while the gold value of the second has not greatly altered."

This quotation is from the pamphlet called *"The Monetary Situation," by Prof. H. S. Foxwell, M. A., Sections 13 and 14, on pp. 42-44.*

SECOND WEEKLY REVIEW.

7. **THE USE OF GOLD AND SILVER IN THE PAST (Concluded).**—Bimetallism Successful in France and the Countries of the Latin Monetary Union.
8. **INTERNATIONAL BIMETALLISM.**—Significance of the Demand for Gold in the Arts.
9. **INTERNATIONAL BIMETALLISM (Continued).**—The Effects of a Universal International Agreement.
10. **INTERNATIONAL BIMETALLISM (Concluded).**—Concert of Countries Required to Make International Bimetallism Successful? Failure of Recent Efforts to Bring About International Bimetallism.
11. **NATIONAL BIMETALLISM.**—Relation of International Bimetallism and National Bimetallism.
12. **MONOMETALLISM.**—Beneficial Effects of the Fall in Prices. The Alleged Preference of the Business World for Gold.

QUESTIONS.

7. *What ratio between silver and gold did France adopt? What success did she meet with in Bimetallism? Name the principal countries of the "Latin Monetary Union." Explain the circumstances under which Bimetallism was suspended in the countries constituting the Latin Monetary Union. Why did M. Chevalier wish to demonetize gold in France after the discovery of that metal in California and Australia?*

8. *Explain the relation of Gresham's Law to International Bimetallism. Under what circumstances could the use of the precious metals in the arts defeat International Bimetallism?*

9. *How does it happen that different legal ratios between the value of the gold and of the silver have been advocated? What is the significance of the ratio of 16 to 1? of 15½ to 1?*

10. *How many and what countries must coöperate to secure a safe basis for International Bimetallism? What is the greatest weakness of International Bimetallism?*

11. *What are the resemblances, and what the differences between National Bimetallism and International Bimetallism?*

12. *What do you understand by Monometallism? Does Monometallism mean the exclusive use of one metal as money? To what extent could gold Monometallism tolerate the use of silver money? What position did the Hon. David A. Wells take with respect to the fall in prices? What is Professor Sumner's opinion concerning the proposition to regulate the value of the precious metals? Is there a general preference on the part of the business world for gold? Why in France, in 1860, was there a widespread preference for silver?*

SUBJECTS FOR SPECIAL STUDY

1. *Successful bimetallism in France.*
2. *Significance and extent of the demand for gold in the arts.*
3. *Effect of an international agreement upon bimetallism.*
4. *Influence of various countries upon each other in reference to bimetallism.*
5. *Relation of national and international action.*
6. *Effect of the fall in prices.*

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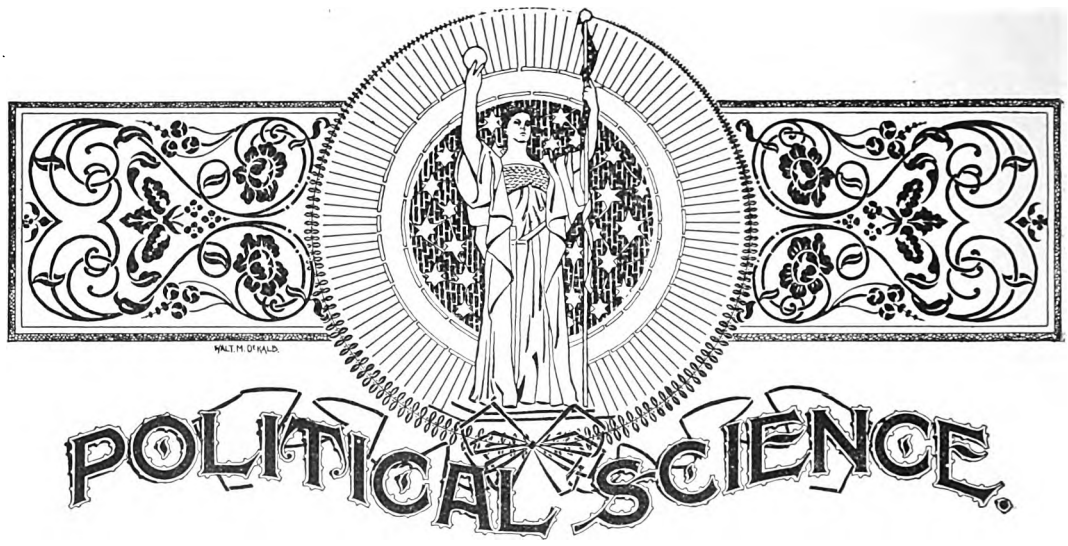

HINDRANCES TO DEMOCRACY.

BY

JESSE MACY, M.A., LL.D., Professor of Political Science, Iowa College, Grinnell, Iowa.

13. NEW WINE IN OLD BOTTLES.

ANIMALS are governed when they are so trained and educated that from mere sign or suggestion they will fulfill the wishes of men. In common with men, animals have the power of conscious self-direction. Man governs animals by availing himself of this power. But animals are trained individually; one cannot be taught to teach another. Men, on the other hand, are trained socially. To men there belongs not only consciousness but also conscientiousness. In all dealings of man with man there inheres the sense of right. It is this which makes man a political animal. The State, therefore, is founded upon a sense of right conduct directed to rational ends.

The attempt to govern men by brute force tends to paralyze reason and to destroy the sense of right. Force, except as a limited and subordinate agency in the training of men, tends to destroy the State. No enduring State ever has been or ever can be founded upon force. In Asia the destructive tendencies of force were resisted by the formation of castes whereby immense bodies of men were held together through friendly coöperation and the social instincts. The destructive tendency of force was still farther resisted through the conscientious belief in many errors and superstitions whereby the ruling classes exercised spiritual control over their subjects. Yet Asia produced no State in the modern sense because the rulers believed in a government by force, and the natural tendency of such a belief is the destruction of all government.

The Western State differs from the Asiatic State primarily through the prevalence of a belief in a God of Truth and Righteousness. Or, stated in another form, through the prevalence of a belief in a Higher Law binding alike upon rulers and subjects. The Higher Law not only permits but requires the subject under given conditions to defy the ruler. Pilate said to a Prisoner. "Knowest thou not that I have power to crucify thee, and I have power to release thee?" The answer was: "Thou couldst have no power at all against me except it were given thee from above." Peter and John having been imprisoned and scourged and commanded to speak no more in this Name, replied: "We ought to obey God rather than man."

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The Christian Church was an outlaw until half the Roman Empire had become Christian.

The Call of Abraham should not be viewed simply as an isolated fact in history. We may believe that thousands of times the conscientious Asiatic has gone west to escape from tyranny. The Greeks and Romans were transplanted Asiatics. Among them also there is a suggestion of a sense of a higher law. This is shown in the honor that is paid to the destroyer of tyrants; in the demand of the plebeians that their laws be written down so that the rulers may be required to obey them. (1) But the case of the descendants of Abraham is unique in the clearness with which they enunciated and exemplified the principles of the Higher Law. The ruler in the Hebrew State was not merely subject to the law as was the ordinary citizen. It was in a peculiar sense his mission to obey the law. For a king or a priest to disregard the law was a peculiarly heinous offense. Often did the unauthorized private citizen rebuke the ruler for his disobedience. Among the Greeks and Romans the hero was often the man who drew the sword on behalf of liberty. But among the Hebrews he was the greater hero who wielded the "sword of the spirit," the Word of the Lord, against the oppressor. The Hebrew exalted preaching above brute force. Early did the Hebrew Prophet get a clear vision of a State founded upon righteousness where there would be none to hurt nor to make afraid. More than upon the ideals of Greeks and Romans the modern Western State is being built upon Hebrew ideals.

All human institutions are founded upon opinions and beliefs. (2) Even the family assumes diverse forms according to the convictions of its members. The Asiatic Anti-State is founded upon the belief that the few are born to command and the many to obey. The Western State is founded upon the conviction that all men are subject to a common moral law. This moral law lays peculiar obligations upon all who are in places of conspicuous power and influence. By as much as one is exalted in official position, or wealth, or learning, by so much is his obligation to obedience increased. It was because Ahab was King that the taking of Naboth's vineyard was an act of supreme meanness.

The West has differed from the East in that there has been there at all times an appeal to the Higher Law. There has been a growing sense of the imperfection of human government; a growing sense of the injustice of rulers. Among Asiatics there can scarcely be said to exist a common morality. There is a caste, or family morality, but not a common morality. But in the Western State this sense of common morality is fundamental. It is the very life of the State. Yet the rulers in the West have ever held Asiatic convictions. They have been disposed to bind heavy burdens, to claim for themselves peculiar sanctity, peculiar privileges, to teach that the only right of the common man is to serve and obey his betters. (3) Yet from the days of the early Hebrew prophet until now there have ever been among the people those who were ready at the risk of their own lives to read the law to the rulers. A sense of common morality has grown as the people have been made conscious of the oppressions and the injustice of rulers. Instead of forming themselves into castes (*See Glossary*), the peoples of the West have organized themselves into schools for moral instruction. Each class has been peculiarly diligent in detecting and pointing out the moral delinquencies of those whom they have regarded as the oppressors. Rulers preach to people and people preach to rulers. One industrial class points out the sins of another industrial class. Thus all have a share in moral instruction.

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13. NEW WINE IN OLD BOTTLES.

(1) **Origin of the Twelve Tables.**—The plebeians, under the direction of their tribunes, vigorously followed up the important advantage they had gained, and, after a long resistance on the part of the patricians, success, at least in part, attended their efforts. It was clear that the law, public and private, had two fundamental defects: on the one hand, it was indefinite and unfamiliar to the com-

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mon herd; and, on the other, it bore unequally on the two orders of society. An unknown and mysterious power, it was a formidable weapon in the hands of the patricians, and enabled them to keep the lower orders in check and under their control. The efforts of the plebeians were therefore directed mainly to two things: to secure publicity and equal laws for all classes (*æquanda libertas*:—*summis infimisque jura æquare*). And, with this object in view, they demanded that the *positive* laws of the republic should be reduced to writing and promulgated.

Notwithstanding the obscurity which attends this question, we can see that the point contended for was nothing less than the equalization of the two orders: this was what the patricians were opposing throughout the struggle from consulate to consulate, which lasted with various vicissitudes from B.C. 462 to B.C. 451. According to some historians three patricians, whose names are mentioned, were sent to Greece in the year B.C. 454, in order to collect the laws of that country; and upon their return two years afterwards with the Attic laws, Hermodorus, an exile from Ephesus, to whose honor a statue was erected at Rome, explained them to the people. The story of their mission to Greece was firmly believed by the Romans, but ever since the time of Vico it has been questioned by critical historians.

Treated as fable by some, and admitted to rest upon the evidence of certain monuments by others, this story must be allowed to remain among the numerous problems of Roman history which cannot be cleared up. We do not consider that much importance, in a legal point of view, attaches to this controversy.

This much, however, appears certain, that the Greek laws were not unknown to the compilers of the Twelve Tables; and though they imitated the Greek laws in certain trivial details, yet the basis of the Roman civil law is not borrowed, but original, and possesses its own characteristic features, and it is as such that we must regard it.

Be that as it may, in the year 303 (B C. 451) from the foundation of Rome, according to the calculation of the Romans, and in the year which followed the return of its deputies, that is, if we accept the fact of the mission as a reality, ten magistrates were chosen by the *comitia* from the order of the senators, and were commissioned to draw up the civil laws of their republic.—"*Ortolan's History of Roman Law*," *by Illudus T. Prichard, Esq., F.S.S., and David Nasmith, Esq., LL.B., pp. 96-98.*

(2) **Customary Law Codes.**—From the period of customary law we come to another sharply defined epoch in the history of jurisprudence. We arrive at the era of codes, those ancient codes of which the Twelve Tables of Rome were the most famous specimen.

In Greece, in Italy, on the Helenized sea-board of Western Asia, these codes all made their appearance at periods much the same everywhere, not I mean, at periods identical in point of time, but similar in point of the relative progress of each community.

Everywhere, in the countries I have named, laws engraven on tablets and published to the people take the place of usages deposited with the recollection of a privileged oligarchy.

It must not for a moment be supposed that the refined considerations now urged in favor of what is called codification had a part or place in the change I have described. The ancient codes were doubtless originally suggested by the discovery and diffusion of the art of writing.

It is true that the aristocracies seem to have abused their monopoly of legal knowledge; and at all events their exclusive possession of the law was a formidable impediment to the success of those popular movements which began to be universal in the western world.

But though democratic sentiment may have added to their popularity, the codes were certainly in the main a direct result of the invention of writing. Inscribed tablets were seen to be a better depository of law, and a better security for its accurate preservation, than the memory of a number of persons, however strengthened by habitual exercise.—"*Ancient Law*," *by Maine, pp. 13, 14.*

(3) **Popular and Legal Power.**—What though the government by the people be a thing not to be endured, much less defended, yet many men please themselves with an opinion that though the people may not govern, yet they may partake and join with a king in the government, and so make a State mixed of popular and regal power, which they take to be the best tempered and equalest form of government. But the vanity of this fancy is too evident, it is a mere impossibility or contradiction; for if a king but once admit the people to be his companions, he ceases to be king, and the State becomes a democracy.—*Filmer's "Patriarchia," Chap. II.*

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14. "THE TYRANNY OF MAJORITIES."

The conflict between the East and the West is a conflict of ideas. But we make a fatal mistake if we believe that the fundamental ideas are distributed either according to race or to geographical area. The Hebrew State, though located in Asia, was Western in spirit, while many European States have been Eastern in their dominant characteristics. In general the beliefs and teachings of the ruling classes have been, and continue to be, identical in Europe and Asia. They believe and teach that the masses of mankind can be governed only by an exercise of brute force wielded by the few. In both the East and the West this teaching has tended directly to destroy the State. In the East this tendency to destruction has been arrested by resistance among the people taking the form of caste and unchanging superstitions. In the West this tendency to destruction has been resisted by a

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direct denial of the fundamental teaching of the rulers. The duty to obey has been met by the higher claims of the moral law. In both Asia and Europe the enduring quality in the State, that which has prevented utter collapse and ruin, has been the moral stamina of the people. The caste system of Asia gives the lie to the high claims of rulers as effectively as did the attitude of John Knox or Elijah the Tishbite. The West has been progressive, while the East has been stationary, because here the rulers have been included in a common subjection to the moral law.

In a former lesson we have seen that all government of every sort rests upon education and training. In the West, as well as in the East, the ruling classes have attempted to educate by an appeal to brute force. The natural effect of such an attempt is to destroy the State and produce anarchy; or to introduce such a separation of the people into artificial classes as to render a common morality impossible. These tendencies are universal: they exist without reference to race or geography. The West differs from the East simply in the degree of success in the attempt to educate by force. The West differs especially from the East in that there has been a growing tendency to educate by an appeal to a common sense of moral obligation. The democratic State of the nineteenth century is the direct result of this appeal. It has taken thousands of years of perpetual conflict to reach this ideal. And the most perfect of the modern democratic States are still handicapped and prevented from fulfilling their appropriate functions because the educated classes in these States are still victims of thousands of years of teaching of war-club philosophy. I have quoted from Sir Henry Maine an illustration of this principle. The teaching still prevails that government is a mere application of force. So long as this opinion is widely accepted, democracy can never have a fair trial.

There is, moreover, a deep and inveterate prejudice against government, which pervades all classes of the community. It is said, there are no snakes in Ireland, yet I once saw a stalwart Irishman waiting for some one to accompany him through a patch of weeds for fear of snakes. He was in a country where there never had been dangerous reptiles; where snakes were not a whit more dangerous than kittens. He was simply a victim of the race prejudice against snakes. There doubtless was a time when the prejudice had a rational basis. Governments, we are taught, came into existence by means of a war-club in the hands of a head-breaking savage. All rulers of every name and kind are simply successors to the primitive head-breaker. Rulers have maintained their position by the use of every imaginable instrument of torture, by every imaginable indignity heaped upon the human body. They have appeared as enemies of the people, so that government has many times been defined as a conspiracy of the few against the many for purposes of rapine and plunder. In the light of such experiences extending over many thousand years, it is not at all strange that there should exist a wide-spread prejudice against government; that government in itself should come to have about it the odor of cruelty and injustice, and should be regarded as something to be feared and hated.

It is this prejudice against government which lends terror to the hobgoblin of the "tyranny of majorities." (1) It is difficult to find instances where majorities have committed acts of tyranny, and in nearly all of the alleged instances the voting power is really wielded by the few. So far as any real experience goes, it would seem that nothing can be safer than an intelligent majority of the citizens of a State. Yet there exists everywhere a diffused dread of majorities. This is simply one form of the diffused dread of government. Sir Henry Maine appeals to this irrational fear when he gives a list of the outrageous things which majorities would have done if they had only had a chance. There was a time when starving laborers in England broke some machines which seemed to them the cause of their wretchedness. Upon this Sir Henry makes the dogmatic statement that a majority of the English

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people would have voted against modern improvements and in favor of middle age destitution. (2) How does he know this? Why not suppose that if the English people had been sufficiently enlightened to adopt a policy settling questions by majorities there would have been no riotous attacks upon machinery? There is just as much reason in the statement that the riots occurred because of a lack of a habit of consulting majorities, as to allege that a majority of the people would have sustained the policy of the rioters. Yet Sir Henry's statement, irrational as it is, has great effect, because it appeals to an inborn prejudice.

Democracy cannot have a fair chance until a prejudice which millenniums of tyranny has wrought into the race has been educated out of it.

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14. "THE TYRANNY OF MAJORITIES."

(1) **The Right of Majorities.** — Since Mr. Spencer has adopted an abstract conception of sovereignty, it is no wonder that he is puzzled over "the divine right of majorities." It is obvious that the majority of a majority of a majority may be arithmetically a very small minority of the whole. Therefore, it is inferred, there is no reason why a cabinet (*i.e.* its majority), which has the confidence of a House of Commons (*i.e.* of its majority), which has the confidence of the nation (*i.e.* of its majority), should have any particular authority to dictate to us. Of course this way of arguing is only valid if the nation is *merely* an aggregate of individuals, an idea which comes strangely from one who talks about a social organism.

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Some of us really do believe that, in some respects, society is an organism, though perhaps we do not repeat our creed so often as Mr. Spencer. As to the right of minorities, it may be enough at present to point out that the most important and valuable right of a minority is the right to turn itself into a majority if it can—*i.e.*, the right of freedom of speech and freedom of association, not the impossible right of the member to exist apart from the organic whole.

History shows us that a minority with intelligence, energy, and faith in their cause may hope with a fair chance for ultimate victory, if their cause is really the cause of humanity. One hundred men are numerically more than ten, and ten than one; but the genius and earnestness and contagious enthusiasm of one and the strong coherence of ten will outweigh in the end the isolated apathy of many thousands. It is the very chief advantage of democracy over oligarchy that, while it establishes the power of the majority, it puts that majority potentially in the hands of those who have ideas and are able to make them spread. For the wise statesman of a free country is not the man who has a mere private theory of his own and imposes it on a passive and subject class, but the man who sympathetically comprehends the vague wants, the unformulated aspirations of the half-blind, half-dumb many whom he serves by leading. As a leader he is in advance of others, not because his ideas are not theirs, but just in so far as he can understand and express what they only feel.

A people who, like the Russian peasantry, accept only a unanimous decision as binding, have advanced a very small way in political development. The discovery that "counting heads would save the trouble of breaking them" marks one of the greatest advances that mankind have made in their hard upward course. The discovery of the "organic" system of representation marks another, and the significance of "public opinion" a still further stage. The acts of the government in every country which is not on the verge of a revolution are not the acts of a minority of individuals, but the acts of the uncrowned and invisible sovereign, the spirit of the nation itself.—"*Principles of State Interference*," *by D. G. Ritchie, M.A., pp. 70-74.*

(2) **Prospects of Popular Government.** — Universal suffrage, which to-day excludes Free-Trade from the United States, would certainly have prohibited the spinning-jenny and the power-loom. It would certainly have forbidden the threshing-machine. It would have prevented the adoption of the Gregorian Calendar; and it would have restored the Stuarts. It would have proscribed the Roman Catholics with the mob which burned Lord Mansfield's house and library in 1780, and it would have proscribed the Dissenters with the mob which burned Dr. Priestley's house and library in 1791.—"*Popular Government*," *by Sir Henry Maine, K.C.S.I., LL.D., F.R.S., p. 36.*

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15. THE "LAISSEZ FAIRE" THEORY OF GOVERNMENT.

The ancient prejudice against government may serve to explain the various uses made of the luckless phrases "*Laissez faire*" and "*laissez passer.*" As first used by the physiocrats of the last century, the words were made to mean "let people work, let them trade." They expressed no theory of the State farther than was involved in the liberty to work and to trade. Later economists dwell much upon the injuries to industry through unjust governmental interference. Individual activity and voluntary association they contrasted with governmental interference. Under such teachings the conviction grew that that government was best which governed least.

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The perfect government would be no government at all. Government is an evil. So far as it is necessary at all, it is a necessary evil. In some way the term "*Laissez faire*" came to be applied to this negative theory of government: The theory which would reduce all government to the lowest terms and leave to the individual and to voluntary association the widest possible field. (1) The extreme form of this theory is reached in the position of the anarchist who would abolish all government.

The theory has its roots deep in the past and deep in human nature. From the primitive war-club rule of the savage to the present so-called government by majorities, governments have been doing violence to man's better nature; they have been violating the moral sense of the people. In opposition to their rulers, the people have formed ties and associations which have kept the State from ruin. Early in the present century, at the end of the Napoleonic Wars, a great peace came over Christendom. It was certainly natural that men should ask the question: Since in all forms of human government that have ever been tried there is so much that is unjust and cruel, and since the people left to themselves are so resourceful and have shown so great ability to attain a fair degree of justice, why not eliminate government altogether? or, at least, why not restrict it to the narrowest possible range of activity? This view of government has found abundant expression, and it has received the approval of many of the wisest men of the century.

This *Laissez faire* theory of government, supported by eminent statesmen, reformers, and philosophers, has the natural support of all the prejudice against government engendered by the tyranny of all the ages. It will be observed that the theory came into existence just at the time when modern democracies were making their first attempts in the discredited business of governing. Democracy has had no enemies so insidious and so effective as the believers in *Laissez faire*. Many of them were themselves professed democrats. Few have been open and avowed enemies. Yet they have said to the untried and inexperienced democratic governments, with their awkward and unpractised voters, that they should confine their activities to the one business of administering justice and leave every other activity to the individual and to voluntary association. (2) Now the one business which in all reason is the most difficult which man has at any time attempted is that of administering justice. Governments have managed farms and distributed the fruit thereof. They have engaged in mining, in manufacture, in transportation, in almost every line of human endeavor, and have succeeded fairly well. But in the one business of administering justice they have not succeeded. The very best that can be said is that some methods and some administrations are less unjust than others. It is this very failure which constitutes the basis of the *Laissez faire* philosophy. If a government could be found under any form or name which could do the one thing, administer justice, then surely everything else might be left to the will of the individual.

At the hands of the promoters of individual and private enterprise the new democracies have incurred relentless and hostile criticism. Every attempt of the government to engage in a sort of business in which there was any reason to expect success, has been exposed to ridicule and public contempt. The acts of the government are compared with the corresponding acts of the most intelligent, the most honest, and the most public-spirited citizens. Some of these philosophers maintain that the post-office business would be more efficient and satisfactory in the hands of private companies; that the education of youth should be left to parents and to voluntary association. The public telegraph is unfavorably compared with the private telegraph; the public railway with the private railway; the public water-supply, light supply, and street-car service with the corresponding enterprises in the hands of private companies.

The teachings of the *Laissez faire* philosophers have been reinforced by the greed of business corporations and joint stock companies which, by voluntary association

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have acquired the power to exact tribute from the public. Judge Hubbard, of Cedar Rapids, Iowa, Attorney for the Northwestern Railway, says that a business corporation for the purpose of private gain ought never to have been allowed to exist. This astute and experienced lawyer knows, as we may charitably suppose that Herbert Spencer and Professor Sumner do not know, that the courts of law have not been equal to the task of protecting the property of the stock-holders of a joint stock company. On the contrary, he knows that the judiciary has been an effective agency for unjustly appropriating the property of the minority of the stock-holders. As they have failed to do justice to the members of the business corporations, much more have they failed to effectively guard the rights of the less-interested public.

In England, and especially in the United States, through the teachings of *Laissez faire* philosophers, appealing as they do to a most inveterate prejudice, and through lust for private gain, voluntary associations have shown a marked tendency to encroach upon civil government and to discredit all public endeavor. Switzerland has been peculiarly fortunate in this respect. No propaganda has appeared to array the individual against the State, and the poverty of the country has protected the people from the greed of business corporations. On the other hand, the people have used their towns, their communes, their cantons, and their general government, as voluntary associations which included them all, associations in which all have a sympathetic interest. Their public roads have long been the pride of the State and the admiration of foreigners. The same is true of the public telegraph. The citizen of Geneva pays the State nine dollars a year for a telephone service, such as costs the citizen of New York more than ten times as much paid to a company organized for private gain. The people of Switzerland are really coming to feel that their State, with its various subdivisions, is the most interesting and inspiring friendly society which it would be possible for them to join. (3) Democracy will not have a fair chance until the people are taught to look upon their government with a friendly sympathy. They are not likely to do this so long as leaders in education teach that government is a necessary evil. Teaching people to confide in a government so esteemed is like teaching mothers to substitute snakes for kittens for their children to play with. It will not succeed where there are those who appeal to the ancient prejudice.

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15. THE "LAISSEZ FAIRE" THEORY OF GOVERNMENT.

(1) **Modern Views of Money-Making.**—A second result is a change in the attitude of economists towards state interference. When people thought that every business man was trying to serve himself at the expense of the community, a large number of restrictions of all kinds were brought into play. The commercial legislation of past centuries was a mass of such restrictions. Adam Smith and his successors showed that the bulk of this legislation had a very different effect from what was intended. Instead of preventing extortion, it prevented mutual service. Instead of enabling the nation as a whole to make money, it interfered with the development of its resources and the wise application of its labor. To so great an extent were the economists able to point out the evil results of mistaken legislation, that in the popular mind the teaching of economics has become synonymous with the effort to reduce the activity of government to a minimum. The phrase *Laissez faire, laissez passer* (let things take their own course), which was the motto of the physiocrats, has taken an exaggerated hold on the public imagination, and has been regarded as a fundamental axiom of economic science, when it is in fact only a practical maxim of political wisdom, subject to all the limitations which experience may afford.—"*Economics*," *by Arthur Twining Hadley, pp. 11, 12.*

(2) **Private Enterprise.**—As it is, however, they seem to have read backward the parable of the talents. Not to the agent of approved efficiency do they consign further duties, but to the negligent and blundering agent. Private enterprise has done much and done it well. Private enterprise has cleared, drained and fertilized the country, and built the towns—has excavated mines, laid out roads, dug canals, and embanked railways; has invented and brought to perfection, ploughs, looms, steam engines, printing presses, and machines innumerable; has built our ships, our vast manufactories, our docks; has established banks, insurance societies, and the newspaper press; has covered the sea with lines of steam vessels, and the land with electric telegraphs. Private enterprise has brought agriculture, manufactures, and commerce to their present height, and is now developing them with increasing rapidity. Therefore, do not trust private enterprise. On the other hand, the State so fulfills its protective function as to ruin many, delude others, and frighten away those who most need succour; its national defenses are so extravagantly and yet ineffi-

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ciently administered, as to call forth almost daily complaint, expostulation or ridicule; and as the nation's steward, it obtains from some of our vast public estates a minus revenue. Therefore, trust the State. Slight the good, faithful servant and promote the unprofitable one from one talent to ten.—*Spencer's Essays, "Moral, Political and Æsthetic," p. 53.*

(3) **Swiss Enterprise.**—While I was in Geneva the city gained possession of the lighting plant of an outlying district which had previously been in hands of a company.

In a former letter I told you that wherever there was a new building there were smokestacks near, but in Geneva I saw much new building and almost an entire absence of smokestacks.

A few years ago the city began to utilize the power of the Rhone river, which comes out of the lake in a mighty torrent. They needed the water of the lake in their streets and houses, and they made the river pump the water.

The watch industry was languishing, on account of competition with the machine made watch in America and elsewhere. The city corporation developed a system for distributing power to the local manufacturers through the pressure of water pumped from the Rhone by the Rhone. This gave a stimulus to many industries and more and more power was demanded. When experience had demonstrated the economy of electricity as an agency for lighting, and for the distribution of power, the city gained possession of all electrical appliances and attached them to their mill on the Rhone. By all these demands the power of the river as developed within the city limits was exhausted, and the demand for power to be used in manufacture was rapidly increasing.

To meet the demand the city government secured a site four miles down the river, where they have constructed a dam of stone, which appears as permanent as Niagara Falls, and where they get an immense head of water. This new mill is now nearing completion. From it, power will be distributed by electricity and sold to small manufacturers in the city and suburbs. On my return to the city from my visit to the new mill I rode with a manufacturer from Zurich. He said that their company bought power from a private company, and that they paid three dollars for power which costs the Genevese manufacturer only two dollars.—*Jesse Macy, in "American Journal of Sociology," July, 1896.*

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16. MAN VERSUS THE STATE.

A banker, having listened to a lecture in which there were frequent references to public opinion and social consciousness, remarked to me that all this talk about social consciousness was "nonsense. There is no such thing." There is an individual consciousness: nothing more. Individuals have opinions, but there is no such thing as public opinion. It has taken more than six thousand years of perpetual agony for the human race to develop a clear comprehension of the individual consciousness. There was a family consciousness, a consciousness of tribe and race, a class consciousness, a caste consciousness, a guild consciousness, and a State consciousness; and last of all, at the end of the ages, there has been developed the consciousness of the individual. And the intoxicated victim of the new idea is disposed to turn his back upon the history of the race and deny its existence.



Thomas Hobbes. From a Portrait in his "Leviathan" (1651).

But the advent of the individual consciousness has introduced much confusion into all reasoning about the State. Plato and Aristotle held long and intelligent discourses about the nature of the State without once suggesting that there could be such a thing as a conflict between the individual and the State. They assumed that man's proper nature is political or social; that the perfect man

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requires the perfect city; that the one cannot exist without the other. There would have been war in the little Greek heaven if a modern individualist had come stalking into the midst. The consciousness of a conflict between the individual and the State is distinctly modern. Yet the events leading to this consciousness are ancient and honorable. They are closely associated with the habit of Hebrew prophet and Christian teacher, who, in the name of righteousness, have stood up in the integrity of their own souls and been willing to defy tyrannical rulers. Such conduct is fitted to call attention to the importance of the individual. Surely the believer in modern democracy ought not to object to the attainment of a sense of the sacredness of the rights of the individual, for it is absolutely essential to the democratic State. A temporary inconvenience arises from a coincidence of the new ideas with ancient institutions.



Frontispiece to Hobbes' "Leviathan," Published in 1651.

In a former chapter we have seen that a distinct enunciation of the principle of modern democracy occurred in England in the midst of the Puritan Revolution, along with a distinct recognition of the principle of religious toleration. We cannot be far from the truth in assuming that already leading minds were gaining a distinct apprehension of the importance of the individual.

Just after the beheading of Charles I., Hobbes wrote his great book, called *The Leviathan.* In this he propounded his famous Contract Theory of the State. According to Hobbes the material from which the State is made is separate and distinct individuals. Before the State is formed these individuals are in what he calls a "state of nature." In this state of nature each individual has a right to all goods. In this state of nature the individuals are equal, or at least each individual readily finds his match in another. Each individual having a right to all things naturally puts forth his powers to vindicate his right. This leads to universally diffused and perpetual war of equals against equals. The end of such a state is annihilation unless the reason of man can find a way of escape.

According to Mr. Hobbes deliverance is attained by each individual contracting with every other individual to surrender as large a share of his right to all goods as the others surrender. Then in order to see that this contract is enforced and perpetuated a sovereign is chosen. (1) Thus the people pass from a "state of nature" into a "state of civil society." Having chosen the sovereign the people have only one right left, one duty: it is the duty to obey. They have no right of revolution, no right to a voice in the government, no voice in the choice of rulers.

In Hobbes' State we see a clear conception of the individual side by side with the baldest Asiatic view of government. After the State is formed the only thing permitted to the individual is obedience. Yet the State is created by the act of individuals contracting with individuals. Yet even Hobbes does not admit that there is in his State a conflict between the individual and the government. (2) So appalling, in his view, is that state of nature from which the State preserves the

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individual, that it is better for the individual to obey, whatever may be the consequences.

The successors of Hobbes have been little affected by the hobgoblin of a state of nature, which was a creation of his fervid imagination, but they have been profoundly affected by the contrast which he has drawn between the individual and the government. Hobbes' view of government holds, in large part, to the present day, while there has been a growing sense of the importance of the individual. Cords of books on politics and ethics have appeared during the last two centuries in which may be found the assumption that there is a natural and inevitable conflict between the individual and the State.

If the one business of the State is that of governing, and government is defined as an agency for controlling the conduct of men by brute force, then there is conflict between the individual and the State so long as men survive who retain the individual consciousness. Under an economy of force Mr. Hobbes and Sir Henry Maine are correct in their reasoning that the natural form of government is that of a monarchy or a despotism. Under such a system democracy is an absurdity.

The individualist is either forced to the position of the anarchist favoring no government at all, or he must consent to perpetual war between the State and the individual, or he must cease to think upon the subject, that is, he must cease to be an individualist.

Under a government founded upon force there can be no peace until the subjects of the government are crowded back into the earlier state in which they lose their individuality and are content with only a class consciousness. Democracy will have no fair trial while the great body of the citizens believe either in anarchy or despotism.

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16. MAN VERSUS THE STATE.

(1) **Political Unity.**—The only way to erect such a common power, as may be able to defend them from the invasion of foreigners, and the injuries of one another, and thereby to secure them in such sort, as that by their own industry, and by the fruits of the earth, they may enrich themselves and live contentedly, is to confer all their power and strength upon one man, or upon one assembly of men, that may reduce all their wills, by plurality of voices, unto one will: which is as much as to say, to appoint one man, or assembly of men, to bear their person; and every one to own, and acknowledge himself to be the author of whatsoever he that so beareth their person, shall act, or cause to be acted, in those things which concern the common peace and safety; and therein to submit their wills, every one to his will, and their judgments, to his judgment.

This is more than concert, or concord; it is a real unity of them all, in one and the same person, made by covenant of every man with every man, in such manner, as if every man should say to every man, "I authorize and give up my right of governing myself, to this man, or to this assembly of men, on this condition, that thou give up thy right of governing thyself, to him, and authorize all his actions in like manner."

This done the multitude so united in one person is called a "commonwealth," in Latin *civitas*. This is the generation of that great "Leviathan," or rather, to speak more reverently, of that "moral god" to which we owe under the "immortal God" our peace and defense. For by this authority, given him by every particular man in the commonwealth, he has the use of so much power and strength conferred on him, that by terror thereof, he is enabled to perform the wills of them all, to peace at home, and mutual aid against their enemies abroad.

And in him consisteth the essence of the commonwealth; which, to defend it, is "one person, of whose acts a great multitude, by mutual covenants one with another, have made themselves every one the author, to the end he may use the strength and means of them all, as he shall think expedient for their peace and common defense." And he that carrieth this person is called "Sovereign," and said to have "sovereign power;" and every one besides, his "subjects." — *Hobbes'* "*Leviathan*," *Part II., Chap. XVII.*

(2) **Unity of Power.**—So that it appeareth plainly, to my understanding, both from reason and Scripture, that the sovereign power, whether placed in one man, as in monarchy, or in one assembly of men, as in popular and aristocratic commonwealths, is as great as possibly men can be imagined to make it.

And though of so unlimited a power, men may fancy many evil consequences, yet the consequences of the want of it, which is perpetual war of every man against his neighbor, are much worse.

The condition of man in this life shall never be without inconveniences; but there happeneth in no commonwealth any great inconvenience but what proceeds from the subject's disobedience, and breach of the covenants, from which the commonwealth has its being. And whosoever thinking sovereign power too great, will seek to make it less, must subject himself to the power that can limit it, that is to say, to a greater.—*Ibid., Part II., Chap. XX.*

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17. THE STATE AND THE GOVERNMENT.

In the first chapter reference was made to the distinction between the State and the Government. We are now in a condition to get a clearer idea of this distinction. The difference has been emphasized because of the coexistence of two contradictory theories of the State. When we use the word Government, from inveterate habit we give to it the Asiatic signification of repression and force. Several times in these lessons I have said that governing was only one of the functions of the State. In such statements I have had in view the Oriental idea of repression. Yet I have also used the word in an entirely different sense; I have made it include all sorts of state activity. Government is the only word in common use which expresses that idea. In this sense, the State *governs* in the maintenance of libraries as well as in the punishment of crimes. In this sense, Government is the concrete embodiment and expression of the State. It is the State in action.



Emperor William I.

There are then two contradictory meanings to the word Government corresponding to the Western State and the Asiatic anti-State, respectively. In the anti-State, governing means the forcing of the people to obey the ruler. In the democratic State it means the free and conscious activity of a self-conscious people. I have associated the anti-State with Asia because there it has found most perfect expression. The State, in the new sense, is only in process of attainment. In all actual States the two hostile principles are seeking expression.

Several years ago, I think it was soon after an anarchist had attempted the life of William I., Bismarck secured the passage of laws for putting down the Socialist propaganda. Having secured the necessary votes, the Chancellor remarked, "Now for the pig-sticking." (1) In this remark Bismarck represented the anti-State of Germany. He exhibited a spirit which is inseparable from an attempt to govern by force. It is a spirit which in the West breeds revolution, assassination and anarchy; in the East it has tended to dehumanize a large part of the race. German citizens have been induced by this brutal challenge to vote in increasing numbers for socialist candidates. Not that they believe in socialism. But in this way they may offer most effective resistance to the destructive policy of their rulers. A London socialist said to me: "If we could but have two months of the German Emperor we would elect a socialist House of Commons." The fact that socialism in Germany grows under a policy of repression shows that the German people think more of their State than they do of their rulers.

Since the assassination of the Empress of Austria a consultation has taken place among the rulers of European States as to more effective methods for the suppression of anarchy. We can imagine that these rulers would look into the circumstances of the birth and education of the present known anarchists. It is said, of the one in question, that he was born in a brothel, exposed by his parents, brought up by cruel keepers, having received kindly treatment at the hands of no human being. In adult manhood his character was not lovely, and he fell an easy prey to revolutionary propaganda. Now, if the rulers of Europe should consult together and adopt effective means for securing to every subject born in their States his natural right to kind and loving nurture, they would be building their States upon sure

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foundations, and incidentally they would be putting down anarchy. If, on the other hand, they lay plans for the destruction of adult anarchists in the pig-sticking spirit of the German Chancellor then these rulers of Europe are themselves enemies of their States. They are themselves anarchists of a far more dangerous type than those whom they would destroy.

The anti-State is founded upon the assumption that some men are born to exercise authority over other men. Governments have in the main been founded upon this principle. The natural effect of this principle is to destroy the moral basis of the State and to introduce universal anarchy. The natural tendency of governments has been to destroy the State. This tendency has been resisted by organizations of men pitted against the government. The State has been preserved and gradually built up out of forces inherent in the people in opposition to the governments which have been bent upon their destruction. The State is founded upon the recognition of a moral law binding upon all the people. This law is not artificially and arbitrarily imposed; it is recognized as a fact of human nature. The attempt to govern men by force does violence to the primary and universal moral sense. In the Orient resistance to the threatened anarchy of force has taken the form of caste. In the West resistance has more and more taken the form of conscious and voluntary association.



Otto von Bismarck.

In 1888, I attended the funeral of John Mandeville at Mitchelstown, Ireland. Mandeville had been a political prisoner, and had died, as was alleged, from the effects of treatment received in prison. At that time Ireland was governed nominally by a strong Tory Ministry in England, which was pursuing a resolute policy of coercion. The Tory Ministry was supported by the active coöperation of the Pope of Rome, who had issued an order positively forbidding his Catholic subjects to engage in the "Boycott" (2) or the so-called "Plan of Campaign," (3) which were the most effective weapons in the hands of the Irish National League for resistance to the English government. Ireland was really being governed by a voluntary association called a National League. It was already well understood that the coercive policy was a failure. So said members of the army of occupation. So said the editor of a Tory paper in Ireland, who at the time was engaged in writing a history of the English occupation of Ireland. But could not the most powerful nation in the world bring into subjection a disarmed, poverty-stricken, and feeble folk? Let six hundred years of English effort to govern Ireland answer that question. If England should succeed in coercing Ireland then England would not be England. England is to-day the most powerful government on earth because the government has at all times confronted unauthorized voluntary associations which would not be coerced. Democracy has come into the English Constitution by these unauthorized forces gaining control of, or becoming the Government. The Cabinet is itself an example of an unauthorized voluntary association which in course of time has gathered to itself the control of legislation and administration.

The modern State is strong according as it approaches the ideal of a voluntary association including all the people. It is weak and tends to anarchy according as the idea of repression by brute force lingers in the minds of citizens.

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17. THE STATE AND THE GOVERNMENT.

(1) **Anti-Socialistic Law.**—The anti-Socialistic law being only enacted for a twelve months, was renewed in 1880, and again in 1884.

Finally in 1889 it was sought to make it permanent, but, although the bill, minus the clause giving power to expel the Socialists, was carried in the Reichstag by a majority of fifty-five, it was finally dropped by the Government (Jan., 1890) and the anti-Socialist law ceased to operate. The abandonment of coercion was followed by the fall of Bismarck (March 17, 1890), and then it became evident that the cause of both was an acute difference of opinion between the Emperor and his Chancellor as to the best method of dealing with Social Democracy.

The Emperor wished to try Richard Plantagenet's policy, when he met the revolted peasants of Essex and Kent with the brave words, "*I will be your leader.*"

Bismarck had already tried the experiment and was satisfied that "it was of no use, since God had not implanted in the workingman the faculty of contentment."

Besides, the wrath of the capitalists was a more serious thing for the State than the grumbles of the workingman.

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However, William II. was not to be daunted. He not only proposed an international congress of labor, which assembled, and did good work, but he caused a Sunday bill to be brought into the Reichstag, securing to the workers, with some exceptions, Sunday rest for the whole twenty-four hours, besides six clear days holiday in the year.

The new imperial policy was to veil large and generous concessions under a guise of savage threats, uttered in a tone of relentless autocracy.

But the Social Democrats accepted the first as only the due of the people, and used the second as a means of obtaining further sympathy for their cause.

The concessions referred to were the act for the insurance of workingmen against old age and disablement from sickness or accident, by means of a combination of the workmen, the employer and the state.

This act has been a great success. Other acts for the protection of the lives and health of the working-classes, and for the regulation of the relations between journeymen, apprentices and their masters, followed. Since April, 1894, no children under thirteen can be employed in factories, and only above that age in cases where elementary education is not obligatory on the parents. Women cannot be made to work more than eleven hours a day nor for a month after giving birth to a child.

But the ameliorating effect of these concessions was destroyed and the Social Democratic movement stimulated by the splenetic speeches which the emperor thought fit to make about this time.

But his speech to the recruits of the Foot Guards at Potsdam outdid everything he had hitherto said in its almost brutal extravagance. "You have, my children, sworn allegiance to me. That means that you have given to me body and soul. You have only one enemy and that is my enemy. With the present Socialist agitation I may order you—which God forbid—to shoot down your relatives, your brothers, and even your parents, and then you must obey me without a murmur."—(*"Annual Register," 1891, pp. 280-282.*)

The answer to these imprudent attacks came in the form of a mute remonstrance on the part of the people, who gave a vote in 1893 for the Social Democrat program of no less than 1,786,738—more than seventeen times as numerous as that of 1871.

And thus William II., instead of effecting his end of suppressing the Social Democratic Agitation, very considerably stimulated it, and impaired not a little his much prized prestige.—*Heath, in "Contemporary Review," Oct., 1898.*

(2) **Boycotting.**—A boycott is a combination against a landlord, a tradesman, employer, or other person, to cease social or business relations with him, and to induce others to withhold having relations with him.

It is also used in agreements, not to use certain articles, or the articles of a certain manufacturer, on the ground that they have been produced in ways or under conditions condemned by the parties dictating the boycott.

The word is derived from the name of Captain Boycott (sometimes written Boycatt), who was, in 1880, living at Lough Mask House, County Mayo, Ireland, as land agent to Lord Erme, an Irish nobleman.

The population of the region for miles around resolved to have nothing to do with him, and as far as possible to prevent any one else from having anything to do with him. His life appeared to be in danger—he had to claim police protection. . . . To prevent civil war the authorities had to send a force of soldiers, and Captain Boycott's harvests were brought in, guarded always by the little army.

This proceeding was the origin of the word, and its origin has undoubtedly contributed to the prejudice which the court feels toward acts called by this name. The idea of the courts has uniformly been that the word implied lawless violence, or what led directly to it —*Bliss, "Encyclopedia of Social Reform."*

(3) **The Plan of Campaign.**—The Plan of Campaign in Ireland was organized in 1886, and was sustained and encouraged by the members of the National League, chiefly in the Luggacurren, Mitchelstown, Ponsonby, O'Grady, Brooke, and Leader estates.

In each case the tenants, after presenting their demands regarding a reduction of rent, the amount of back rent they are willing to pay, and other conditions, if they meet with a refusal, place the sum they consider due in a common purse, which is committed to the custody of a trustee, usually either a politician or a priest.

The trustee notifies his willingness to settle with the landlord on the terms that have been concerted, expressing the determination otherwise to use the fund in defending the tenants against eviction or vexatious legal proceedings and in support of the evicted.

The landlords formed a corporation, or league, for the purpose of combating the Plan of Campaign by advancing money to embarrassed landlords and working vacant farms from which the tenants had been evicted. They also organized a subsiding emergency committee, which undertook to furnish tenants or care-takers for evicted farms, and sheriff's deputies to enforce writs of ejectment. In some cases new tenants were imported from the Protestant districts.—*"Appleton's Cyclopedia Annual 1888, Great Britain," p. 392.*

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18. VOLUNTARY ASSOCIATION.

Above all countries America is the home of government by voluntary association. Our Virginians came for the most part because they wanted to come. So long as there were attempts to govern them by repression there were rebellions and manifest tendencies to anarchy. Left to manage their affairs in their own way the colony became strong and prosperous. The town meeting organized on board the Mayflower is but a type of thousands of similar acts where a group of friends and neighbors have gone into the wilderness to plant a church, or have organized a new township, a school district, or a county. Americans have by conscious volition organized all their governments, local and general. (1)

Voluntary movement has for the most part outrun formal legal authority. Iowa may be taken as a type of what has happened in many places. The State was founded by people who crossed the Mississippi in violation of law, adopted for themselves a system of local government, and took possession of the land yet unsurveyed by the Federal government. In each neighborhood minute regulations were adopted securing to each "settler" an equitable share of both wooded and prairie lands. They created a system of registration and conveyance of titles to land which still belonged to the United States government. When Congress threatened eviction the settlers threatened secession. In course of time all the property rights which had grown up under the voluntary associations were recognized as legal. This continent has been occupied and its governments organized by the free will of the people.



Alexander Hamilton, the "Father of the American Constitution."

The greatest strength and the greatest weakness of the American State comes from the training of the people in free and voluntary association. (2) The movement for Independence was strong according as it secured the free and voluntary support of the people of the Thirteen Colonies. During the War the Continental Congress was comparatively strong since the people gave it voluntary support. After the War it collapsed, disowned by the people. The new Constitution was the result of a voluntary movement among the citizens. The General Government has been strong according as the conviction has prevailed that it is an organization for the better fulfillment of their wishes. It has been weak according as the conviction has prevailed that it represents coercion in all our school districts, townships, towns, cities, counties, States, as well as the General Government. All effective strength rests upon the belief that the government is an agency for the accomplishment of desirable ends. The man who feels that he is a subject from compulsion is a natural enemy to the government and is hence a source of weakness to it. The perfection of strength is reached when all the people have a supreme interest in the State with its various branches, as being the one Society which includes them all, and is capable of responding to every righteous demand.

But in America, as perhaps in almost no other country, has government been weakened by voluntary associations which do not include all the people. Political parties are voluntary associations and one political party cannot include all the people. It is possible, however, for the party system, as an agency for seeking a wise policy of government, to so represent the whole people, that all the people may be served and the State strengthened. But with the advent of the "Spoils System" into American politics, the party has tended to become an association of a few citizens who gain control of government and exercise its powers for the private gain of the few.

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Through the party machine which is inseparable from the spoils system in party politics, the people suffer at the hands of the few, and the government is correspondingly weakened.

All except extreme anarchists concede that that the police ought to be controlled by the one association including all the people. Yet in America a considerable part of the police business has gone into the hands of private associations. A government cannot allow the police business to drift out of its hands and still be in the true sense a government.

I have already referred to the growth of private business corporations which encroach upon the field of government. Professor Jevons, in view of the many powers which in one way or another control us, refers to the "State as among the least of the powers to which we are subject." If this could be said in England it is even more applicable in America. Our State surely is complicated enough at best. We cannot permit private dominion to be added without its weakening the State.

Associations of employers of labor and the associations of laborers include only a minority of the people, yet they become organized and pitted against each other. These private organizations tend to usurp the powers of government and threaten the safety of the State. The industrial revolution involves increased power of association. This means increased power in the State. The State being the one association including all the people cannot safely permit itself to be over-shadowed by any minor association or group of associations.

Notwithstanding the well-known fact that our State is itself a product of voluntary association formed in comparatively recent times, yet, because we give to the agents of the State the name government, there is a strong race tendency in case of any apparent conflict between State and citizen or private association to side against the government. We still look upon the agents of this association into which we have solemnly entered as in a sense our enemy, as something to be dreaded. When our legislatures meet we tremble; when they adjourn we breathe easier. So long as the people believe that their governments are dangerous, they are likely to be dangerous. It requires long and patient training to attain both the realization and the fact of a government of the people, by the people, for the people.

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18. VOLUNTARY ASSOCIATION.

(1) **The True Origin of the State.**—Just as we have shown that it is, at the bottom, an idea or sentiment that creates a Nation out of an aggregate of men; that where without this sentimental element we have only a mechanical union, or complexus of atoms, with it, we have a higher, more intimate, permanent, psychological unity; so, in like manner, it is true that in the State, in the body politic, we have a unity created out of a mere sum or individuals by means of a sentiment of community of feeling and mutuality of interest, and this sentiment finds expression in the creation of a political power, and the subjection of the community to its authority.

As the eminent Austrian publicist, Jellinek, has put it, "The inner ground of the origin of the State is the fact that an aggregate of persons has a conscious feeling of its unity, and gives expression to this unity by organizing itself as a collective personality, and constituting itself as a volitional and active subject." That is to say, in effect, that this essential psychological element must first exist subjectively in the minds of the people, and then become objective in laws and political institutions. It thus follows that while this subjective element of unity is the essential element of the State, it alone is not sufficient to constitute a State.

The body politic cannot be said to be created until the desires that this feeling engenders have become outwardly realized by the erection of a common governing authority. Other conditions favoring, or at least not hindering, the objective realization will always follow the subjective inclination.—"*The Nature of the State*," *by Westel Woodbury Willoughby, Ph.D., pp. 119, 120.*

(2) **The Nature of the State.**—To repeat, then, what was made plain in the last chapter, there is no *onus* upon the State to justify its existence as an infringement upon a predicated natural freedom *of the individual.* Such a freedom we have shown to be a myth and an impossibility. Liberty, as equivalent to a condition in which there exists a certain sphere of activity in which the individual is protected from outside interference by some power other than that based upon his own physical strength, is only possible in a political community. Hence, if there be a necessity to demonstrate the moral right of the State to be, apart from, and in addition to, the question whether it subserves the ends for which it was established, such a right of existence may be said to rest upon the consent of the People collectively expressed.

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That this is so, is obvious from the fact that should the entire community, or a dominant portion thereof, decisively determine, in any given case to abolish all civil control and to re-establish a régime of complete animality, it could do so.—*Ibid., pp. 126, 127.*

THIRD WEEKLY REVIEW.

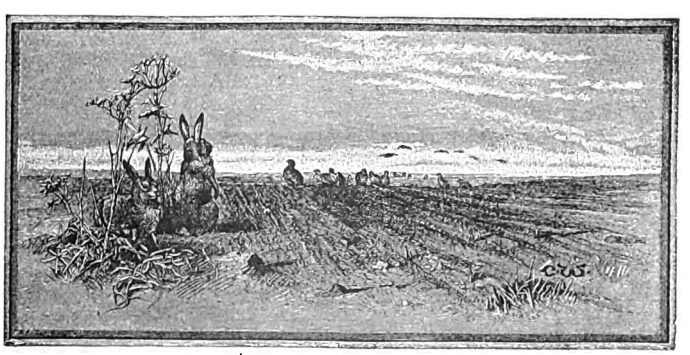
13. **NEW WINE IN OLD BOTTLES.**—Western States Still Influenced by Asiatic Ideas.
14. **"THE TYRANNY OF MAJORITIES."**—Majorities are Dreaded because Democracy is Viewed by Oriental Eyes.
15. **LAISSEZ FAIRE THEORY OF GOVERNMENT.**—Government Viewed as a Necessary Evil. The Less there is the Better. Anarchy is the Logical Conclusion.
16. **MAN VERSUS THE STATE.**—The Consciousness of the Individual Coinciding with Asiatic Views of Government Creates War between Man and the State.
17. **THE STATE AND THE GOVERNMENT.**—There are Really Two of Each Founded upon Contradictory Principles. Modern Democracy a Reaction against Asiatic Government.
18. **VOLUNTARY ASSOCIATION.**—The American State the Result of Voluntary Association. Great Danger to the State from Voluntary Associations Including only a Part of the People.

QUESTIONS.

13. *Why is man a political animal? What are the characteristics of the Asiatic State? Of the Western State? Are moral obligations equal? Why is there no common morality in Asia?*
14. *Why has the West been progressive and the East non-progressive? Can there be democracy without a common recognition of a supreme moral law? Why does a belief in government by force tend to destroy government? Why are people prejudiced against government? Why do men fear majorities?*
15. *What is the meaning of Laissez Faire? How did the term come to be applied to the State? How has the theory tended to weaken democracies? What is the most difficult business the State has attempted? How has Laissez Faire teaching been reinforced by private greed? Why have the Swiss escaped from organized private greed?*
16. *Which comes earlier, individual or public consciousness? Why does individual consciousness introduce confusion in the State? Could modern democracy exist without the consciousness of the individual? Give Hobbes' contract theory of the State. Did Hobbes admit that the State was at war with the individual? Is a government by force necessarily at war with the individual?*
17. *What does government mean in the Asiatic Anti-State? In the Western democracy? Why has socialism increased in Germany? How could European rulers put down anarchy? How do they produce anarchy? In cases of attempts to govern by force do voluntary organizations of the people tend to preserve the State? Did the Irish League strengthen the English State?*
18. *How was the American State formed? How does voluntary association strengthen the State? Do voluntary associations, including only a part of a people, tend to weaken a democracy? Why? What is the effect of the Spoils system? Of private police? Of monopolistic corporations?*

SUBJECTS FOR SPECIAL STUDY.

1. *The slow growth of public opinion as a reaction against the unrighteousness of rulers.*
2. *Majorities and the substitutes for majorities in deciding questions of government.*
3. *The Laissez Faire theory in Economics and Politics.*
4. *Man versus the State. Ritchie's reply to Spencer.*
5. *The contract theory of the State, Hobbes, Locke, Rousseau.*
6. *Voluntary association; in a Despotism and in a Democracy.*



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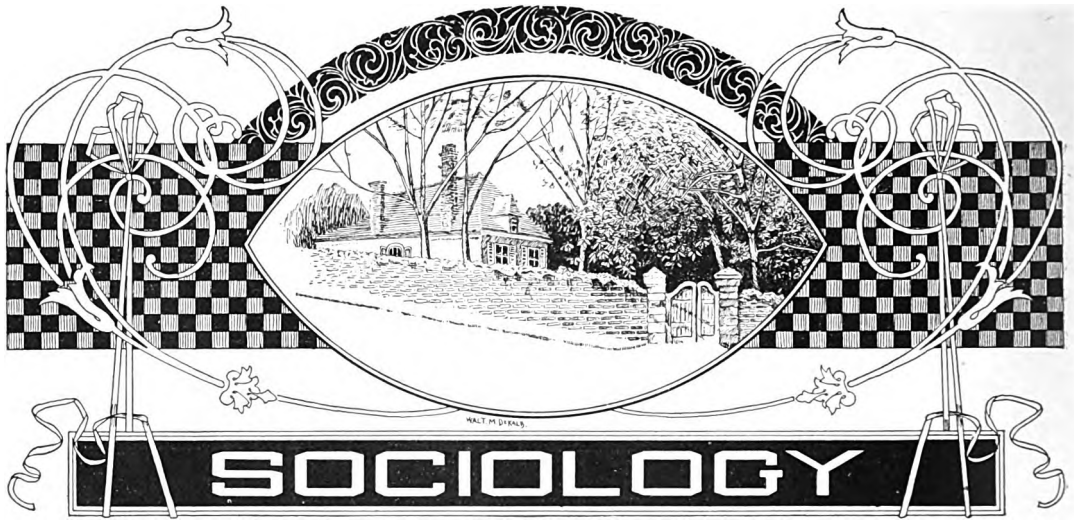

GENERAL EXTERNAL FACTORS IN ASSOCIATION.

BY

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19. SOIL AND CLIMATE.

IN the preceding lessons we have considered society as a whole, its character, its use and its dangers. We have inquired what a society is, how it happens to come into existence and what purpose it serves in that economy of life which insures its perpetuity. We have now to consider society in its parts. First of all the factors which contribute to its formation and modify its character, and then, means by which the group induces its members to do its bidding and further its interests.

The factors that are first and most fundamental are external to society, in accordance with the general law that all development is governed by environment. These factors are so fundamental that they are generally overlooked. Too often it is assumed that the foundation stone of social development is race character. But it seems certain that race character is a product of conditions more fundamental and ancient than itself. If it seems at times to be quite independent of soil, climate, etc., it is only because by long continuance under fixed conditions, it has become so rigid that it does not quickly change when those conditions are altered. But the indications are that character ultimately yields to environment in every case. It is important, therefore, to consider carefully the external factors upon which so much depends.

The first of these is climate which we may consider under its two aspects of heat and moisture. Societies are as certainly affected by these factors as vegetation is and for this among other reasons that society is dependent upon vegetation. For as all animal life depends directly or indirectly on vegetation only those climates which are favorable to vegetation are favorable to population. (1) But it is a familiar fact that a fairly dense population is an indispensable condition of social organization. When population is scanty, society never progresses beyond the most elementary stages.

But while climate must be favorable to vegetation it is quite possible to have it

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too much so. Not only does indolence take the place of industry where nature furnishes food on too easy terms, but a too luxuriant vegetation seems to be more than man can control. (2) Society requires for many reasons that the earth should be completely subservient to man. There must be good roads maintained without undue exertion, the raw materials of civilization must be produced by a submissive and adaptable agriculture, and destructive forms of life, animal and vegetable, must be thoroughly under control.

We must consider also the effects of heat and moisture on the material means of civilization. Excessive moisture, for instance, seriously interferes with many mechanical processes. The enormous rôle which paper, iron, gunpowder, etc., play in the development of civilization suggests the embarrassment under which a society must labor where these materials can not be easily made or preserved. Civilization in such a climate must always be a dependent and imported one.

Most serious of all are the direct effects of climate on the human system. This is especially obvious in connection with extremes of heat and cold. The human system, like that of all warm blooded animals, can function only at a certain temperature. A few degrees one way or the other speedily becomes fatal. By admirable adaptations nature manages to keep this temperature constant in spite of considerable changes in temperature of the air. But beyond certain narrow limits the bodily heat can be maintained only by artificial means which speedily become burdensome and interfere with those activities necessary for the maintenance of society. We have but to notice the difficulties attending the construction of a large building in mid-winter to understand that in a climate of constant winter there can be no such buildings. The same is true in excessive heat. Activity increases the bodily heat to a painful and, it may be, a dangerous degree, thus producing that aversion to work which characterizes the tropics. Spencer argues that a tropical civilization normally rests on slavery. When the superiority of unforced labor became apparent the seat of civilization was naturally transferred to a cooler clime.

As the human system will exist only within certain limits of heat, so human society in its fuller development is confined within equally inexorable and perhaps even narrower limits. Within the limits where society is possible, also, it will assume various forms and attain various degrees of complexity and perfection according to the sunshine and the rain that fall upon it and the soil in which it strikes its root. The neglect of these simple truths has disappointed many hopes and frustrated many efforts for the enlightenment of mankind.

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19. SOIL AND CLIMATE.

(1) **Climates and Conditions.**—It will occur to any one familiar with modern conditions that existing societies, at least as represented by political conditions, do not always conform to this rule. England, for instance, though possessing a fertile soil, has a population far greater than her own agriculture can support. This is because her vast supplies of iron and coal have been turned into manufactures which she has exchanged for the food products of other lands. The same is true of Germany and other countries and the reverse, of course, of many others. All this means that in certain important respects we now have a world society. Indeed, we can not be too strongly on our guard against the fallacy of assuming that societies are coextensive with political divisions. Society simply means organization and human organizations lap over and include one another in a most complicated way.

A country like Russia or even Holland, small and unified as it is, includes many societies of a certain order. On the other hand there are societies, that is, organizations of men resting on mutual service and imitation, in which even such a country as Russia enters as only a part. Keeping in mind that we are dealing with societies and not with nations the seeming exceptions to our rule disappear.

(2) **Climatic Influence.** — Probably neither of these difficulties is fundamental. The question naturally arises, why, since population tends always to increase, does not the lavish food supply of the tropics produce a correspondingly dense population? And if there were such a dense population endowed with the same energy as that of the temperate zones would it not master the luxuriant life of the tropics with equal ease?

In that case we should have in the tropics simply a much denser population but one working just as hard for its living and mastering nature quite as effectually as in the temperate regions, a condition exceptionally favorable to civilization. The fact seems to be that the exuberant life-power of the tropics is not favorable to the production of this particular kind of life.—*"Principles of Sociology," by Spencer, Vol. I., p. 34.*

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20. PHYSICAL CONFORMATION OF TERRITORY.

Important as is the influence of climate on social development, we have abundant proof that the most diverse civilizations may grow up in the same climate. The climate of Southern Russia is not so very different from that of France, or that of China from that of the Eastern United States, but the actual societies existing in those countries are very different in kind and very different in maturity. (1) While it is difficult to tell just how much a society has been shaped by its present environment, and how much by an earlier environment, from which it migrated in historic or prehistoric times, (2) a great deal can usually be easily explained by peculiarities of the region in which a society is located. Perhaps the most important of these peculiarities, especially at first, is the conformation of surface, more particularly the presence of mountains or plains. (3)

It must be borne in mind that the essence of society is a practical union of men involving, first, a mutual exchange of services, and second, a solidarity of feeling or sense of unity. The second, of course, grows out of the first, in part. The development of society, therefore, requires free and frequent communication between its different parts, a communication sufficient to develop a sense of community of interest and friendship. (4) The difficulty of this communication has always been the great obstacle to the development of society.

Mountains constitute a natural barrier to communication, while plains facilitate it. Mountains naturally, therefore, divide territories into areas which tend to develop distinct civilizations; so distinct that peoples thus separated for a considerable time can seldom understand each other's speech. Such barriers may be crossed, but not so easily, or so often but that the peoples they separate, tend to regard each other as strangers, or in extreme cases as enemies, people of whom they know little, and from whom they therefore hope nothing and fear much.

Confining ourselves for the present to those cases in which mountain barriers effectually separate peoples and mark off distinct civilization areas, it is evident at once that they determine the size, and so to a large extent the character of societies. For it inheres in the nature of evolution that small and isolated areas should develop a less efficient race than large or more exposed ones. For instance, the animals or plants of isolated islands are quickly exterminated by those introduced from large continents. The latter have met more enemies and overcome more difficulties, and they quickly demonstrate their superiority. Precisely the same is true of small and isolated societies. They may, and often do, present wonderful examples of adaptation to their surroundings, but this adaptation is narrow and local. It is often ludicrously inadequate to the larger conditions ruling outside. And when the broader civilization is encountered the result is predetermined.

But it frequently happens that a country more or less divided into distinct areas by natural barriers acquires a certain unity of organization, either as the result of laboriously effected commercial relations or conquest, or pressure of enemies, or, most commonly of all, by immigration; a race which has grown up in a large and unified area moving into one thus broken up. Common traditions and common speech and common religion and customs operate as powerful bonds to hold the now separated parts together. Nevertheless, the disintegrating forces at once begin to work. The language differentiates into dialects, local peculiarities appear in religious and social customs; jealousies and quarrels break out, and conflicts, the more bitter, it would often seem, by reason of the conscious kinship, mark a reversion to an earlier state. It may be that these conflicts will end in a new union under the leadership of a virile section, (5) but more frequently the whole falls a prey to a stronger people, whose unity has been cemented under more favoring natural conditions.

Mountains are the principal, but by no means the only barriers of this character.

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Perhaps the most effective of all have been swamps. A civilization thus protected is exceedingly slow and backward in its development, but its protection was about the most effective of any known to the ancient world. Indeed, its backwardness was due to the very completeness of this protection. Into the inaccessible swamps of northeastern Europe the Roman armies and the Roman arts were alike unable to penetrate. They nursed no culture, but they produced the raw material of a civilization which was ready to displace that of Rome when the latter had been enervated and vitiated by its very supremacy.

Rivers, especially when navigable, have had a profound influence on social development, but this will best be considered in another connection.

20. PHYSICAL CONFORMATION OF TERRITORY.

(1) **Civilization.**—It would of course be unfair to cite the present civilization of the United States as an example of what its climate can produce, since that civilization is in all essential particulars a European product, and only very recently imported to this country We might as well instance English rule in India or Egypt as an illustration of the kind of government which those climates tend to produce. But if we take the indigenous culture of America, that which existed here before Europeans came, and compare that with the culture which has developed in similar climates elsewhere the contrast is still more striking. But in both cases we might still be dealing with imported civilizations.

(2) **Race Character.**—This is of course the origin and meaning of race character, as distinguished from environment. We may, perhaps, call it absorbed or assimilated environment.

(3) **Conformation of Surface.**—Social integration is facilitated within a territory which, while it is able to support a large population, affords facilities for coercing the units of that population; especially if at the same time it is bounded by regions offering little sustenance, or peopled by enemies, or both.

Egypt fulfilled these conditions to social integration in a high degree. Governmental force was unimpeded by physical obstacles within the occupied area; and escape from it into the adjacent desert, involved either starvation or robbery and enslavement by the wandering hordes. Joining together these examples of hinderance to social integration by some forms of surface and facilitation by others, we may figuratively say that it is a process of welding, which can be effectually carried on only when there is both pressure and difficulty in evading that pressure.

And here, indeed, we are reminded how, in extreme cases, the nature of the surface permanently determines the type of social life it bears. From the earliest recorded times, these arid tracts in the East have been peopled by Semitic tribes having a rudimentary social type fitted to them. In like manner the description in Herodotus of the Scythian's mode of life and social organization is substantially the same as that given of the Kalmucks by Pallas. Even were regions fitted for nomads to have their inhabitants exterminated, they would be re-peopled by refugees from neighboring settled societies; who would similarly be compelled to wander by the character of their habitat, and would similarly acquire an adapted form of union, with its fit ideas, sentiments, usages. There is, indeed, a modern instance in point: not exactly of a regenesis of an adapted type of society, but of a genesis *de novo*. Since the colonization of South America, some of the pampas have become the refuges of robber-tribes like Bedouins.—"*The Principles of Sociology*," *by Herbert Spencer, Vol. I., pp. 27, 28.*

(4) **Means of Transportation.**—It is difficult to exaggerate the effect which improvements in transportation have had on the development of society. Herodotus mentions as one of the wonderful things about the Persian empire, its system of couriers, by which communication was maintained at an almost incredible rate of speed between different parts of the empire. The Roman empire was even more dependent on Roman roads than on Roman law. When, in the Middle Ages, communication was ill-provided for, the towns not only became independent of necessity but they were scarce restrained from constant warfare. Their economic policy was incredibly narrow and short-sighted, placing new barriers in the way of such communication and commerce as was otherwise possible. The construction of canals, paved highways and railroads, has been accompanied by a steady formation of larger social organizations and a broadening of policy and sympathy. To this must be added the revolutionary changes in ocean transportation, which, especially in the last quarter century, while well nigh ruining some of the economic systems of Europe, have laid the foundations, broad and deep, of a world society.

This influence has been particularly marked in the history of our own country. When Washington as president visited the great West of Kentucky and Tennessee he reported that the West hung to the Union "by a thread," and with his usual sagacity recommended the construction of a road through the Cumberland Gap as a means of establishing a firmer union. The indifferent loyalty of the Pacific States during our civil war led to the subsidizing of the Pacific railroads as a means of assuring their coöperation. Both experiments were entirely successful. The civilizing influence of all such works is a powerful argument for their encouragement. It has an important bearing on certain pending questions of national policy, such as the Nicaraugua Canal.

(5) **National Unity.**—It is hardly necessary to direct the reader's attention to so familiar an example as Greece. Such unity as they had was acquired before they came to Greece, and steadily diminished while there. Once or twice it seemed as if internal dissensions were about to end in consolidation under the leadership of Athens or some other vigorous state, but sympathies were too narrow and policies too short-sighted. Subjection to Macedon and Rome was the natural alternative.

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21. GEOGRAPHICAL POSITION.

Under this head we have to consider the relation of societies to one another as determined by situation. This is, of course, but a larger aspect of the general subject of conformation of territory.

We have seen that isolation is unfavorable to social development. Contact, friendly or hostile, with other societies has always been a characteristic of progressive societies. But as success in a battle always depends in part on the ability to choose the time and place for fighting, so contact between two societies usually profits most that one which can best control the conditions of that contact. The most favorable situation is therefore that which permits the freest access under the most complete control. Distinctly less favorable are those situations which are accessible without control or controllable without access. Nations, like families, are best off in dwellings well supplied with doors which can be firmly locked. It is a pity to have doors that will not lock, still more to have doors that will not open. The desirable thing, therefore, is to be surrounded by something which can be made a barrier or a highway at will, like the drawbridge of an ancient castle. Nature furnishes but one such boundary, the sea. Its influence in the development of civilization has, at all times, been most important.

The sea as a means of access has ever been the most efficient and economical known. Of old, however, the superiority of water communication was much greater than now, despite the frailty and inefficiency of the early craft. (1) Convenient access to the sea has, therefore, long been recognized as a prime requisite of commercial and social development. (2).

It must be remembered that simple proximity to the sea is not all that is required. Access, in the sense which is here important, depends on having good harbors, open and feasible doorways to the sea through which commerce can safely come and go. France and Spain are peculiarly blessed with sea coast, but neither has ever become a mercantile country because of the lack of harbors. (3) England, on the contrary, with her numerous rivers all opening into deep estuaries and sheltered bays, presents almost ideal conditions of maritime accessibility. (4)

But if the sea affords easy access it also affords easy defense. It is easy for ships to sail into the harbor when they are welcome, but exceedingly difficult when they are not. To force an entrance into harbor and effect a landing in the face of an enemy, requires vastly superior forces. It is now more than eight hundred years since England has been successfully invaded, though she has often been opposed by greatly superior forces. Even so narrow a strip of sea as the English Channel has proved an invincible protection.

Maritime accessibility is valuable in proportion to the number and importance of the countries naturally available as neighbors. Thus England's insular position would have been worth much less had she been situated in the middle of the Pacific Ocean. But she has enjoyed the advantage of having great and powerful societies for close neighbors and good customers, while yet being in no danger from them. The less ocean the better, only so that there is enough for protection. For this reason the Mediterranean has always been favorable to the developments of civilization, for though exposed to constant dangers from behind and scantily provided with harbors, the immense range of coast which is easily accessible to Mediterranean navigators has always offered large rewards to enterprise and stimulus to progress. (5)

A country not thus accessible by sea has neither the immunity from attack nor the stimulus to progress that this access assures. Necessities of stubborn defense and self-preservation develop military efficiency, but the cultnre side of civilization struggles against tremendous odds. Not until unity of organization has essentially been achieved over the whole area involved, can the higher phases of civilization have an unhampered development. This result has nowhere been fully achieved

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as yet. (6) Even in that case, however, it must not be supposed that large inland territories will be favorable to social development. Siberia has not become a center of civilization, although all danger of attack has long since disappeared. Its rivers empty into unnavigable seas and its vast stretches of territory can never by any means now known to us be made easily accessible. Central Asia must from very vastness always suffer from a certain isolation. It is difficult to imagine any improvement in the arts which would overcome this disadvantage, a disadvantage which is in a degree characteristic of all inland regions. The centers of civilization are likely to remain near the sea.

21. GEOGRAPHICAL POSITION.

(1) **Water Communication.**—As by means of water-carriage a more extensive market is opened to every sort of industry than what land-carriage alone can afford it, so it is upon the sea coast, and along the banks of navigable rivers, that industry of every kind naturally begins to subdivide and improve itself, and it is frequently not till a long time after that those improvements extend themselves to the inland parts of the country.

A broad-wheeled wagon, attended by two men, and drawn by eight horses, in about six weeks' time carries and brings back between London and Edinburgh near four ton weight of goods. In about the same time a ship navigated by six or eight men, and sailing between the ports of London and Leith, frequently carries and brings back two hundred ton weight of goods. Six or eight men, therefore, by the help of water-carriage, can carry and bring back in the same time the same quantity of goods between London and Edinburgh as fifty broad-wheeled wagons, attended by a hundred men, and drawn by four hundred horses. Upon two hundred tons of goods, therefore, carried by the cheapest land-carriage from London to Edinburgh, there must be charged the maintenance of a hundred men for three weeks, and both the maintenance, and, what is nearly equal to the maintenance, the wear and tear of four hundred horses as well as of fifty great wagons.

Whereas, upon the same quantity of goods carried by water, there is to be charged only the maintenance of six or eight men, and the wear and tear of a ship of two hundred tons burden, together with the value of the superior risk, or the difference of the insurance between land and water-carriage. Were there no other communication between those two places, therefore, but by land-carriage, as no goods could be transported from the one to the other, except such whose price was very considerable in proportion to their weight, they could carry on but a small part of that commerce which at present subsists between them, and consequently could give but a small part of that encouragement which they at present mutually afford to each other's industry.—"*Wealth of Nations*," *by Adam Smith, LL.D., Vol. I., pp. 19, 20.*

(2) **Necessity of Seaports.**—In the territorial struggles of modern nations few things are more noticeable than their anxiety to possess seaports. The curious running of boundary lines between Austria and Hungary has evidently been determined by the desire of each to possess a seaport in the Adriatic. One of the greatest grievances of the Transvaal government is that England has prevented her securing an outlet to the sea, and by the control of Delagoa Bay holds the little republic essentially a prisoner. Above all the policy of Russia has been for many years governed by this same purpose. In the Black Sea, the Persian Gulf, the Sea of Japan, and the Gulf of Pechili she has striven by every means to secure and control her access to the sea. It is hardly too much to say that the struggles of modern states are primarily to secure harbors.

(3) **Development of Harbors.**—This is liable to change somewhat now that we have learned how to develop harbors artificially. But after all an artificial harbor can only be a poor substitute for a natural one. It is doubtful, too, whether art can ever do more than improve what nature has essentially created.

(4) **Maritime Position of Italy.**—It is noteworthy that throughout its whole history Rome seems to have made but a moderate use of naval power in spite of the fact that Italy has an enormous sea coast, and the Roman Empire was nearly all accessible by sea. The reason is plainly that, in spite of its enormous sea coast, Italy has poor harbors and little real access to the sea. Even with the expenditure of much labor, Italy can boast of only one or two fair harbors (Brindisi and Genoa). In spite, therefore, of her commanding position and her previous commanding importance in the government of the world, Italy has never occupied a commanding maritime position.

For similar reasons it may be doubted whether any possible shifting in the currents of civilization can give to the western coast of the United States the importance either in maritime commerce or civilization which has been acquired by the Atlantic coast.

(5) **Extensive Coast Lines.**—This consideration is again important as indicating the possibilities of our own country. What are our prospects in the direction of foreign commerce? What is our line of least resistance? What is there in our resources and our location which bears upon this question, and what action on our part will best accord with nature's dispositions in our behalf? There are some questions of very remote destiny which can be predicted in our case with great certainty, and which have a direct and important bearing on our immediate policy. It would be well if more thought were given to some of the most elementary forces which govern social development.

(6) **Balance of Power.**—It must not be supposed, however, that political union is necessary to this end. If instead of a "balance of power" in Europe there were a preponderance of power, such that the lesser powers, though still having large power of protest and great influence over the dominant power would still be constrained to keep the peace, the conditions here specified would be fulfilled. The proposed Anglo-Saxon alliance if fully effected would apparently accomplish this in the widest sense.

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22. NATURAL INCENTIVES TO CO-OPERATION.

We have seen that obstacles to communication greatly hinder social development as also those more fundamental obstacles which prevent the growth of population itself. It not unfrequently happens, however, that obstacles favor in the long run the development which they at first hinder. This happens whenever a way is discovered of removing the obstacle by combined effort. Such an inducement in the long run can not be resisted, and the combination thus formed is in itself society.

Thus, it is affirmed that among primitive men fishing tribes are as a rule higher in the social scale than hunting tribes, the reason being that their occupation more easily suggests ways by which they can coöperate with advantage and so leads to combination. In the long run this advantage is reversed, and for precisely similar reasons, namely, because land occupations, if not so immediately suggestive of co-operation, ultimately offer very much larger scope for it.

A fitful or inadequate rainfall has proved a great civilizer wherever circumstances have made irrigation feasible. Irrigation requires an extensive and stable organization of society, but its advantages are so obvious that it puts a premium on such organization and secures it far sooner than would otherwise be the case. It is not remarkable that the first great societies developed in artificially watered regions, and were, so to speak, based on irrigation. At the present day the same influence of irrigation is plainly manifest either in extending the mechanism and functions of the state or in consolidating ownership over large areas which will permit of private irrigation. (1)

The natural conditions of Holland are a striking illustration of this same tendency. Originally composed of low sandy flats traversed by the many and shifting outlets of the Rhine, and constantly threatened by the sea, the country was uninhabitable by individuals living independently, as was the custom in the interior of the continent. Only by extensive combination for works of vast labor and importance has the development of a civilization in such a country been possible. The accomplishment of this work imposed by nature has had its natural result on Dutch society. Perhaps no people in the world has shown more tenacity of national life or stability of organization within itself. Although without natural defences the people has ever been one of the most indomitable to be anywhere met with on account of this same tenacity of national life and stability of organization. (2)

Less definable but not less real was the influence of natural conditions on the development of Virginia and the New England colonies. The two colonies were confronted by the same enemies, and were recruited from essentially the same stock. But Virginia had a rich soil adapted to the growing of tobacco and tended irresistibly toward agriculture. (2) Its territory was deeply intersected by rivers allowing each plantation to have its own wharf, and lessening the importance of cities as collecting and distributing centers. Local self-sufficiency thus hindered social development. New England, on the other hand, was not well adapted to agriculture and its rivers were less numerous and practicable. Its development was naturally in the direction of manufacture and ocean commerce. But these occupations build cities and call inevitably for a much more extensive and complex organization. It was by reason of these conditions in large part that New England has played the principal rôle in the larger task of organizing the great nation. It is noteworthy, too, that in the early struggles between Federalists, or organizationists as we may call them, and the party of Jefferson, who stood for the utmost local independence, the former found its support and leaders in and about New England and the latter in Virginia and the South.

Following farther along this same line we are able to account for many contrasts now visible in the great family of nations. England, for instance, has, by reason of natural conditions, developed in the direction of manufactures and commerce. It is

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interesting to note the astonishing adaptation of her vast political organization to these interests. Each part of her vast colonial empire has a government designed at once to secure the order necessary to make industry secure and the liberty needed to make it prosperous. Without exacting a penny of direct tribute England grows rich by making her colonies rich enough to be good customers. On the other hand it is pathetic to notice how France, without manufactures suitable for colonial trade, and with social instincts and organizations which are the product of her exposed situation, is attempting to organize a colonial empire which does not prosper, and which burdens her with an annual deficit. (3)

22. NATURAL INCENTIVES TO CO-OPERATION.

(1) **Use of Water Facilities.**—The use of water in hydraulic mining in California at an early day proved one of the most remarkable organizers ever known in our country. The streams available for the purpose were remarkably valuable and it took very little experience to show that the one who tapped the stream highest got the water, perhaps quite an unnecessary amount of it, to the detriment of those lower down.

Hence, a system of law, the most original perhaps that America has ever produced, as well as a complex administration, grew up out of this necessity for joint use of streams. In this case the land was parcelled out into small holdings or individual claims while the streams remained common property.

California agriculture illustrates, at least in some cases, the other solution of the problem. Instead of public control of streams guarding the interests of many land-owners, immense tracts of land have been consolidated in single properties controlling whole irrigation areas.

All disputes are thus removed and the problem becomes politically simple. The organization simply becomes an industrial or economic instead of a political one. As before, however, many persons have to combine and harmonize their efforts in order to utilize the large area thus dependent on irrigation.

The question of reducing the large ownerships of land in California, which has some most regrettable consequences, social and economic, has been much discussed, but its intimate connection with natural peculiarities of the country has been only recently and partially perceived. Small and *independent* land holdings, such as characterize New England, can never be characteristic of California.

(2) **First Report of Virginia.**—The adventurers were back again in England by the middle of September, having spent, perhaps, six weeks among a people so attractive and so simple, amid scenes so novel. Of the country they said "the soile is the most plentifull, sweete, fruitfull and wholesome of all the worlde:" of trees they found fourteen "of sweet smelling timber;" the oaks were of as many kinds as in England, but "far greater and better."

The fruits were "of divers kinds, and very excellent good," such as "melons, walnuts, cucumbers, gourdes, pease," and "grapes in all the world the like abundance is not to be found;" the corn of the country [maize] was very white, fair and well tasted, and there were three crops from May to September.

The fish were the best in the world and in greatest abundance; of "divers beasts" they name fat bucks, conies and hares; and for the people,—they were "most gentle, loving and faithful, void of all guile and treason, and such as live after the manner of the golden age."

As witnesses to the truthfulness of this pleasing picture of the new found land, they carried back with them to England two of the natives named Manteo and Wanchese; some of its products, "as chamois, buffalo and deer skins," and a bracelet of pearls as big as peas" for Sir Walter Raleigh.

The effect of such a report was very marked in England. In the name of a virgin queen Raleigh was permitted to call the new country Virginia; as a reward for his part in its discovery the honor of knighthood was bestowed upon him; to his arms was added the legend, *Propria insignia Walteri Ralegh, militis, Domini, et Gubernatoris Virginiæ;* and perhaps that he might have the means to persevere in this enterprise he was enriched with a monopoly in the granting licenses for the sale of certain wines.—"*A Popular History of the United States*," *by William Cullen Bryant and Sydney Howard Gay, Vol. I., pp. 245, 246.*

(3) **Colonization.**—Not a single French colony, not even Algeria, which she has possessed for sixty years, and which is nearest her shores, and best adapted to colonization, as yet tempts French colonists or pays the expense of its own government. The English colonies have, with few exceptions, been acquired to protect a commerce already established; those of France have been acquired in emulation of England and in the hope that commerce would "follow the flag." In anticipation the country has usually been burdened with an undue number of officials whose maintenance has prevented that prosperity which might have invited commerce.

Spain has done all of this and in larger degree, and in addition has levied tribute on her colonies to support the home government.

There are two ways of dealing with colonies. The first is to make them rich by good government, light taxes and the development of their resources, and trust to their trade to enrich the citizens and so ultimately to fill the coffers of the mother country.

The second is to extort from them as much as possible, either directly as tribute, or indirectly in the maintenance of officials, thus preventing their growing rich enough to enrich the home country.

The one policy feeds, and the other kills the goose that lays the golden egg. England had the good fortune to learn through the loss of the American colonies that the policy of direct exaction did not pay. No other country has thoroughly learned that lesson. It is with the utmost interest that the experiment of the United States in the management of colonies will be watched by both her friends and her enemies.

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23. PRESSURE OF ENEMIES.

The preceding lessons have more than once brought us within sight of an external factor in social development which is so important that we have reserved it for fuller consideration here, namely, the pressure of enemies. For although this factor, unlike those we have been considering, is a human and social one, it is still external, for the enemies with which a society is confronted are no part of it, however much they may represent civilization.

In order to understand the influence of this pressure of enemies on a society we must remember that within every group, there are common interests which unite the group, and special or individual interests that tend to divide it. The power of these general interests, however, varies with circumstances. So long as these general and fundamental interests are undisturbed, people take them for granted and think very little about them. On the other hand they feel at liberty to turn their attention to their special or individual interests, and are emboldened to assert them without stint or scruple. So strong is this tendency that a society left quite to itself almost always flies to pieces of its own accord unless it has reached a very advanced stage of development. If, on the other hand, the interests which are common to all are endangered, they suddenly acquire an importance which overshadows all the lesser interests under dispute. Quarrels are made up or postponed, and all unite to present a solid front to the common enemy. (1)

It is well known that actions produce feelings, and that feelings, long continued or often repeated, become habitual, precisely as actions do. If a group of men quarrel continually they become incorrigibly quarrelsome. To the habit of quarreling is added the heritage of long-standing feuds, which become traditional and instinctive, and which make combination, even for the most necessary purposes impossible.

In precisely the same way the necessity for common defense reacts upon the feelings of those upon whom that necessity is imposed. To be called on again and again, to coöperate under circumstances which elicit the utmost heroism, and the renunciation of private interests, can not but make men heroic and self-denying, creating after its own kind powerful traditions of patriotism and self-abnegation.

In view of these facts which are so constantly and impressively illustrated in history, it has sometimes been urged that societies could never attain to unity and stable organization, unless menaced by enemies and compelled to fight for existence. But important as this factor is, such a conclusion is hardly warranted. Cases are not wanting, even if exceptional, in which societies have been left to themselves and the unbridled development of their own dissensions, and yet have become united and stable. This is effected simply by the continuance of these same dissensions, the natural outcome of which is, that some part or faction gets the upper hand and coerces the rest. Only in those regions where the conformation is such as to prevent alike access from without, and effectual dominion from within, is something like permanent anarchy and dissension possible. (2)

If, therefore, it is not to be concluded that societies can be consolidated only by foreign war, it remains pretty nearly true that war in some form is inevitable and indispensable at a certain stage of social development. The alternative would seem to be between war with other societies, and war within the society itself. Men do not unite at first without constraint, however willingly they may afterward continue the union which they have once been constrained to enter. Men are social because they have associated. They have not associated because they were social. (3)

It is not surprising that governments sometimes deliberately invoke war as a means of repressing internal dissensions and averting revolution. There is little doubt that the wars of Napoleon were undertaken in large part to increase his prestige as a ruler and to solidify that organization of French society which his rule

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represented. It is noticeable that modern French diplomacy becomes particularly belligerent and reckless when the dominant party has occasion to divert attention from unpleasant inquiries? A tactful appeal to the instinct of national glory, and national safety seldom fails to restore confidence in the most discredited politician. It is the weak and tottering governments of Europe that are the great menace to the world's peace.

23. PRESSURE OF ENEMIES.

(1) **Unity Under Pressure.**— We have seen how unfavorable to unity was the conformation of Greece. Yet the Persian wars went very far to unify even the Greeks into a nation. Had the victories of Salamis and Platæa not been so final, the unification might have been more complete. With the removal of Persian pressure came another period of dissension so long and exhausting that Greece fell a prey to Macedon. Yet Philip's aggression again had the usual effect of unifying his divided foe although the unification came too late.

The case of the American colonies is a still better illustration. The student of American colonial history can not but be impressed with the bitter dissensions between the colonies and the exaggerated importance which they attached to their individual independence. The common resentment at the new policy inaugurated by England under Lord North united them in an effort at resistance. Even this union hardly endured the strain after the pressure was removed. Nothing could have been more disastrous for the colonies than to have easily and speedily thrown off the British yoke. As it was, eight years of enforced concerted action developed the sense of common interest and the sympathies which barely sufficed to hold them permanently together. Who does not smile now at the hesitation with which little Rhode Island entered the permanent Union?

Recent events have further illustrated this principle. Our war with Spain followed upon a period still embittered with memories of the civil war, and marked by an extraordinary manifestation of local prejudices and antipathies. While the war can not be said to have involved any serious danger it is astonishing how quickly internal dissensions were forgotten under its influence. The disability resting upon confederate soldiers was at once removed, an action which three months before would have been impossible, and party and local interests ceased to appeal to the popular imagination. Even more than this. There was a moment when it looked as if the great powers of Europe might interfere in behalf of Spain. Almost instantly the common interest and common sympathies of England and America asserted themselves with a power that astonished Europe, as much as it did ourselves and effected a combination which no amount of reasoning without coercion would have rendered possible.

(2) **External Factors.**—That the habits of men, originally hunters or nomads, may be changed into those required for settled communities, the surface occupied must be one within which *coercion* is easy, and beyond which the difficulties of existence are considerable. The successful resistances made by mountain tribes, due to the difficulties of pursuit, have been in many times and in many places exemplified. Instance the Illyrians, who remained independent of the adjacent Greeks, gave trouble to the Macedonians, and mostly recovered their independence after the death of Alexander; instance the Swiss; instance, more recently the people of the Caucasus.

The inhabitants of desert tracts, as well as those of mountain tracts, are difficult to consolidate: facility of escape, joined with habits of life adapted to sterile regions, greatly hinder social subordination.

Within our own island we have seen that surfaces otherwise very different, have similarly hindered political integration, when their physical traits have made it difficult to get at their occupants. The history of Wales shows us how, within that mountainous district itself, subordination to one ruler was difficult to establish; and still more how difficult it was to bring the whole under the central power: from the primitive Old-English period down to 1400, eight centuries of resistance passed before the subjugation was complete, and a further interval before the final incorporation with England.

The region of the Fens, in the earliest times a haunt of marauders and those who escaped from established power, became, at the time of the Conquest, the last refuge of the still-resisting English, who, for many years, maintained their freedom in this tract, made almost inaccessible by morasses. The long-continued independence of the Highland clans, who were brought under central government only after General Wade's roads put their wild refuge within reach, yields a later proof.—"*The Principles of Sociology*," *by Herbert Spencer, Vol. I., pp. 26, 27.*

(3) **Difficulties of Unity.**—The extreme reluctance of the English colonies like Canada, Australia, and Cape Colony to enter into a closer union seems to be repeating the history of the American colonies. Even the different parts of Australia have thus far found it impossible to unite, despite the obvious desirability of so doing. The explanation is to be found in the absence of outside pressure. Were the Australian colonies oppressed by the mother country, or the British Empire seriously menaced by enemies, unification would be amazingly rapid and complete. Meanwhile the friends of Anglo-Saxon unity may console themselves with the thought that if it comes slowly it is because it is not urgent. If security does not breed dissension it can safely wait.

Switzerland offers a curious illustration of the force of this factor. The persistent pressure of Austria in the fourteenth century, drove the Forest Cantons to make common cause against the powerful enemy, and the union has ever since been tenaciously maintained.

This all suggests an interesting inquiry as to the development of our own country. For the first time in our history we have been tempted to annex territory, which would bring us into close and perhaps uncomfortable contact with great powers from whom we have thus far been separated by distance and difference of interests. The only dangers that have seriously menaced us have been from within.

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24. CONQUEST.

Hostile contact between societies may do more than unify them within themselves. Indeed it is the rule that war leads to the subjugation, temporary or permanent, partial or complete, of one group to the other. The unification previously existing in the separate groups is now complicated by a larger relation which successful war has established, a relation of dependence instead of independence, marking, as we have before seen, the beginning of a larger unification.

In its simplest form, conquest results in annexation of the conquered territory, that is, the incorporation of the conquered society in that of the conqueror. Such an incorporation is likely to be complete about in proportion to the crudity and especially the inferiority of the conquered society. In the earlier stages of civilization, wars are comparatively unsparing, the culture of the vanquished is little respected or understood and is rudely displaced by the customs and institutions of the the conqueror.(1) But more advanced culture, entrenched deeply in habit and feeling, is exceedingly tenacious of life. It therefore seldom disappears with conquest and continues to develop under the new conditions, modifying and being modified by the institutions with which it now comes in contact.

Incorporation of subject societies therefore becomes more and more difficult and qualified. Later conquests usually involve but partial subjection. Rome united her subject territories by very elastic bonds, endeavoring to leave undisturbed the customs, prejudices, religions and even the governments of the peoples themselves and trusting to the prestige and inherent excellence of her own civilization to establish itself and confirm her authority.(2) Still more striking has been the wisdom of England, whose empire, larger and more heterogeneous than that of Rome, is far more firmly united under an authority which refrains from doing violence to local institutions. (3)

In continental Europe the process of amalgamation has advanced until the whole available territory and population has been absorbed into a few powerful nations. In these, however, the development of civilization has gone so far that military consolidation seems impossible. Napoleon's effort in this direction, though most brilliant, completely failed, and even the slight and exceptional case of Alsace-Lorraine (4) is still a doubtful experiment. But though compact civilizations resist amalgamation by force it is perfectly clear that the present status is not a finality. The armed truce now existing in Europe is only another way of settling the question of supremacy. Already some are failing under the strain and sinking into inferiority which is the prelude to vassalage, an inferiority at first sullenly felt and unconfessed, but ultimately destroying all real power of independent action. Already these powers are grouping themselves and each group is plainly more or less dominated by a single powerful state. (5) Whatever form these larger groups may take it is plain that they look to consolidation through conquest. Aside from the smallest groups, which take their rise in the family, all social aggregations are the result, at least in part, of conquest or the fear of conquest. War in some form, the coercion of one nation by another, is certain to continue until all human societies are sufficiently united into one to insure the peaceful settlement of difficulties arising from the necessary conflicts of interest. Whether that unification will come as a formal empire or only as a preponderating influence matters little.

Civilizations brought thus into contact under a unifying authority displace one another but often in a most complicated manner. It is not always the institutions of the conquerors which become the conquering institutions. When the fusion is thoroughly effected the result is sure to be a composite made up of the most suitable elements chosen without partiality. When Rome conquered Gaul her civilization, her arms, laws, customs and even her language speedily displaced their less efficient predecessors. But when, later, the Franks conquered Gaul, already civilized and

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Romanized, the reverse happened. The Franks relinquished their own civilization in favor of the one they found. Only a few military terms in the language suggest by their Germanic origin the superiority of Frankish arms. (6) The conquest of Greece by Rome illustrates still another result. Roman law and Roman arms prevailed, for they were superior and they insured the retention of the Latin tongue. But Greek art and literature, in turn, won an easy victory over the Roman world, which hastened to do them homage. (7)

24. CONQUEST.

(1) **Conditions of the Conquered.**—The result is often worse than this during that stage of development in which slavery plays a large part. Under such circumstances the culture and institutions of the conquered are not only ruthlessly destroyed but they are very imperfectly replaced. The conquered are incorporated into the society of the conquerors but only in an inferior class to which all the advantages of culture are effectually denied or granted in the most meager measure. The best that can be said is that these slave populations eventually acquired freedom and became full participants in the culture which was at first withheld.

(2) **Roman Civilization.**—In this, Rome generally succeeded, especially in the West, where Roman institutions rivalled those of Italy itself. The monuments of Roman civilization still to be found in Southern France exceed in extent and perfection even those of the imperial city. In the East, Rome was less successful. Especially the Semites proved tenacious of their national institutions. It was from this region, too, that Rome received at a later date those religious and philosophical elements which exercised such a modifying influence on Roman life.

(3) **England and India.**—Many have thought to discover an exception to this rule in the case of India. There seems to be little doubt that at the outset England failed to understand the complicated civilization of India and irritated the people by the best intended arrangements. For instance, the Sepoy rebellion was largely caused by the requirement that the native soldiers should bite off the ends of the cartridge papers then in use. These were greased and the Sepoys, fearing lest the grease were pork-fat, which it was a mortal sin to taste, mutinied in consequence. Such cases have been exceptional. The deference shown by England for existing institutions is illustrated by the case cited by Maine in which injunction proceedings were brought to restrain from the collection of the taxes due to a certain temple, on the ground that the idol which was worshiped there was cracked. The case was heard with all solemnity and appropriately decided.

Certain customs England has ruthlessly suppressed, such as the capture of slaves, the burning of widows, and those funeral rites which have hitherto spread the plague. This has been a difficult but perhaps not excessive contribution of Western to Eastern civilization.

"The two most memorable acts of Lord William Bentinck, as Governor-General of India," says the Encyclopedia Britannica, "are the abolition of the *sati* (suttee) and the suppression of the *Thagi*, or Thugs. At this distance of time it is difficult to realize the degree to which these two barbarous practices had corrupted the social system of the Hindus.

* * * * * *

"The Emperor Akbar is said to have prohibited it (the suttee) by law, but the early English rulers did not dare so far to violate the traditions of religious toleration.

"In the year 1817 no less than seven hundred widows are said to have been burned alive in the Bengal presidency alone. To this day the most holy spots of Hindu pilgrimage are thickly dotted with little white pillars, each commemorating a *sati*.

"In the teeth of strenuous opposition, both from Europeans and natives, Lord William carried the regulation in Council, on December 4, 1821, by which all who abetted *sati* were declared guilty of 'culpable homicide.'

"The honor of suppressing the *Thagi* must be shared between Lord William and Captain Sleeman. *Thagi* was an abnormal excrescence upon Hinduism, in so far as the bands of secret assassins were sworn together by an oath based on the rites of the bloody goddess Kálí."

(4) **Border Territory.**—I have called this an exceptional case because it is border territory which has changed hands before, and has always had a mixed population and mixed civilization. The transfer from French to German control was more feasible than almost any other such transfer which might have been suggested. Yet it has involved great friction and in spite of its immense strategic advantages has been a doubtful gain to Germany. Some of the most far-seeing Germans, including Bismarck, opposed the annexation on these grounds. It is doubtful whether the assimilation of so advanced a civilization is now possible.

(5) **Alliance of Foreign Powers.**—The "concert of the powers," which has so unceremoniously bustled Turkey out of Crete is significant of the status of Turkish independence and of the tendencies toward the organization of Europe, as are also the triple and the dual alliances in which in turn it is easy to recognize the supremacy of Germany on the one hand and Russia on the other. Even more far-reaching combinations than these seem to be in sight.

(6) **Germanic Origin of Name.** — Strangely enough, in view of the hatred of the French for everything German, the name of the country itself is one of these terms which by their origin remain as permanent monuments of former Germanic dominion.

(7) **Norman Conquest.**—The Norman conquest of England is perhaps the only one on record which produced an extensive mixing of two different languages. Even here, however, as well as in the composite institutions of England, it is easy to trace the different rôle of the conquerors and conquered in the mixed population.

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FOURTH WEEKLY REVIEW.

19. **SOIL AND CLIMATE.**—Their Influence upon Society.
20. **PHYSICAL FORMATIONS.**—Their Influence upon Development.
21. **GEOGRAPHICAL POSITION.**—The Relation of Societies, as Determined by Location.
22. **NATURAL INCENTIVES TO CO-OPERATION.**—Favorable Results upon Society.
23. **PRESSURE OF ENEMIES.**—A Potent Factor for the Promotion of Unity.
24. **UNITY IN TIMES OF DANGER.**—Necessity of a Solid Front.

QUESTIONS.

19. *What purpose does a society serve, which insures its perpetuity? What factors are first and most fundamental? Of what is race character usually the product? To what does character usually yield? Why should the external factors be so largely considered? What is the first of these? In what way is society dependent upon vegetation? Mention one indispensable condition to social organization. Mention some of the requirements of society. Specify the results of heat and moisture. Describe the effects of climate on the human system.*

20. *Why may diverse civilizations grow up in the same climate? Compare the civilizations of southern Russia and France. Of China and the United States. How do you account for the radical differences in the social development under similar climatic conditions? What is the essence of society? Mention some of the obstacles to the development of society. What physical formations promote or hinder the development of society? Why do small and isolated areas develop a less efficient race than larger or more expanded ones? How may a country more or less divided by natural barriers acquire a certain unity of organization? Mention some of the disintegrating forces. Mention some of the most prominent natural barriers.*

21. *What can you say of geographical position in connection with the relation of societies to each other? In what way is isolation unfavorable to social development? What can you say of the ocean in relation to its influences upon civilization? What can you say of it as a means of access? In what way are France and Spain especially fortunate? How many centuries have passed since England was successfully invaded? In what proportion is maritime accessibility valuable? What can you say of England's insular position if she had been situated in the middle of the Pacific ocean? Why is the Mediterranean an important factor in the developments of civilization? Why must Central Asia always suffer from isolation?*

22. *Why may obstacles sometimes favor development? Mention some instances. What can you say of the relative social scale of hunting and fishing tribes? Why do these relative positions obtain? Why may an inadequate rain-fall prove a great civilizer? What can you say of the natural conditions of Holland? What have been the results? What can you say of the influence of natural conditions on the development of Virginia and the New England colonies? Why did New England play the principal rôle in the task of organizing the nation? What can you say of the natural conditions of England as a means for the development of her manufactures and commerce?*

23. *What is usually the result of pressure brought to bear from common enemies? What can you say in relation to the variation of common interests? What is the tendency of society when left to itself? What influence is usually exerted by common interest? What can you say of habit? Mention circumstances under which societies often become stable. Why were the wars of Napoleon probably undertaken?*

24. *What can you say of hostile contact between societies? To what does war usually lead? In what does conquest in its simplest form result? What can you say of wars during the earlier stages of civilization? What can you say of Rome in this connection? What of England? What of the Franks? What can you say of the conquest of Greece and Rome?*

SUBJECTS FOR SPECIAL STUDY.

1. *The influences of climate upon civilization.*
2. *Influence of natural barriers.*
3. *Geographical position as a factor in development.*
4. *Obstacles as an incentive to coöperation.*
5. *Necessity of a solid front in the presence of mutual enemies.*
6. *Unification by hostile contact.*

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GAZETTEER AND GLOSSARY.

Bland Silver Bill.—A United States statute of 1878; so-called from its author, Richard P. Bland, a member of the House from Missouri. It reëstablished the silver dollar containing 412½ grains troy of standard silver as a legal tender. But its special feature was a clause requiring the treasury to purchase every month, not less than two million, nor more than four million dollars' worth of silver bullion, and to coin it into dollars. It passed over President Hayes' veto.

Caste.—One of the hereditary classes into which the Hindus are divided, according to the laws of Brahmanism.

The original castes were four, the first, or highest, being that of the priesthood; the second was composed of kings and warriors; the third consisted of husbandmen and merchants, while the lowest, or Sudras, were the laborers, mechanics or slaves. Men of no caste are Pariahs or outcasts; numerous mixed classes or castes have, however, sprung up in the course of time.

The members of the same caste are theoretically of equal rank and of the same profession and occupation. They are not allowed to eat or intermarry with those not of their own caste, or even to eat food which has been prepared by them. To lose caste is to be degraded—to lose social position or consideration.

Chevalier (she-vä-lyā′), **Michel.**—A noted French political economist, who was born at Limoges, France, Jan. 13, 1806, and died at Monpelier, France, Nov. 28, 1879. He was the author of several works on political economy, and also produced a number of books on Mexico, etc.

Gresham, Sir Thomas.—An English financier who died in London Nov. 21, 1579. He was employed to negotiate loans for the government, both at home and abroad, and was knighted by Queen Elizabeth in 1559.

He founded the Royal Exchange in 1596. He comments upon the tendency of the inferior of two forms of currency in circulation, to circulate more freely than the superior. This tendency has been named for him.—"Gresham's Law."

Hobbes (hobz), **Thomas.**—An English philosopher, who was born at Westport April 5, 1588, and died in 1679. His father, Thomas Hobbes, was vicar of Charlton and Westport.

In 1603 Hobbes entered Magdalen Hall, Oxford, where he graduated in 1608. He soon entered the service of William Cavendish, who was afterward the first Earl of Devonshire, as tutor to his eldest son, and retained this position until the death of his pupil in 1628.

The following year he became traveling tutor to the son of Sir Gervase Clifton. He returned to the services of the Cavendishes in 1631 as tutor to the third Earl of Devonshire, with whom he made an extended tour of the Continent. During this time he established friendly relations with such men as Galileo, Gassendi, Mersenne and Descartes.

For a time in 1646 he instructed the Prince of Wales (who afterward became Charles II.) in mathematics. After the Restoration he lived with the Earl of Devonshire.

He is best known from his theory that the power of the State is absolute as against that of the individual—that it is the leviathan which swallows all—a mortal god who, like the Deity, governs according to his pleasure and gives peace and security to his subjects.

Latin Union.—A monetary alliance of France, Belgium, Italy and Switzerland formed by convention Dec. 23, 1865, and joined by Greece in 1868. Its object was the maintenance and regulation of a uniform interchangable gold and silver coinage based on the French franc.

Its limited term was continued by two renewals (1878 and 1885), Belgium withdrawing on the latter occasion and adopting the single gold standard.

Laveleye (läv-lā′), **Emile Louis Victor de.**—Born at Bruges, Belgium, April 5, 1822; died at Doyon near Liége, Jan. 3, 1892. He was a Belgian, political economist, and writer, being the author of several works on this subject.

Twelve Tables.—The tables on which were engraved and promulgated in Rome (451 and 450 B.C.) short statements of those rules of Roman law which were most important in the affairs of daily life. They were drawn up in large part, it seems, from existing law, and in part as new legislation by the decemvirs; and hence they were at first called "the laws of the decemvirs." Ten were first promulgated and two were soon added. They formed thereafter the principal basis or source of the Roman jurisprudence.

WALKER, FRANCIS, A., Ph.D. LL.D.—An American statistician and political economist. He was graduated at Amherst in 1860, and served in the Civil War, being brevetted brigadier-general of volunteers in 1865. He was commissioner of Indian affairs in 1871-1872 and professor of political economy and history in the Sheffield Scientific School at Yale in 1878-1881. Afterward he was president of the Massachusetts Institute of Technology. He was the superintendent of the ninth and tenth United States censuses (1870 and 1880), and was United States commissioner to the International Monetary Conference at Paris in 1878.

Among his works are a "Statistical Atlas of the United States" (1874), "The Wages Question" (1876), "Money, Trade and Industry" (1879), "Land and its Rent" (1883), "Political Economy" (1883), "History of the Second Army Corps" (1886). He died in January 1897.

Wells, David Ames.—A noted American economist, who was born at Springfield, Mass., June 17, 1828. He graduated at Williams College in 1847, and at the Laurence Scientific School, Harvard, in 1851. In 1865-1866 was United States commissioner of revenue and has served on other important commissions, besides taking a leading part in financial and economic discussions.

He was an able advocate of freedom of trade. Among his works we find "Science of Common Things" (1856), various text books on natural philosophy, geology and chemistry, besides government reports. Also "Our Merchant Marine" (1882), "Primer of Tariff Reform" (1884), "Practical Economics" (1885), "Study of Mexico" (1886), "Relation of Tariff to Wages" (1888), and various other economic works. Died 1898.

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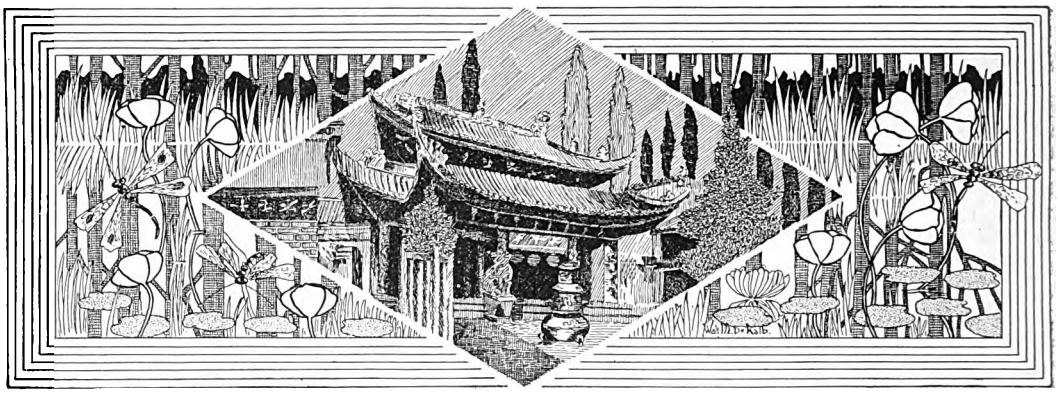

PROFIT SHARING AND CO-OPERATION.

BY

N. O. NELSON, President N. O. Nelson Manufacturing Co., St. Louis.

CO-OPERATION is said by one writer to be a child of Socialism rescued from its parents by Voluntary Association. Mazzini, after going through the stages of secret revolution and political agitation, settled upon Industrial Coöperation by Voluntary Association of workingmen as the surest course to independence, justice and morality. It was Robert Owen who gave the word Coöperation its specific meaning. In its broadest sense it is applicable to all human affairs wherein men join together to attain a common purpose, in its specialized sense it now stands for business associations in which the employes or the customers, or both, are wholly or chiefly the owners of the capital and receive the benefits.

The advocates of Coöperation believe that competition is wasteful, that it breeds fraud and greed, that it creates an irrepressible conflict between master and men, and that private profit causes inequalities which are injurious alike to the rich and the poor.

As a substitute for business carried on by private parties or joint stock companies, for profit to capital, they recommend the organization of workers into voluntary associations in which the customary wages and prices shall be maintained, and the profits be divided among the members.

In coöperative stores, the capital is supplied by the members in legally limited amounts, and the profits are divided in proportion to purchases; in coöperative factories the profits are divided among the workers, or the workers and customers. Another class of coöperation, in which the capital and management are supplied by private proprietors, but the employes receive a part of the profit in addition to wages, is technically known as profit sharing.

The coöperative theory is now well understood and generally approved, not only by sociologists and reformers, but in a halting way by economists and business men. It is eighty years since Robert Owen, one of the saviors of men, gave it practical form, and with a record of vicissitudes and disappointments which all great reforms must encounter, and some modifications, it has reached a position of preëminent success in an economic sense, and it is as far above the competitive system in its moral and social influence as the religion of Jesus was above that of the scribes and pharisees.

But coöperation has shown this peculiarity in common with other human institutions; it must grow from small beginnings, it must assimilate men, it will not spring Minerva fashion, full-fledged from the brain of any ardent sponsor. Coöperative stores are usually started in a small way by a number of persons who believe that the expenses of retailing goods are larger than necessary. They make up the initial capital by small weekly contributions, and when they have enough to buy the ordinary necessaries, they retail them out to themselves at full prices without incurring any expense. They thus accumulate the whole difference between wholesale and retail prices; and this, added to the continued contributions, enables them to increase the variety of goods. If they have persistence, enthusiasm, and ordinary intelligence in managing, the store prospers.

When the growth of the business requires a manager, he is selected by the committee which has been elected by the members. In most countries there are now laws especially adapted to the needs of coöperative associations. Usually these laws provide that only a certain amount of share capital can be owned by one member, and he can have only one vote. Simple interest is allowed to capital, and the remainder of profits is divided pro rata on purchases.

A cardinal principle of coöperative business is that all dealings shall be for cash. Whenever this is deviated from, it usually ends in failure. Many extensive beginnings have been made in the United States, in which credit has been the chief inducement, and their gravestones bear the legend "Born too great."

Manufacturing is always more difficult than buying and selling: in coöperation it is doubly so. There must be a considerable capital to start with, and this the workmen haven't got, and have no basis upon which to borrow. The class by which a new factory must be started is limited, for they must be all of one handicraft. Good workmen have comparatively assured positions and are

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cautious about leaving them; poor ones would spoil the chances of success, and increase the uncertainty of a new venture; few would have any capital to invest. A certain jealousy there is likely to be as to who shall be the managers, and some reluctance in submitting to the authority of equals. Should all these obstacles be surmounted, there is then the difficulty of securing trade. Skill in factory management, judgment in buying material, tact in selling and mastery of accounts, do not often combine in one head. Managers are brought to the front by a process of development and selection of a few from great numbers; the coöperators must arbitrarily choose one from unaccustomed men. They cannot well hire ability from outside themselves, because the salary would be a heavy charge, and the prospects not enticing to a capable manager bent on his own advantage. They lack experience even in the selection of a leader.

It is then not a wonder that comparatively little has been done in independent coöperative manufacturing, and that many attempts have failed. It is this which has led many of the broadest minded advocates of coöperative production to fall back on public capital. Most of the successful attempts have been the result of strikes; they have been in the simplest classes of work, where labor is the chief ingredient, where not much machinery is required, and where the product is staple and in ready demand. All over the country such factories may be found, though unknown beyond their own neighborhood. There are thousands of coöperative creameries and farm product depots scattered over the country. When once fairly established, these associations are more likely to succeed than private concerns. There is united effort and the incentive of profit to bring out the best work.

In England, where coöperation is now an established fact, independent manufacturing has made slow, yet steady headway. An exemplary instance is that of the Hebden Bridge Fustian Manufacturing Company, whose business is that of finishing woolen cloth. In a period of special depression, a number of cutters who were thrown out of work joined together, took a room in one of their houses, got a mill to furnish the rough cloth, paid themselves small wages, and so were able to accumulate a surplus little by little. It now occupies a thoroughly equipped factory, employs three hundred men, and makes good profits. The stock is held largely by the coöperative stores, and the profit is divided between the capital, the workers, and the customers.

At the end of 1897 there were in England about two hundred coöperative factories independent of those operated by the stores as branch departments. These societies are of three classes:

1. Those composed entirely of workingmen providing their own capital, doing their own work, and taking all the profits themselves.

2. Those where part of the capital is furnished from the outside, for which interest is paid, and the profit divided between labor and custom.

3. Companies founded by private parties, but turned over to workmen for partial management and partial profits.

There have been no strikes or any serious difference in regard to wages or other matters in these associations. They pay the full standard wages, supply better conditions and obtain the best men. They have steadier demand for their goods, and consequently steadier work; and they have had a very considerable influence on the condition of employment in private works.

Independent coöperative production is practicable, and has in it inherent business advantages, yet the initial difficulties are serious, and it can spread only by slow steps and much determination.

There is an easier way: the engrafting of factories upon successful stores. Stores are a simple matter when coöperation gets in the air, and a good manager is secured. It comes so natural for more and more members to join when the store is successfully established. There are a number of English stores with a membership of over ten thousand, representing fifty thousand persons—equal to a good sized city—and some as high as thirty-three thousand members. When such a store saves to its members all the waste there is in maintaining the usual number of shops of all sorts for such a population, it is easy to see how an abundance of capital can be accumulated.

The original coöperative society, the Rochdale Pioneers, was started in 1844 by twenty-eight weavers, by installment payments of two pence a week. It has now over a million and a half dollars invested outside its own business, and this is the surplus accumulation after allowing five per cent interest on capital, and repaying to the members from ten to fifteen per cent on their purchases.

There are now about two thousand societies in Great Britain, and many of them have a number of branches. In some parts nearly the whole local store business is in their hands. It is not uncommon for single associations to have a capital of half a million or a million dollars, all accumulated without any cost to the members, besides paying interest on their shares, and ten to twenty per cent dividend on their purchases. In the process of building up from nothing, a self-education in business goes on, aptness develops into ability, committeemen selected first for their character's sake, responsible to a vigilant and deeply interested constituency, proud of their responsibility, become thoroughly versed and capable directors. They engage a general manager exactly as the directors in a corporation do.

There is, however, this important difference: in a coöperative store, there are hundreds and thousands of watchful men near at hand, while ordinary stockholders are at a distance, and look only for their dividends at the end of the year. After the full development of such a coöperative store, it is in a strong position for undertaking production. It has capital, skilled management, and, ready at hand, a demand within itself and its sister stores for the product. Of such coöperative factories there are a great many, and they are uniformly prosperous.

The largest shoe factory in the world is owned and operated by what is known as the Coöperative Wholesale of England. This wholesale is a noteworthy institution, absolutely without any parallel in business history. About thirty years ago the stores, of which there were then about four hundred, came together and formed a federation for the purpose of buying from first hands. The stores supplied the capital and created a managing committee of their own number. This committee appointed a manager, premises were taken at Manchester, which is the chief coöperative center; they were their own customers, and a turn over of about a million was made the first year.

At the end of thirteen years the sales amounted

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to over twelve million dollars a year, and now they amount to about sixty million dollars a year. There are branches at London and Newcastle, Bristol and Belfast, and a similar wholesale for Scotland in Glasgow. Their supplies are bought from first hands, and they keep resident buyers in the leading commercial cities, including New York and Montreal. They own seven ships, which carry the produce of Denmark and Germany to Newcastle and London, and that of Ireland to Liverpool.

Their unlimited capital, their enormous distribution of goods, and the thoroughly developed system resulting from such an expert and watchful constituency, give them every advantage for productive enterprise, and they have not wasted their opportunities. They have flour mills, cracker bakeries, bread bakeries, cloth mills, clothing factories, jam and sweetmeat works, shoe factories, and other branches. One of their manifest advantages is economy; the expense account for handling all their business is less than two per cent on the sales. All the profits and savings reach the final consumer through his retail store, which draws its dividend on purchases from the wholesale.

The Scottish Wholesale has some remarkably fine factories, and all their employes have a share in the profits. There seems to be no obstacle in the way of the indefinite extension of these adjunct factories. The profits made in the stores are in the aggregate so large that capital is abundant —so abundant in fact that it is constantly a question what to do with it. Custom is ready at hand and must keep well in advance of production. Managing ability of the highest quality, and thorough experience, is brought forward in abundance, having graduated from the retail stores, been promoted to the wholesale, and all the time under the sharpest spur of ambition and watchful criticism.

In this country the Arlington, at Lawrence, Mass,, has a membership of three thousand five hundred, annual sales of about three hundred thousand dollars, and after paying interest on capital and creating a liberal surplus fund it returns regularly seven per cent on purchases.

The Johnson County Coöperative Association of Olathe, Kan., has passed its twenty-second anniversary. It has about seven hundred members, one hundred and twenty thousand dollars capital, does the chief store business of the town and returns a dividend of eight per cent on purchases; its members also have a coöperative bank, the largest of three in the place, and a substantial insurance company.

The most remarkable aspect of coöperation is its influence on businessmen's motives, remarkable on its moral side, and showing the error of the common belief that business ability is a product of the fascination of wealth and luxurious living. The coöperators pay no large salaries, the general managers of the two British Wholesales have never had above a thousand dollars a year, they would not accept more: money would no more tempt them away from their post than it would have tempted Washington, or would now Admiral Dewey.

For almost twenty-one years Mitchell ruled the fortunes of one of the most extensive, the best organized, the most varied and most prosperous of commercial enterprises, he lived modestly and serenely, and died at the age of sixty-five worth less than two thousand dollars. There is a regiment of such men in the movement as directors and branch managers of the wholesales, managers of factories and retail stores, not to mention such life-long promoters as Holyoake and Greenwood and Ludlow, still living and active; Neale, Maurice, Hughes and Kingsley of the past. All of them have remained honestly poor in property, but grandly rich in works, and the honor and affection of the masses they have helped so much.

What is technically known as Profit-Sharing or industrial partnership, is designed to unite the interest of the owners of capital and the workmen. The control rests in the capital and its owners, but those who do the work are given a share in the profits. Customary wages and salaries are paid, interest is paid on capital, and whatever profit then remains is divided by some previously agreed plan between the two. The business or economic logic assigned for this arrangement is that interested labor will be more careful and efficient than the labor which has no contingent interest. Convict and slave labor is inefficient, men working for wages aim to do only a minimum day's work. If the slave converted into a freeman, educated and well fed, becomes a better producer; if the wage earner turned into a small proprietor becomes more energetic and more careful—then the same logic will make the wage earner, who has an interest in the profits, more industrious, and less disposed to carelessly waste material or do bad work. The dividend may, in fact, be only a portion of this extra yield, or it may be the whole of it, or it may exceed it and be drawn partly from the ordinary profits. But whatever additional product results is a clear economic gain.

The social value of profit-sharing is the tendency toward equality, the increased income and better living, and the opportunity which is usually offered for acquiring a moneyed interest in the business. It exercises a moral influence in bringing employers and workmen into close relations, and in giving the motive of self-interest to stimulate honest efforts. There is no rigid plan or proportion necessary, each instance may govern itself. The only specific requirement is that the plan shall be known in advance, and shall not depend upon the caprice of the management.

In actual practice there are very few profit-sharing concerns which use exactly the same method, but there are two general outlines which, in the main, are followed. By one of these the same rate of dividend is paid on wages as on capital, a dollar of wages receiving the same amount as a dollar of capital; always, of course, after wages and interest have been paid. By the other, the division is between wages and interest, a dollar of wages drawing the same as a dollar of interest. The latter of these gives a much larger proportion to wages, and is more nearly scientific, because it puts the wages of labor and the wages of capital on the same footing. At the same time, the former plan might yield a larger sum to wages in a highly profitable business than the latter plan would, where profits are small.

The proportion between the capital employed and the amount of product and the profits vary so much, that no specific plan would be equally fair in any two cases. The most complehensive and most developed example of the profit-sharing idea is that of Godin at Guise, in France. Godin began the stove foundry business in a small way, about 1854. Along in the 50's he began paying a bonus to his workmen out of the profits. About 1865 he incorporated as a joint stock company, and adopted

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an elaborate scheme of profit-sharing, mutual aid and coöperative living. He charged five per cent interest on his capital, took one-fourth of the profits for himself and the managing directors, of which there were nine; set aside another fourth for education and a provident fund, and divided the remaining half by equal percentage on wages and interest.

The dividends were paid in shares of the company, and it was stipulated that, whenever the capital grew excessive, the oldest shares should be redeemed and cancelled; thus by degrees retiring his own capital, and replacing it with the accumulations of the active workers. Eventually, this will throw the ownership and control into the employes' hands, and will be perpetually replacing the oldest capital with the new. The works have for a long time employed upwards of 1,000 men, have been steadily prosperous, and though Godin has now been dead ten years, the business goes on without interruption, and is increasing in prosperity.

Godin was controlled more by large social ideas than mere money-making; and incidental to his profit-sharing scheme, he built large and convenient apartment houses, where from three hundred to four hundred families live; established a school, a theater, a gymnasium, a nursery and kindergarten, a park, and a coöperative store. There is, probably, no place in the world where an equal number of working people are surrounded by so good conditions, and have the same security of employment.

The house of Leclaire in Paris was turned into profit-sharing just fifty-seven years ago; and though Leclaire has been dead twenty-seven years it continues to prosper on the plan he adopted in 1842. The business is house painting and decorating, employing from nine hundred to twelve hundred men, and has rarely failed to earn a dividend. The managing partners are elected for life, and they own one-half the capital, the other half being owned by the Mutual Aid Society, which is composed of the workmen. The managers receive one-fourth, the Mutual Aid Society one-fourth, and the men one-half in cash dividend. Work like this, which is done by hand, and in small detachments, where superintendence cannot be so strict as in a factory, is especially adapted to bringing out the advantages of a profit-sharing system. Workmen of this class are intelligent above the average, and knowing that the larger part of the extra profits caused by diligence and economy come to themselves, they will not throw their opportunity away, nor allow their associates to do so. As might be safely assumed, a superior quality of men are drawn to such a partnership.

There has never been any internal dissension in either the Godin house or the Leclaire house. A direct self-interest is reasonably certain to exercise a controlling conservatism on the majority, and that there must be a centralized power and subordination, is as well understood by a workman as a millionaire.

In France, profit-sharing factories are numerous; and there is in Paris an influential society of profit-sharing proprietors, devoted to the spread of the system. In England, profit-sharing has in the last few years been given an impetus by an association to promote labor copartnerships, and there are a goodly number of stock companies which divide profits on wages.

In the United States, the spread of profit-sharing has been considerable since its first actual introduction about twelve years ago, but it is sporadic rather than systematic. The American people is peculiarly given to money making; nearly all have a vague hope of getting well off or rich, and there is not much fine sentiment in the heads of our men of affairs. Those proprietors who do for one or another motive, adopt a profit-sharing system are rather afraid to have it known, for there is, or is supposed to be, a prejudice in the minds of the business class against a practice that flavors of socialism, or goodyism, or giving the employes the right to interfere. For this reason no one knows, or can guess, to what extent profit-sharing in some form prevails in American factories and stores. There are a good many, perhaps a thousand such concerns, but most of them are of a timid, tentative, unscientific sort.

Profit-sharing, adopted as a scheme to make more money for the capitalist, will always be of short duration. I have known many such to be given up after a year or two. Unless the motive has a moral and social basis, profit-sharing had better not be attempted.

A provident fund should always be a part of a profit sharing system. The well and able-bodied should take care of their disabled comrades. There is no aid system so economical and so adjustable as one in which a body of men working daily together can help each other. A fund drawn from the profits in which all have an interest obviates the uncertainty of voluntary contributions or assessments, or the great expense of professional insurance. It is much better that a helpless family, losing its bread-winner, should have a reliable annuity, according to its needs, than to receive a lump sum, soon to be exhausted or lost by ignorant investment.

In order that losses as well as profits may be shared, there should be created a reserve fund by holding back a percentage of the profits in good years. As each employe has contributed to the profits, and possibly by extra exertion has made it greater, he is directly sharing in the losses when this reserve fund is drawn upon. As a matter of practical fact, in any concern which has reached the stage of earning regular profits (and there can be no profit-sharing until that condition exists) and has the self-interest of all employes to keep production up to its best, there need rarely be any losses.

For average circumstances, a very fair plan of profit-sharing is to charge fair value for the services of the owners or managers, charge the same rate of interest for capital as the concern must pay if it borrows at the bank, set apart ten per cent of the profits for a reserve fund until it becomes large enough, and five per cent for a provident and educational fund. Then divide the remainder by equal per cent on wages and interest.

The best books on the subject are George Jacob Holyoake's "History of Coöperation," "History of the Rochdale Pioneers" and the "Coöperative Movement of To-day;" Beatrice Potter's "Coöperative Movement," "Coöperator's Manual," by B. Jones and Arthur Acland; "Profit-Sharing," by N. P. Gilman; "Social Solutions," by Godin; Henry D. Lloyd's "Labor Copartnership." The *Coöperative News* of Manchester is a weekly of fine spirit and ability, nine shillings a year. *Labour Copartnership* is a monthly, published at 15 Southampton Row, London. *The American Coöperative News*, 744 Massachusetts avenue, Cambridge, Mass.

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NOTES FROM CENTERS

AND EDITORIAL COMMENTS.

BESIDES the valuable discussions in the present number along the lines of political economy, political science and social problems, we are glad to present a paper of especial value on coöperation.

This paper is the outgrowth of much careful thought which has been given to the subject in connection with the practical working of the problems under discussion.

Mr. Nelson's views are not visionary or hypothetical, but they are the result of long and faithful effort in this direction. He is a practical and successful business man, standing at the head of a large manufacturing corporation and having about four hundred men in his employ.

He is one who has the courage of his convictions—who is willing to put his principles to the severe test of every day life. It is now twelve years since he began to share the profits of his great establishment with the workers, and the results after this long experience are eminently satisfactory.

He has founded a village in the suburbs of a city and he resides there with his employés living around him. Besides his own experience, he has kept in close touch with the coöperative movements in England and on the Continent, having personally visited the large establishments, which are conducted on this plan in Great Britain, France, and elsewhere.

He speaks, therefore, "as one having authority," and his words in connection with his example ought to lead to many practical results.

We wish to call especial attention to the subject of coöperative stores, creameries, etc. Small manufactories might also be profitable. The social value of profit-sharing, and the fact that it teaches lessons of sobriety, patience and fidelity, should also be considered. The system of insurance against death and disability, of which he speaks, is a suggestion of great value and should be carefully examined.

It is doubtless true that coöperation and profit-sharing might be advantageously carried into many fields where it is now looked upon as merely an impracticable theory.

Denison, Iowa.—This Center is also in its third year. Mr. H. V. Failor, Superintendent of Schools, is the moving spirit in this year's work.

Seymour, Conn.—Through the efforts of Rev. E. C. Tullar a Center has been organized at Seymour, which is doing excellent work. Rev. Mr. Tullar has also organized a Center of twenty members at Waterville, Conn. We clip the following from the Waterville items of the Waterbury (Conn.) *American:* "The evidence that a desire to become acquainted with the principles of Political Economy has taken a strong hold upon the people of this community was forthcoming last evening when over twenty persons braved the pouring rain and frightful walking to attend the meeting for study at the University Association Center."

Rochester, Ind.—Rochester has an organization of fifty-six active members on the course in Political Economy. This Center is now on its third year's work, and has issued a very attractive program for the year. Mr. C. K. Bitters, attorney, Secretary of the Center, writes: "All of our members are enthusiastic in praise of the lessons, and say that the work is certainly superior to anything else they know of."

Sturgeon Bay, Wis.—The Association is proud of this Center. It is now on its third year's work, having over thirty active members. All of the old officers have been re-elected for the year, which insures its continued success. They are as follows: Prof. E. E. Beckwith, Superintendent of Schools, Leader; Mr. William A. Lawrence, banker, Vice-President; Mr. C. L. Nelson, Treasurer; Mrs. Y. V. Dreutzer, Secretary.

Piqua, Ohio.—Rev. W. R. Leeper writes as follows: "Our class here is getting along very well indeed, and growing, and will possibly have to be divided into two divisions. The best and most thoughtful men of our city are in the class, and it is very well spoken of. I think it will do much good." This Center is composed entirely of men, Judge John C. Geyer being the President; Mr. James Ward Keyt, attorney, Leader; Dr. W. J. Prince, Vice-President; Dr. R. M. Shannon, Treasurer, and Mr. M. G. Smith, Secretary.

Fort Smith, Ark.—Fort Smith shows that it is entitled to rank with the progressive cities of the southwest by the formation of two Centers, one on History and one on Economics. Mr. J. S. Holloway, Superintendent of City Schools, writes as follows: "The membership of the Economic Club is between thirty and forty. The receipt of numbers two and three of PROGRESS has whetted our appetites perceptibly, and the indications point to active, profitable and pleasant work for the winter. I consider the plan the best extant for general masses, because it gives all a systematic treatment of great and vital subjects in condensed yet comprehensive form. I sincerely wish you success."

Griswold, Iowa.—This Center is now on its third year's work. Much of its success is due to the efforts of Prof. L. B. Stewart, Superintendent of Schools, who has taken an active part in the work.

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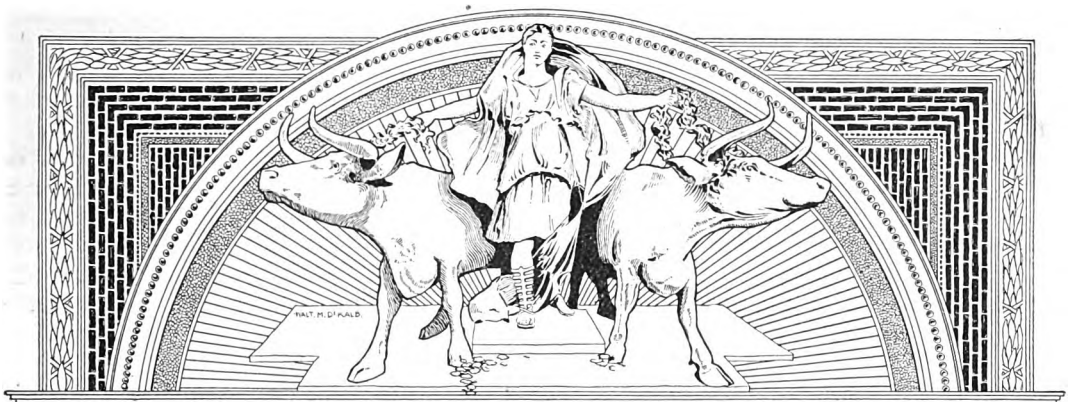

POLITICAL ECONOMY

TRANSFERS OF ECONOMIC GOODS, INCLUDING, AS AGENTS OF TRANSFERS, MONEY, CREDIT, AND BANKING.

BY

RICHARD T. ELY, Ph.D., LL.D., Professor of Political Economy, and Director of the School of Economics, Political Science and History, in the University of Wisconsin.

1. MONOMETALLISM. PART IV. (Continued).

IN the last lesson we mentioned the claim made by the monometallists that there is on the part of the commercial world a natural preference for gold. A similar thought finds expression in Professor Laughlin's Final Report, prepared for the Monetary Commission of the Indianapolis convention.

Professor Laughlin states that standards are not created by government, but that they are adopted by the latter; that consequently it is the duty of government to ascertain the standard and then by law adopt it. (1) The business world has decided on gold, we are told by the monometallists. Coupled with this thought we have the argument that business will be likely to act altogether independently if government should adopt the silver standard. It is claimed that along with the legal standard we should have extensive contracts calling for payment in definite quantities of gold; and that indeed we might have a pressure which would lead to the general use of gold notwithstanding the establishment of a silver standard.

In other words, we have the assertion of the limited power of government with respect to money and its inability at the present juncture to use silver as standard, or, in fact, to use anything but gold as full legal tender money with unlimited coinage.

The monometallists lay emphasis upon the changes between the relative values of gold and of silver, and claim that we must have either one or the other as standard and that we cannot have both. We may, however, have an alternating standard, using first one and then the other metal as a standard. This is what they claim would result from attempted bimetallism even if it should be measurably successful, giving us, therefore, more frequent changes in the standard than we would otherwise have. The monometallists are not convinced by the experience of the Latin Monetary Union, to which they attach far less importance than the bimetallists. The former call attention to the variations even during that period,

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and they frequently intimate that it was simply due to an unusual combination of circumstances that the departures from the ratio of one to fifteen and one-half during the first three-quarters of this century were not greater.

Monometallists at the present time are quite inclined to treat as a matter of relative indifference the quantity of money, although there are wide differences among them in this particular. Some of the extreme advocates of gold have maintained that it made no difference whether we had much money or little; that whether we had much or little, we always had enough. In other words, that the supply of money was self-regulating. Says one of the writers in favor of gold: "However much or little gold there is, it must always be enough for the purpose."



Prof. J. Laurence Laughlin.

The argument in this extreme form appears to overlook the nature of the question at issue. The point of the bimetallists is this: It is not the quantity itself which is a matter of so much importance, as it is the relative increase or decrease in the quantity of the money material. Says Dr. E. Benjamin Andrews: "It is not low prices which we condemn; low prices once established are as good as high. That is to say, the words 'high' and 'low' in respect to prices are not absolute but relative terms. The everlasting fall of prices, the act of sinking, is the accursed thing."

Recently the ablest monometallists are generally inclined to lay emphasis upon other things than money; for example, credit, and the institutions of credit, especially banking, and above all, general confidence. They allege that money effects after all comparatively few exchanges, and that of far more importance than the supply of money is that general confidence which encourages a free use of credit instruments, and which also brings into use the money in actual existence, inasmuch as in the absence of such confidence, considerable quantities of money are certain to seek hiding places.

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1. MONOMETALLISM. PART IV. (Continued).

(1) **Standards.**—Standards, moreover, are not discovered or created by governments; they are adopted by the latter. People of all nations and all conditions, civilized, and savage, have more or less exact standards of value by which they measure property and services.

An African wishes certain things in exchange for his goods or his labor, and has roughly in his mind the amount which he should receive. He has arrived at this standard, not by express agreement with his fellow savages, but by the concurrence of the habits of the members of the tribe.

And so we go on through various stages of civilization, and we find that at various times men in this way have created standards of value. Governments often have adopted them, but not always. Sometimes they have attempted to change them, and such attempts have invariably been followed by disastrous results. Therefore it is manifestly the duty of the government to ascertain what the standard of the people whose business it wishes to promote may be, and then by law adopt that standard. If it does not, it might better leave the whole subject alone and let the standard take care of itself, as it will do under the play of natural forces arising from the habits of the people.

The business interests of the country regard the choice of gold as the standard by the greatest modern commercial nations, as a natural evolution of the commodity fitted for that purpose.

We are dealing herein with facts and not with theories. In so far as this standard has been evolved by the concurrence of practical men of affairs in the conduct of commerce and industry, it is the duty of the state not in any way to interfere with this choice. The mere fact that gold is the standard of most commercial nations is sufficient ground why the government should not attempt to establish another standard, especially since this fact is an evolution of business and not of politics.—*Report of the "Monetary Commission of the Indianapolis Convention," Prof. J. Laurence Laughlin, University of Chicago.*

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2 MONOMETALLISM (Continued).

It is not at all the design in these articles to present exhaustive arguments, but, as we have already intimated, to bring forward some of the points at issue in this great struggle which has taken place, and is still taking place, concerning money. When the points are brought forward readers will have abundant opportunities to follow them out in the daily press and in periodical literature. We will, therefore, mention hastily, other arguments advanced in favor of monometallism, some of these arguments manifestly having greater weight than others.

It is sometimes alleged that the whole bimetallist agitation is nothing but a scheme of silver producers. Perhaps this allegation is not so frequently heard now as formerly. Any honest man must unhesitatingly say that the alleged cause is insufficient to account for the results. To what extent the silver producers may have utilized forces actually at work, and have promoted a movement over which they could at best have but slight control, is altogether another question, upon which it is not necessary to enter at this time.

Monometallists lay great stress upon the rights of creditors, and have generally a keener appreciation of their rights than of those of debtors, while the reverse is frequently found to be the case in the agitation of bimetallism. The vast majority of men on both sides of the question evidently wish to do what they believe to be right, and to rob no one. However, while this is true, it is likewise true that the one party has a keener appreciation of the interests of debtors and the other party of creditors. Consequently such expressions as "sound money" and "honest money" have different meanings, according to the persons who use them, "honest money" to the one man signifying gold monometallism, and to another the free coinage of silver at the ratio of one to sixteen.

It is claimed by the monometallists that national bimetallism is simply out of the question; that the only result of attempted bimetallism would be silver monometallism—we are speaking, of course, of the United States at the present time. So far as international bimetallism is concerned, they assert the impossibility of bringing about the necessary international agreement; and they urge further, the danger that an international agreement, even if once established, would be broken, inasmuch as there is no power above the nations to enforce upon them the fulfillment of their agreements. Again, it is urged that if a large number of nations could be induced to establish international bimetallism, these nations would be the less progressive nations, because the progressive nations are, as a rule, the creditor nations; consequently, it is against the interests of these nations to do anything which depreciates the value of money. We would thus have, it is alleged, a league of the less advanced nations on the side of bimetallism, and on the other side would be the wealthier and more progressive nations adhering to gold monometallism.

It is furthermore urged that the interests of the wage-earners are clearly on the side of gold monometallism, inasmuch as wages will rise less rapidly than commodities, if we have a large increase in the quantity of the circulating medium.

They allege, furthermore, that the real interests of the debtors are on the side of gold monometallism, inasmuch as so many debts are payable in gold, and without the adherence to gold as a standard there would be great danger of a premium on gold, which would have to be paid by the debtor in case of gold contracts.

Another line of argument is that advanced by Prof. J. B. Clark in the *Political Science Quarterly* for September, 1895. It is to the effect that the variations in the value of money are largely foreseen and are discounted in the rate of interest. It is in part because it has been foreseen that the value of the monetary unit is rising that we have a falling rate of interest. (1)

Somewhat analagous to this line of argument, attention may be called to the

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low rate of interest on United States bonds. The creditor of the nation has had a choice between gold and silver, which the letter of the law certainly has not given him. But can it be denied that this has been offset to at least a certain extent by the low rate of interest on United States bonds in recent years?

2. MONOMETALLISM (Continued).

(1) **The Appreciation of Money and the Rate of Interest.**—To make the legal dollar heavier or lighter than that which the debtor has received and has promised to pay, or to coin it from a different metal, is to violate both the letter and the spirit of a myriad of contracts. If it corrects the unequal—we do not say unjust—action of some contracts of long standing, it introduces clear injustice into the fulfillment of many times more numerous contracts which are of recent date.

Morally, as well as otherwise, it is a costly way to correct the dealings of evolutionary fate or of Providence. Monetary contracts in force to-day were largely made yesterday. The overwhelming majority of them were made within the year just completed. Some, such as are embodied in the bonds of governments and of corporations, and in mortgage notes, date from remoter periods in the past.

Let it be supposed that within ten years the purchasing power of the gold dollar has gained ten per cent in terms of agricultural labor, shall we take a tenth from the weight of the coin, in order to correct existing contracts and make them conform to a fair standard? If the appreciation of gold has been uniform through the ten years, it requires only a little arithmetic to show that on all the vast majority of contracts still pending—those, namely, that have been made within the latter half of the period—we shall create more inequality than we remedy. In the case of all that have been made within a year, we directly rob one party of the contract and give the proceeds to the other.

The contracts made in the immediate past have been made in terms of a dollar of a known labor value, and one that, on every ground, ought to be paid in terms of the same unit. The wrong and the practical harm that have resulted from changing the metallic weight or quality of the coins that are the bases of contracts are too apparent to need argument.

The second possibility of evil which we noticed comes from a matching of ignorance against knowledge in the making of contracts for future payments. The coin which the debtor receives and agrees to repay may be foreordained to increase in purchasing power. One party, say the creditor, may know this, and the debtor may not. Ignorantly the debtor may take upon himself the obligation to pay the equivalent of more units of labor than he gets when the loan is made. Beyond simple interest he ignorantly promises to pay a bonus on his loan. If he pays a nominal rate of five per cent in interest, he may pay a real rate of six. At the expiration of the time covered by the loan he will have to pay, in effect, more labor than he received. For money wherewith to satisfy his creditor he must work more than the creditor worked, or caused other men to work, in order to get the money with which the loan was made. He may have to pay, in short, more of real wealth than he received.

Now it is clear that, if such a result is foreseen, it can be corrected by varying the nominal rate of interest. Under the assumed conditions, the loan of real capital should be repaid, at the end of ten years, by an equal amount of real capital and fifty per cent more in the way of total interest. This would afford a real interest of five per cent per annum.

If money gains in purchasing power at the rate of one per cent per annum, or ten per cent in ten years, then nearly one per cent can be deducted from the nominal rate of interest promised in the note without reducing the true rate of interest on the loan of true capital below five per cent.

By repaying at the end of the time the original sum of money loaned, and by paying at intervals through the period a sum aggregating forty per cent in the way of interest, the debtor really pays fifty per cent, because the principal of the loan, at the time of repayment, represents ten per cent more in real wealth than it did when the loan was contracted. Would an ignorant debtor be able to take advantage of this fact? Would he reduce the nominal interest that he agrees to pay, so as to make the real interest correspond with the earnings of capital?

If the transactions between a debtor and a creditor were made in isolation, and without influence from a general loan market, the one who best foresaw the future might be able to take advantage of the other. This, however, is a nearly impossible case. In a single transaction with one borrower, a lender of capital must usually content himself with about the rate that he could get for it in the general market; and the borrower, however ignorant of the future he may be, is only obliged to know about how much he would have to pay in the same general market. The prevalent rate of interest on loans dominates individual transactions. In the general market it is impossible that knowledge of the future should be very unevenly distributed. Lenders, as a body, know as much as borrowers, and not more. If the rate secured on loans of money corresponds to the earning capacity of real capital, as by any clear theory it should do, then the variations in the purchasing power of money are unerringly corrected through the nominal rate of interest.

That such a correction is actually made when changes in the purchasing power of money are generally foreseen, admits of little doubt. In the course of one of the ablest speeches recently made in the senate in behalf of the free coinage of silver the speaker was asked how he knew that gold had appreciated in value. He replied that he wanted no better proof than the low rate of interest prevailing. "Men do not," said he, "agree to pay a large percentage when the money in which the repayment of the principal must be made is becoming more and more costly." It was a naïve confession that a debtor does not suffer nor a creditor gain by a change in the purchasing power of coin, provided that the change is generally anticipated. There may be aberrations in the working of this law, as there are in the case of other laws of economics; that on a large scale it does work is not doubtful. *J. B. Clark, in "Political Science Quarterly," for September, 1895.*

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3. THE MULTIPLE OR TABULAR STANDARD OF VALUE.

The claim is frequently put forward, both by conservatives and radicals, that there is something better than the precious metals as standards of value, and that we should work towards a multiple or tabular standard of value, as it is called.

Attention is called to the variations in the value of gold and of silver which have taken place in the past and which must take place in the future, whether we have monometallism or bimetallism. The suggestion is made that instead of having either one metal or two metals as a standard, we should select a large number of typical commodities and use certain quantities of these as the unit. We might take, for example, one hundred pounds of wheat, fifty pounds of beef, one thousand feet of lumber of a specified kind, a cord of hard wood, one hundred yards of cotton, and other typical commodities and let these constitute the unit. We could borrow so many units at one time and then repay the same number of units at the time of repayment. Thus the creditor would give up and receive the same quantity of commodities. (1)

What is contemplated, however, is not a transfer of commodities, but a transfer of money which will purchase these quantities of the commodities. If, for example, at the time the debt was contracted the commodities comprising the unit should be worth twenty dollars, and at the time the debt was paid these commodities should be worth only fifteen dollars, then a debt of one thousand units would be expressed at the one period by twenty thousand dollars, and at the later period by fifteen thousand dollars.

It must be admitted by the impartial student that the plan of the multiple or tabular standard of value does not appear to be making much headway at present. The idea is something which in itself is not so difficult, but the uncertainty in regard to the price of commodities is such that the ordinary creditor prefers to take his chances with money. Contracts ordinarily run for comparatively short periods, and are revised from time to time. We have adjusted ourselves to the use of money, and we dread the uncertainties which we fear would accompany payment in units of the kind mentioned. The psychological factor has to be taken into account, and especially in money matters we dread the unknown and the unfamiliar.

Money is comparatively stable for short periods, and those who argue in favor of the multiple or tabular standard of value generally lay emphasis upon payments running through long periods of time, even centuries. The question may be raised, however, whether it is desirable to make any special provision to encourage contracts for payment running through centuries for thereby we are likely to lay the weight of the "dead hand" upon future generations.

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3. THE MULTIPLE OR TABULAR STANDARD OF VALUE.

(1) **Applicability of a Multiple or Tabular Standard.** — The schemes particularly referred to are those of Messrs. Lowe and Scrope in England, and of Count Soden and Professor Roscher in Germany, which all propose, under differing forms and conditions, a tabular standard, or multiple tender, in which the value-variations of a considerable number of articles of general consumption and of prime importance in the economy of daily life—corn, beef, potatoes, wool, cotton, tea, coffee, sugar, timber, iron, coal, etc.—shall be trusted to compensate each other, with the result of a high degree of stability in the whole body so composed.

The articles selected should be taken in definite quantities, and all of standard quality. An arbitrary name might be given to a unit of this measure, which would embrace a certain number of pounds, bushels, or yards of each one of the articles on the list. Any person selling a house or a farm might then fix the price at so many of these units, corresponding to the present value of a bill of goods of such commodities, in such quantities.

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But as it might be inconvenient to the non-commercial creditor to receive, ten years hence, a number of cart-loads of goods of one or two score of kinds, representing the animal, the vegetable, and the mineral kingdom, and to be obliged to dispose of these for himself, it should be stipulated that the debt should be paid in current money —gold, silver, or paper—in such amount as would at then current prices purchase the bill of goods which had been taken as the measure of the claim of the creditor, of the obligation of the debtor.

Of course, for the satisfactory carrying out of

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such a scheme, the sanction of government would be required. Commissioners would have to be appointed who should be empowered to make periodical publication, quarterly or monthly, of the prices of the several articles taken for this purpose, according to the rates prevailing in the principal or representative markets of the country.

Such publication would embrace a computation of the value in money of the Unit of the multiple-tender—that is, the commissioner would announce that so many pounds, bushels, or yards of the commodities on the list were worth at date so many ounces of silver or gold, or so many dollars of paper money. All payments falling due within the quarter, or the month succeeding, would be made in money, according to the terms of the announcement,

To illustrate the operation of this scheme, let us suppose that in 1869 I sold my house or farm on a credit of ten years. The price of the property, as reached in the negotiation between the buyer and myself, was six thousand dollars. But instead of his giving me his note for six thousand dollars, we looked together at the official published list of prices for the multiple-tender, and found that the value of the unit, embracing so much of each of so many articles, was at the time twelve dollars. The note was thereupon given for five hundred units of the multiple tender.

On the note coming due the present year, my debtor and myself would refer to the last list published, dated just ten years after the one which formed the basis of the contract; and we should probably find that the value of the unit, in current money, was now higher or lower, say eleven dollars or thirteen dollars. That is, the same amount of the same articles could be purchased for one or the other of these sums, which could have been purchased for twelve dollars when the note was given.

The announcement is official, conclusive. No controversy is possible between us. The computations required are no more elaborate than those involved in casting up the semi-annual interest. I receive five thousand five hundred, or six thousand five hundred in money, according as its value now is, and the transaction is closed. The effect of the introduction of the tabular standard has been to put me precisely where I should have been had I received payment at the time of purchase. I get no more, no less, by changes in the value of any article.

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So far as I am able to judge, the scheme has not a single weak point. It is merely a question whether it is worth while to take any trouble whatever to accomplish the object proposed. The expense of the system to the nation would not be worth a moment's thought, if indeed the end in view were desirable. Let us then inquire more specifically what classes would be especially benefitted by such a system of ascertaining the claims of creditors and the obligations of debtors; and at what point in the commercial and industrial economy the advantages of the use of such a Multiple Tender would be neutralized by the obstruction it would occasion.

Professor Jevons seems to think that the Tabular Standard might be applicable, in the course of ordinary commercial transactions, to the payment of debts of more than three months' standing. In this, however, I can not concur. In the first place, the advantages anticipated for the scheme are reduced to a minimum when it is applied to short credits. The precious metals have a high degree of steadiness in value from season to season, and from year to year, far exceeding in this respect any other considerable class of substances. It is true that such a tabular standard would be even less subject to variation than the precious metals; but I apprehend the gain would not be sufficient to induce any merchant or manufacturer to open a set of books upon this plan.

While the inducement to undertake the proposed mode of ascertaining the due weight of obligations is thus greatly reduced in its application to credits for short terms, the objections to its use are greatly increased. It is essential to the conduct of business that the merchant or manufacturer shall be able at any time to tell just where he stands; to strike a balance of assets and liabilities. But this would be, in the case assumed, impossible. A part of his liabilities and of his assets would be expressed in terms of money. Another part would be in units of the Multiple Tender. The value of a unit of this, at the maturity of any note to be paid or to be collected, could, by the very description of the system, never be known in advance.

A note given for four hundred units, payable in September, might not balance, probably would not exactly balance, a note for four hundred units, receivable in August or October. It would thus be impossible for the merchant or manufacturer at any time to cast up rapidly and decisively the results of a venture, or ascertain his own exact standing. Every note given or taken in the course of business under this system would have to be liquidated. Its present value in money would never be known.

Commerce will not tolerate any such obstructions, and the scheme, so far as this application is concerned, may be dismissed at once. Commerce will do the best it can with the use of money, and of credit expressed in terms of money. Nothing is more characteristic of the commercial spirit than the disposition to take the evil with the good, roughly to strike the average of gain and loss, promptly to charge off bad debts, always looking on towards the future, never regretting the past. This spirit leads, doubtless, into many errors, but it is the very life of commerce.

For what classes of contracts, then, might the Multiple Tender be advantageously employed?

Certainly the need of such a standard of deferred payments is most imperative in the case of those who are not in the way of repairing any losses they may suffer through fluctuations in the value of money; upon whom the full effects of depreciation fall directly and remain without relief. And while the advantages of such safeguards upon the value of debts here rise to their maximum, the obstruction sinks here to a minimum.

In permanent investments of property not the least inconvenience would be encountered by the scheme of a Multiple Tender, which might be extended to the cases of all who have definitely retired from active life, carrying away with them all they will ever have to support old age and provide for their children; to the cases of trustees and guardians, under a solemn responsibility in the care of estates, where loss is more to be dreaded than gain to be desired; to the cases of institutions whose funds are sequestered from the stock of active capital for pious and charitable uses. The funds of savings banks might be put under the same safeguard, and government loans might also be issued in terms of the multiple tender.—"*Money, Trade and Industry*," *by Francis A. Walker, pp. 70-77.*

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4. PAPER MONEY.

It is best to begin the discussion of paper money by a brief presentation of current terms which are frequently encountered in writings on the subject.

We have irredeemable paper money or inconvertible paper money, and redeemable or convertible paper money. Money which is redeemable or convertible is money, which the issuer is prepared to change on demand into that metallic money which serves as a real standard of value. Irredeemable or inconvertible paper money is money which cannot be redeemed at once without sacrifice, in the money which serves as a real standard. At the present time in the United States all our money is redeemable or convertible. The government paper money may be exchanged at once for gold at the subtreasuries of the United States; and the paper money issued by national banks is redeemable in legal tender, and if this happens not to be gold, it must be government paper or silver, which is redeemable. It is thus that all our paper money is directly or indirectly convertible into gold. This was not always the case, however. During the Civil War the paper money was not redeemable, except at a discount, and we had what was called a suspension of specie-payments, which lasted till June 1, 1879, when specie-payments were resumed and the paper money of the country became convertible. (1)

The expression "representative money" is one that is frequently used, and the term carries with it its own explanation. It means money which stands for or represents something else, not having its value in itself.

"Fiat" money is money which rests upon governmental authority, ordinarily government authority pure and simple. It is inconvertible, but may circulate because it is taken in payment of taxes and is legal tender for debts both public and private. Government has these two levers for bringing into circulation a certain quantity of fiat money, namely, the declaration of legal tender, and the designation of the kind of money which is receivable for public dues—an important item, amounting in the United States to several hundred million dollars a year.

Mention has been made of bank paper money as well as of government paper money. These are in fact our two great classes of paper money. At the present time national banks in the United States issue bank notes that circulate as money, and so does the United States government. Other countries have similar mixed systems of paper money.

The number of kinds of paper money which have been put in practice or proposed is legion. Jevons mentions fourteen different kinds, classifying them with respect to the methods for their regulation and convertibility. He says, however, that he is not sure at all that his classification is complete. It is impossible at this time and place to enumerate all the possible or even actual kinds of paper money. We will speak simply of a few main classes which are of chief interest to the citizens of the United States at the present time. And we will confine ourselves to the governmental paper until we reach the subject of banks.

Government paper money may rest, as we have seen, upon the mere power of government. In this case we have what we may call pure fiat money. It has been suggested from time to time, and perhaps implied more frequently still, that there is scarcely any limit to the power of government to issue paper money and to make it circulate, regardless of quantity. When, however, governments have attempted to proceed upon the theory of large and indefinite powers with respect to the issue of paper money, the result has been disaster. Again and again have ill-regulated issues of paper money broken down in practice. The most notable failure of paper money which was practically fiat money is furnished by the so-called assignats of France. These assignats were, in a general way, based upon land, but they were issued in vast quantities, and were practically pure fiat money. In spite of the severest laws passed to enforce their acceptance, making refusal to accept

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them even punishable by death, they depreciated rapidly, and finally were current at only one three-hundredth part of their face value. During our colonial period our colonies had a similar experience with paper money, although it was conducted on a smaller scale. The Hon. Andrew D. White, now our ambassador at Berlin, has, in his *Paper Money Inflation in France*, described the former experiment, and many writers on our currency, among others the Hon. John J. Knox in his work *United States Notes*, have described the results of experiments by our colonies and of our Continental Congress.

The experience seems to have been conclusive, and now we do not find any one of note, so far as the present writer is aware, advocating unlimited issues of paper money.

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4. PAPER MONEY.

(1) **Currency and Banks.**—A currency is in its most perfect state when it consists wholly of paper money, but of paper money of an equal value with the gold which it professes to represent.

The use of paper instead of gold, substitutes the cheapest in place of the most expensive medium, and enables the country, without loss to any individual, to exchange all the gold which it before used for this purpose for raw materials, utensils, and food; by the use of which, both its wealth and its enjoyments are increased.

In a national point of view, it is of no importance whether the issuers of this well-regulated paper money be the Government or a bank, it will, on the whole, be equally productive of riches whether it be issued by one or by the other; but it is not so with respect to the interest of individuals.

In a country where the market rate of interest is seven per cent, and where the State requires for a particular expense seventy thousand pounds per annum, it is a question of importance to the individuals of that country whether they must be taxed to pay this seventy thousand pounds per annum, or whether they could raise it without taxes.

Suppose that a million of money should be required to fit out an expedition. If the State issued a million of paper and displaced a million of coin, the expedition would be fitted out without any charge to the people; but if a bank issued a million of paper, and lent it to government at seven per cent, thereby displacing a million of coin, the country would be charged with a continual tax of seventy thousand pounds per annum; the people would pay the tax, the bank would receive it, and the society would in either case be as wealthy as before; the expedition would have been really fitted out by the improvement of our system, by rendering capital of the value of a million, productive in the form of commodities instead of letting it remain unproductive in the form of coin; but the advantage would always be in favor of the issuers of paper; and as the State represents the people, the people would have saved the tax if they, and not the bank, had issued this million.

I have already observed, that if there were perfect security that the power of issuing paper money would not be abused, it would be of no importance with respect to the riches of the country collectively, by whom it was issued; and I have now shown that the public would have a direct interest that the issuers should be the State, and not a company of merchants or bankers. The danger, however, is, that this power would be more likely to be abused, if in the hands of government, than if in the hands of a banking company.

A company would, it is said, be more under the control of law, and although it might be their interest to extend their issues beyond the bounds of discretion, they would be limited and checked by the power which individuals would have of calling for bullion or specie. It is argued that the same check would not be long respected, if government had the privilege of issuing money; that they would be too apt to consider present convenience, rather than future security, and might, therefore, on the alleged grounds of expediency, be too much inclined to remove the checks, by which the amount of their issues was controlled.

Under an arbitrary government, this objection would have great force; but in a free country, with an enlightened legislature, the power of issuing paper money, under the requisite checks of convertibility at the will of the holder, might be safely lodged in the hands of commissioners appointed for that special purpose, and they might be made totally independent of the control of ministers.

The sinking fund is managed by commissioners, responsible only to parliament, and the investment of the money entrusted to their charge proceeds with the utmost regularity; what reason can there be to doubt that the issues of paper money might be regulated with equal fidelity, if placed under similar management.

It may be said, that although the advantage accruing to the State, and therefore to the public, from issuing paper money, is sufficiently manifest, as it would exchange a portion of the national debt, on which interest is paid by the public, into a debt bearing no interest; yet it would be disadvantageous to commerce, as it would preclude the merchants from borrowing money, and getting their bills discounted, the method in which bank paper is partly issued.

This, however, is to suppose that money could not be borrowed, if the bank did not lend it, and that the market rate of interest and profit depends on the amount of the issues of money, and on the channel through which it is issued. But as a country would have no deficiency of cloth, of wine, or any other commodity, if they had the means of paying for it, in the same manner neither would there be any deficiency of money to be lent, if the borrowers offered good security, and were willing to pay the market rate of interest for it.—"*The Works of David Ricardo,*" *Esq., M.P., pp. 218-220.*

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5. PAPER MONEY (Continued).

The next main class of paper money theories all rest upon the general quantity theory of money. If the value of money depends merely upon quantity: why should it not consist of limited quantities of paper? And if the supply of money is no greater than the supply of metallic money, which is displaced: why should there be any change in the value of money? As the classical economists of England quite generally accepted the qnantity theory of money, so they also admitted the feasibility of a paper money circulation just great enough to displace metallic money. Ricardo advocated this theory of paper money, and in this particular as in so many others, John Stuart Mill was his disciple. They held that if paper money were issued just up to the point where it would displace metallic money, it would have equal value with the metallic money so displaced, and that depreciation would not set in until additional supplies had been issued. According to this theory, paper money is in excess whenever it cannot be promptly converted if desired into gold, or whatever other metallic money may be the generally accepted standard. It is not necessary, according to Ricardo and Mill, that the government should itself convert the paper money. Its value would be maintained even it were inconvertible, provided its quantity is limited. It will be exchangeable, however, for private parties would be willing to give the metallic money to those who desire it.



Continental Money.

The advantages claimed for the issue of paper money to replace the whole or a part of the gold and silver in circulation are: (A) The superior convenience of paper money, inasmuch as it is easier to carry the material to be transported from one part of the world to another. (B) The economy which paper affords is also an advantage claimed for it. If three hundred million dollars of gold and silver are thrown out of use by paper, this amount of capital is freed for other purposes; or if government has need of additional funds, and issues paper money in limited quantities, say to the extent of three hundred million dollars, the interest on this sum may be saved.

The applications and modifications of this theory of paper money have been endless. The old Greenback party demanded issues of paper money which would be sufficient to prevent a contraction of the currency and also enable the business of the country to be done on what they called a cash basis. Frequently they did not state exactly how much they wished to have issued, but at times they demanded that so many dollars per capita for the entire population of the United States should be issued. Their thought seems to have been that the supply of money in the country was inadequate, and that in consequence there was on the one hand an appreciation of money, increasing the burdens of debtors; and on the other hand, on account of the insufficient supply of money, it became necessary to incur debt. It is not entirely clear to the present writer how it was supposed that merely larger quantities of paper money would directly and immediately decrease indebtedness. It is true that we need large quantities of money, and it is also true that very serious inconvenience may result from an inadequate supply of money. It would appear, however, that these inconveniences and losses would manifest themselves in the extended use of barter and in the failure to effect exchanges, rather than in the increase of indebtednesss.

Even those economists who accept the classical statement of tne quantity theory of money, and consequently hold to the theoretical possibility of a large use, if not

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an exclusive use, of paper without depreciation, generally regard the danger of an abuse of paper money as so great that they discountenance its use. They say that it is true that we could use altogether paper money, but that the result would be an agitation for larger and larger issues, and that the disadvantages of excessive issues with depreciation and the robbery of the creditors resulting therefrom are so serious that it is better to give up altogether the issue of paper money, unless it is strictly convertible.(1) So long as it is strictly convertible the dangers are either entirely eliminated, or reduced to a minimum, and the advantages are maintained. Granting the quantity theory, there would still seem to be no disadvantage in maintaining strict legal convertibility, inasmuch as there can be no difficulty in convertibility so long as there is no depreciation. But as soon as difficulty in convertibility appears, it implies depreciation, and that implies, even according to that theory itself, excessive issues of paper.

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5. PAPER MONEY (Continued).

(1) **Inconvertible Paper Currency.**—In order that the value of the currency may be secure from being altered by design, and may be as little as possible liable to fluctuation from accident, the articles least liable of all known commodities to vary in their value, the precious metals, have been made in all civilized countries the standard of value for the circulating medium; and no paper currency ought to exist of which the value cannot be made to conform to theirs. Nor has this fundamental maxim ever been entirely lost sight of, even by the governments which have most abused the power of creating inconvertible paper. If they have not (as they generally have) professed an intention of paying in specie at some indefinite future time, they have at least, by giving to their paper issues the names of their coins, made a virtual, though generally a false, profession of intending to keep them at a value corresponding to that of the coins.

This is not impracticable, even with an inconvertible paper. There is not indeed the self-acting check which convertibility brings with it. But there is a clear and unequivocal indication by which to judge whether the currency is depreciated, and to what extent. That indication is the price of the precious metals. When holders of paper cannot demand coin to be converted into bullion, and when there is none left in circulation, bullion rises and falls in price like other things; and if it is above the mint price, if an ounce of gold, which would be coined into the equivalent of three pounds seventeen shillings and tenpence halfpenny, is sold for four or five pounds in paper, the value of the currency has sunk just that much below what the value of a metallic currency would be.

If, therefore, the issue of inconvertible paper were subjected to strict rules, one rule being that whenever bullion rose above the mint price, the issues should be contracted until the market price of bullion and the mint price were again in accordance, such a currency would not be subject to any of the evils usually deemed inherent in an inconvertible paper.

But also such a system of currency would have no advantages sufficient to recommend it to adoption. An inconvertible currency, regulated by the price of bullion, would conform exactly, in all its variations, to a convertible one; and the only advantage gained, would be that of exemption from the necessity of keeping any reserve of the precious metals; which is not a very important consideration, especially as a government, so long as its good faith is not suspected, needs not keep so large a reserve as private issuers, being not so liable to great and sudden demands, since there never can be any real doubt of its solvency.

Against this small advantage is to be set, in the the first place, the possibility of fraudulent tampering with the price of bullion for the sake of acting on the currency; in the manner of the fictitious sales of corn, to influence the averages, so much and so justly complained of, while the corn laws were in force. But a still stronger consideration is the importance of adhering to a simple principle, intelligible to the most untaught capacity. Everybody can understand convertibility: every one sees that what can be at any moment exchanged for five pounds, is worth five pounds. Regulation by the price of bullion is a more complex idea, and does not recommend itself through the same familiar associations. There would be nothing like the same confidence, by the public generally, in an inconvertible currency so regulated, as in a convertible one: and the most instructed person might reasonably doubt whether such a rule would be as likely to be inflexibly adhered to.

The grounds of the rule not being so well understood by the public, opinion would probably not enforce it with as much rigidity, and, in any circumstances of difficulty, would be likely to turn against it; while to the government itself a suspension of convertibility would appear a much stronger and more extreme measure, than a relaxation of what might possibly be considered a somewhat artificial rule. There is therefore a great preponderance of reasons in favor of a convertible, in preference to even the best regulated inconvertible currency. The temptation to overissue, in certain financial emergencies, is so strong, that nothing is admissible which can tend, in however slight a degree, to weaken the barriers that restrain it.

Although no doctrine in political economy rests upon more obvious grounds than the mischief of a paper currency not maintained at the same value with a metallic, either by convertibility or by some principle of limitation equivalent to it, yet projectors every now and then start up with plans for curing all the economical evils of society by means of unlimited issue of inconvertible paper.—"*Principles of Political Economy*," *by John Stuart Mill, Book XIII., pp. 369, 370.*

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6. PAPER MONEY (Continued).

The cruder applications of the quantity theory of money by the advocates of paper money have been generally abandoned. We have a strong body of men advocating the use of paper money in order to secure elasticity and stability of values. This is the principle form which anything like radicalism with respect to paper money takes at the present time. The demand is that stability of value should be maintained, and that through regulated issues of paper. The popular proposal at the present time combines the quantity theory of money with the plan for a multiple or tabular standard of value. The system of Index Numbers shows the general level of prices. Now, it is proposed that a careful system of Index Numbers should be elaborated, and that it should be kept up by the government. If prices show a tendency to fall, increased issues of paper money should introduce the needed correction to secure stability of value. Should, however, the general level of prices rise, paper money should be retired from circulation until the old level was again reached.



Prof. Frank Parsons.

The advantages claimed for this method include those benefits of paper money which have been already mentioned, with the additional advantages resulting from stability. Attention is called to the fact of the varying needs for money during the year on account of the movements of crops and other business operations, and attention is also called to the increasing quantities of money needed with the development of industrial civilization and its spread over the world. It is held to be impossible that metallic money can meet these varying needs in such a way as to maintain stability of values, and that this in fact can only be accomplished through issues of paper money regulated in accordance with the official Index Numbers in such manner as to give us a practical multiple or tabular standard of value.

Among the advocates of this theory may be mentioned Prof. Frank Parsons of the Boston University Law School and the Kansas Agricultural College, whose ideas are explained in his work called "Rational Money" ;(1) also President Thomas E. Will, of the Kansas Agricultural College ; further, Mr. George H. Shibley, who has written a large work explaining his proposals, entitled "The Money Question." The title page of this book suggests the line of thought which it develops. It reads as follows : "The Money Question : the Fifty per cent Fall in General Prices ; the Evil Effects; the Remedy, Bimetallism of 16 to 1 and Government Control of Paper Money in Order to Secure a Stable Measure of Prices,—Stable Money, Monetary History, 1850-1896."

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6. PAPER MONEY (Continued).

(1) **The Multiple Standard.** — Our standard then is to be made up (1) of the largest practicable number of commodities (using the word in its broad sense), (2) weighted according to importance in ordinary consumption. We are to prefer (3) commodities largely bought and sold. (4) Commodities that are independent of each other. (5) Commodities capable of accurate definition as to quantity and quality. (6) Commodities regularly quoted in the public prints. (7) Our commodities should be taken partly from the class that is subject to the law of diminishing return and

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partly from the class not subject to this law, the choice being made so as to fairly represent each class in the proportion it bears to total consumption. (8) Commodities whose prices vary much must be taken as well as those that vary little, for men and women have to use their dollars to buy both, and dollars are not steady in their purchasing power unless they are steady in reference to the average of all the purchasing to be done with them. Moreover a commodity whose price varies greatly may be nearer steady with average commodity values than a commodity whose price varies little. Slight variation of price (on the gold basis, as at present) means that the commodity moves with gold, and that means that the commodity does vary greatly from the general commodity base. The moon does not vary in distance from the earth so much as Venus, but it varies in its distance from the sun much more widely than Venus. (9) Prices must be registered in all the principal markets of the country. And (10) the averages for the chosen commodities must be tabulated and published periodically.

Let us now select a dozen commodities and illustrate the working of the multiple standard. Suppose that, on the average of ordinary expenditures for every one hundred dollars spent for beef, pork, mutton and other meats, seventy-five dollars are spent for butter, cheese, milk and cream, twenty dollars for sugar, twenty dollars for tea and coffee, fifty dollars for wheat, twenty-five dollars for oats, twenty dollars for fruit, sixty dollars for coal, thirty dollars for leather, twenty dollars for cotton, thirty dollars for wool, fifty dollars for iron, steel, lead, copper, tin, silver, gold, etc., and fifty dollars for wooden utensils, furniture, etc. In the first column we write the names of the commodities or groups of commodities selected for the standard; in the second column we place the numbers just mentioned representing the relative importance of the said commodities in average consumption; in the third we write the prices of the commodities per unit of volume or weights; and in the fourth column we write the weights or volumes that would be required at the said prices to equal the amounts in the second column. For example, if the market price of meat averages ten dollars per hundred weight it would require ten hundred weight to amount to the one hundred dollars spent for meat, wherefore ten cwt. is the item in the fourth column opposite meat. In the same way, if fifty dollars represents the relative amount spent for wheat, and wheat is one dollar a bushel, the quantity of wheat bought will be fifty bushels.

TABLE XX.

MULTIPLE STANDARD.

1	2	3	4
Meat	$100	$10. pr. cwt.	10 cwt. meat.
Butter, milk, etc..	75	15. pr. cwt.	5 cwt.dr.pro
Sugar	20	4. pr. cwt.	5 cwt. sugar
Coffee and tea	20	20. pr. cwt.	1 cwt. cof. T
Wheat	50	1. pr. bu.	50 bu. wheat.
Oats	25	1.5 pr. cwt.	17 cwt. oats.
Coal	60	3. per ton.	20 tons coal.
Leather	30	20. pr. cwt.	1½ cwt. leath.
Cotton	20	10. pr. cwt.	2 cwt. cot'n.
Wool	40	40. pr. cwt.	1 cwt. wool.
Metals	50	2.5 pr. cwt.	20 cwt. mtl's.
Wood..	50	25. pr. cwt.	2 cwt. wood.
	$540		

The quantities in the fourth column with their total value five hundred and forty dollars constitute the composite or multiple standard.

These quantities are made the standard just as the law now makes 23.22 grains of gold the standard for a dollar. In the real work of the commission the prices of the third column, instead of being the current rates at the time of putting the system into effect, might be the averages for five or ten years so as to bring the dollar to a level representing its past average for the time during which existing debts and obligations were contracted.

ADVANTAGES.

The multiple standard will be just.

It will not defraud labor.

It will not defraud debtors.

It will not defraud creditors.

It will stop the waste of digging gold for a use that paper can serve at almost no cost.

It will free one trillion two hundred million dollars of the people's capital that is now locked up in metallic money. This gold and silver could be used in productive industry, or sent away to buy American securities held abroad, and pay American debts in foreign countries, relieving us of a considerable burden of interest, increasing the volume of money, and raising prices across the water, whereby a better market would be made for our products, and a bit of the prosperity that comes with the impetus of rising prices would be introduced into Europe.

It would check gambling and speculation. No more rocking of our finances by the cornering of gold. No more long, steep slopes of rising prices, nor financial precipices, with their catastrophes to honest industry and engorgements of parasites and beasts of prey.

It would not build a new bonded debt through an endless chain of withdrawing gold from the treasury with greenbacks, paying it in again for bonds, and again withdrawing it till the government has to issue more bonds to get it back, and so on.

It would not subject the government to the ignominy of hiring a foreign syndicate to maintain the treasury reserve, and "preserve the faith of the nation."

It would not make the war debt heavier after more than two-thirds of it had been paid than it was at the close of the struggle.

It would ease the burdens of debt without injustice to the creditor. by enabling the debtor to avail himself of inventions and improvements in production instead of bestowing the whole advantages of social progress upon the creditor, as gold with its falling prices does now. To give the benefit of improved production to the active instead of the passive classes is not unjust, but very distinctly just.

It would recognize the vast importance of the movement of the money volume, by means of which average prices may be made to rise or fall, or remain stationary, and it would subject this movement to intelligent control in the public interest instead of leaving it to chance and private manipulation.

It would provide a practically invariable standard of value, and a medium of exchange whose variations of value would be slight. The trifling departures of the dollar one way or the other from the standard in the intervals between the tabular reports would be like the swelling and shrinking of a steel ruler under changing temperatures, and could not accumulate or go far enough to mate-

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rially affect the truth of its measurements in exchange, the settlement of debt, etc

It would afford a money in accord with common sense and scientific principles—a currency capable of performing *all* the functions of money with *reasonable perfection.*

It would favor provision, and so increase the steadiness of business. The movement of prices in the fall caused by the annual movement of the crops and the settlement of the year's accounts could be anticipated and prevented by an increase of the currency volume in September or October, on the same principle that a wise manufacturer prevents overpressure on his engines and workmen by using more machines and employing a larger force when he has more work to do.

It would prevent panics. There would still be individual failures and possibly local flurries, but no panics. A panic is the product of fear. Something makes men suspect credit, and it shrinks. Cash instead of becoming more plenty than usual to fill the place of the departed, takes flight itself. It becomes difficult to get money even at ruinous interest. To pay their debts merchants slaughter prices, and widespread ruin follows the fall. We all know the story. It is lack of elastic money that turns the failure of a few speculators into a national disaster. Under the multiple standard the government will stand ready at all times to furnish any amount of money necessary to prevent the fall of prices. There will be no money famine, no big interest, no need for men really sound to sell at a loss. The very knowledge that the nation will issue funds and lend money at a reasonable interest in any needful quantity will prevent the fear and distrust of the future, which makes men "rush into the market and outvie each other in selling goods at a loss."

It will benefit all classes of the community except the wreckers and parasites.

It will carry out the constitution, destroy a dangerous special privilege, and return to the sovereign people as a real possession, one of the most important of sovereign powers, the power of issuing and regulating the money of the country.

It will be as good in war as in peace. The multiple dollar would not go to foreign parts in time of danger, but it would stay at home, equip our armies, and go with the cannon to the front of the fight.—"*Rational Money,*" *by Frank Parsons, pp. 133-135, 144-146.*

FIRST WEEKLY REVIEW.

1. **MONOMETALLISM (Continued).**—The Alleged Natural Preference for Gold. The Alternating Standard. Indifference with Respect to the Quantity of Money.
2. **MONOMETALLISM (Continued).**—Bimetallist Agitation and the Interests of Silver Producers. Creditors and Debtors. The Difficulties in the Way of an International Agreement. The Wage Earner.
3. **THE MULTIPLE OR TABULAR STANDARD OF VALUE.**—Variations in the Value of Gold and Silver. The Proposal to Use a Large Number of Typical Commodities as the Standard of Value.
4. **PAPER MONEY.**—Various Kinds of Paper Money.
5. **PAPER MONEY (Continued).**—Paper Money and the Quantity Theory of Money. Advantages Claimed for Paper Money.
6. **PAPER MONEY (Continued).**—Paper Money and Stability of Values.

QUESTIONS.

1. *What do the monometallists claim with respect to the creation of standards of value? What is their claim with respect to the preference of the business world for gold? What has come under your observation that has a bearing on this claim? How great is the power of government with respect to the standard of value? Which is of more significance the quantity of money, or variations in the quantity?*

2. *What connection is there between bimetallism and the interests of silver producers? What evidence can be adduced in proof of the statement that monometallists lay more emphasis upon the rights of creditors, and bimetallists more upon those of debtors? Is it true that the progressive nations favor monometallism, and the backward nations bimetallism? If so, why? If not, why not? On which side are the real interests of debtors to be found? Is it in the interests of creditors to pursue a policy oppressive to their debtors? If not, why not?*

4. *Mention the various kinds of paper money, and describe each. Describe the experience in France with the assignats.*

5. *What bearing has the quantity theory of money upon the theory of paper money? What was the position of Ricardo and John Stuart Mill with respect to paper money? What was the position of the Greenback Party with respect to paper money?*

6. *Describe present plans for the use of paper money in order to secure elasticity and stability of the monetary unit.*

SUBJECTS FOR SPECIAL STUDY.

1. *The quantity of money as increasing or decreasing in proportion to the population.*
2. *Effects of present monetary conditions upon the wage-earner.*
3. *Variations in the value of the precious metals and reasons therefore.*
4. *Benefits derived by banks from their issues of currency.*
5. *Benefits which were derived by the government from the issue of greenbacks.*
6. *Relations of banks to the government.*

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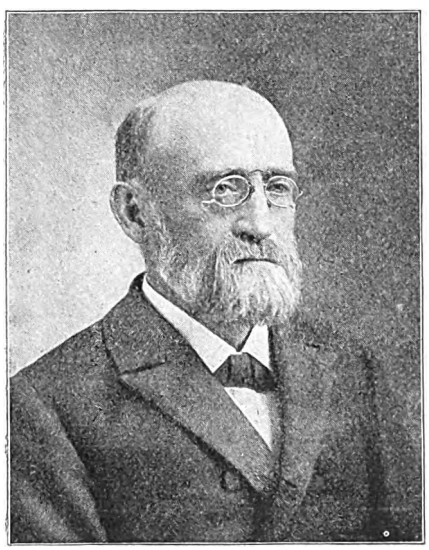
7 PAPER MONEY (Concluded).

Last of all we must call attention to what, for lack of a better designation, we may call the conservative theory of paper money. This theory rests upon the instant and immediate convertibility of money in accordance with the desire of the holders. The adherents of this theory advocate deposits of gold and other provisions to make this convertibility absolutely secure and undoubted. It is held that while the paper money should be legal tender and receivable in payment of all debts, public and private, it should be plainly declared that it is convertible into gold. It rests, then, upon a plain and unequivocal declaration in favor of the gold standard.

The arguments in favor of a government system of paper money have been already enumerated. Attention is called to the fact that we in this country insist upon the use of paper money. As we have become accustomed to it we have learned its advantages, and we accept metallic money only reluctantly, whether it consists of gold or silver. This was well brought out by the experience we had in connection with the panic of 1893, when at least in parts of the country the banks forced gold upon those who were taking part in the runs on banks, that is to say who in alarm were calling for their deposits. Paper was refused, and the acceptance of gold was forced as a mild kind of punishment. When the writer asked the cashier of one bank how the people liked to take the gold he was told in reply: "They kick like steers." We must take note, then, first of all, of the insistence upon paper money of some sort. We have furthermore noticed that we already have several hundred millions of paper in circulation, and that there would be some danger of a contraction of the currency if this should be withdrawn. In reply to the suggestions that the banks should replace it with bank money, it is urged, on the one hand, that the people should have whatever economies result from the issues of paper; and on the other hand, that bank money is not satisfactory unless the government is back of it. Consequently, inasmuch as the government must, in any case, bear the burden of securing the redemption of the paper money which is issued, all the economies which result from paper money should accrue to the people.



Prof. C. S. Walker, Massachusetts Agricultural College.

The full strength of the conservative theory of paper money is not fully appreciated. The endless sorrow, trouble and disaster which have attended depreciated paper money in our history cannot well be exaggerated. Perhaps scarcely anything in our history has done more to retard social progress than depreciated paper money. All this may be acknowledged, and yet it may be maintained that government paper secured against depreciation is an entirely different matter from that paper which has cost us so much misfortune. It may be claimed that in the reaction against improper issues of paper we have gone too far. What but an excessive reaction can explain the withdrawal of the extremely convenient fractional paper currency which was issued during the war? No harm resulted from it; on the contrary, through its convenience in transportation, it assisted greatly in the development of many lines of business in which small payments are made.

The best statement of the conservative theory of paper money with which the present writer is familiar is that found in Prof. Charles S. Walker's article in the

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Bibliotheca Sacra for April, 1898. It is entitled "The Problem of the Currency." It is unfortunate that this very strong article should not have received a far wider circulation than that given by the excellent but limited class of readers afforded by this publication. Prof. Walker proposes the unequivocal acceptance of the gold standard, and the substitution of government paper money redeemable in gold to take the place of all our various kinds of money, except gold and subsidiary silver, and the small change afforded by token money. His ideas are represented in part in the accompanying quotation.(1)

7. PAPER MONEY (Concluded).

(1) **The Problem of the Currency.**—There are those who believe that the United States should not only coin money, but should also supply the people with all the paper money needed. They are at once confronted with the objection, that all such money is political money, and therefore necessarily not good. The answer is, that all paper money is either the creature of the law, or else it is not. If it is not, it is an unmitigated nuisance. If it is the creature of the law, then it is political money. Though paper money be issued by the banks, it is none less subject to political exigencies.

This objection set aside, the real question at issue is simply this: Is is not only possible, but also certain, that the United States government can supply the people with paper money as good as gold? If this money be as good as gold, if it be convertible on demand anywhere in the country into gold without discount or delay, then will there be no danger of inflation, no trouble as to foreign exchange. If it be as good as gold, then it is better than gold; for there is no abrasion, there is no real loss if it be destroyed, there is a great saving in counting, in carrying it, in storing it.

If in order to make a thousand millions of paper money as good as gold it should be necessary to keep dollar for dollar of gold in the vaults of the treasury and make every piece of paper money a gold certificate, even that would be an immense gain to the nation and to each individual.

But this would not be necessary.

The first essential for success in making government notes as good as gold is that the issue department of the treasury be entirely distinct from every other department. The revenues and expenditures of the government should be separated altogether from the department making and issuing paper money, just as distinct as the mint is from the internal revenue department.

The second essential is that the government keep on hand gold enough, for the sole purpose of paying on demand its paper money, whatever amount experience shall prove necessary: 33⅓ per cent would doubtless be amply sufficient.

From 1879 to 1890, $100,000,000 in gold was enough to redeem $400,000,000 of greenbacks. It was only after there were added $500,000,000 of silver certificates and the notes of 1890 to the greenbacks for the $100,000,000 of gold to sustain, and after the government was forced to draw upon the $100,000,000 of gold to pay its large deficits in current expenses, at a time too when international complications made an excessive foreign demand for gold, that the reserve fund of gold proved too small for the increased burdens put upon it.

The third essential is that the issue department as a rule (the exception will be stated later) should not pay out a paper dollar except in exchange for gold. If the system were to start from the beginning, of course there would be a surplus of $666,666,666 to invest in the public debt, or in some other security; but, as it is, we have already in circulation besides that in the treasury more than $1,000,000,000 in paper money, for which the government is responsible.

The fourth essential is that the government shall have the sole power to issue paper money as it has to coin money.

The fifth essential is that this money shall be legal tender the same as gold for all debts, public and private.

Besides these five essentials, the plan provides that, if more than $1,000,000,000 is demanded for the transactions of the business world, the amount may be secured by issuing paper money in exchange for gold, dollar for dollar.

If in the course of time this demand should prove to be permanent, the excess above $1,000,000,000 could be provided by the issue department investing paper money in government bonds to such an amount as the surplus of gold over the 33⅓ per cent of issue would allow.

How this system, when adopted, would work can be readily seen. As the six different sorts of money are received by the government, they will be cancelled and in their place the new bills, payable on demand in gold, issued. This policy would soon simplify our system of paper money and make counterfeiting still more difficult.

This money would act to all intents and purposes the same as specie. It would automatically check inflation. If there were too much money in circulation, paper would be changed to gold and the gold exported until the equilibrium should be reached. If there were not enough paper money, by presenting gold for it at the treasury, it could be secured to any amount.

It may be asked: Would it not be difficult for the treasury to procure and keep three hundred and thirty-three and one-third millions of gold in its vaults as the basis of this paper money?

October 1, 1897, the treasury had in gold coin and bullion $184,561,664, and since has refused large quantities of gold offered to it. It would be necessary to procure only $148,771,669 additional gold. There was at the same date reported by the treasury in circulation $528,098,753 in gold, The comptroller of the currency reported, July 14, 1896, that the national banks held $161,853,560 in gold; the amount to-day is probably still greater.

By calling in the national bank notes, therefore, the government by that means alone could secure the needed gold.—*C. S. Walker, in "Bibliotheca Sacra," April, 1898, pp. 334-336.*

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8. CREDIT AND CREDIT INSTRUMENTS.

Before we can understand the present monetary situation in the United States, it is necessary to consider credit, its instruments and its institutions, and accordingly we will devote a few lessons to these topics.

The word credit, like all terms used in popular life, has many meanings. It has been defined as "permission to use the capital of another person"; also as "confidence in the ability of another to make a future payment." But these definitions do not seem quite adequate. We may better define credit as "a transfer of goods for a promised equivalent." There are several elements involved in this conception. First we have the present transfer of wealth from the creditor to the debtor; secondly, we have the future transfer from the debtor to the creditor; in the third place we have the use of borrowed wealth in the meantime; fourthly, we have the element of confidence, resting either upon personal character or upon deposits of titles to wealth; and finally, in the fifth place, we frequently have instruments of credit.(1)

The instruments of credit are of several kinds, of which the most frequent are checks, notes, drafts, bills of exchange. A check is simply an order given by one who has deposited money in a bank ordering the payment of money to self, to another party named, or to the bearer of the check. The time element is here not prominent; but the element of trust is a considerable one, as we can see from notices posted in hotels and elsewhere to the effect that checks are not received. It is not safe to receive checks, unless we know the person who offers them. If the person who makes a check has no money deposited in a bank, or has not credit at the bank in some form, the check is worthless. The term draft is ordinarily employed simply to designate the check which one bank issues upon another bank. A note is a promise to pay to some one on conditions named. A note generally runs for some time and bears interest. Consequently, the time element is more important than in the case of the check or draft. A bill of exchange may be simply the draft of a banker upon a foreign bank, or it may be, and it more usually is, the draft of the seller of commodities upon the purchaser. The seller draws on the buyer by means of a bill of exchange, which is also sometimes called a draft. If merchant A sells goods to merchant B, he may draw on merchant B an order to pay to him, the seller, that is to A, or to a third party, C, A's banker, for example, the sum of money for which the goods have been sold. If B accepts the bill when presented, he writes his name on it and the word "accept." He is then bound to pay it when it falls due. The drawer of the bill, if he needs money, as ordinarily happens, takes it to a bank where it is discounted; that is to say, interest is deducted and the balance is credited to A, the drawer. B, upon whom the note is drawn, is called the drawee.

Book credit is still extensively used, both in wholesale and in retail trade. Book credit means that goods are simply "charged," and a bill afterward sent for the amount.

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8. CREDIT AND CREDIT INSTRUMENTS.

(1) **Of Credit, as a Substitute for Money.**— The functions of credit have been a subject of as much misunderstanding and as much confusion of ideas, as any single topic in Political Economy. This is not owing to any peculiar difficulty in the theory of the subject, but to the complex nature of some of the mercantile phenomena arising from the forms in which credit clothes itself; by which attention is diverted from the properties of credit in general, to the peculiarities of its particular forms.

As a specimen of the confused notions entertained respecting the nature of credit, we may advert to the exaggerated language so often used respecting its national importance. Credit has a great, but not, as many people seem to suppose, a magical power; it cannot make something out of nothing. How often is an extension of credit talked of as equivalent to a creation of capital, or as if credit actually were capital. It seems strange that there should be any need to point out, that credit being only permission to use the capital of another person, the means of production cannot be increased by it, but only transferred. If the borrower's means of production and of employing labor are increased by the credit given him, the lender's are as much diminished.

The same sum cannot be used as capital both by the owner and also by the person to whom it is

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lent; it cannot supply its full value in wages, tools and materials, to two sets of laborers at once. It is true that the capital which A has borrowed from B, and makes use of in his business, still forms part of the wealth of B for other purposes; he can enter into engagements in reliance on it, and can even borrow, when needful, an equivalent sum on the security of it; so that to a superficial eye it might seem as both B and A had the use of it at once. But the smallest consideration will show that when B has parted with his capital to A the use of it as capital rests with A alone, and that B has no other service from it than in so far as his ultimate claim upon it serves him to obtain the use of another capital from a third person, C. [Thus, for instance, he may borrow money on the security given him, which he himself may use again as capital.—EDITOR.] All capital (not his own) of which any person has really the use, is, and must be, so much subtracted from the capital of some one else.

But though credit is never anything more than a transfer of capital from hand to hand, it is generally, and naturally, a transfer to hands more competent to employ the capital efficiently in production. If there were no such thing as credit, or if, from general insecurity and want of confidence, it were scantily practiced, many persons who possess more or less of capital, but who from their occupations or for want of the necessary skill and knowledge, cannot personally superintend its employment, would derive no benefit from it: their funds would either lie idle or would be, perhaps, wasted and annihilated in unskillful attempts to make them yield a profit.

All this capital is now lent at interest and made available for production. Capital thus circumstanced forms a large portion of the productive resources of any commercial country, and is naturally attracted to those producers or traders who, being in the greatest business, have the means of employing it to most advantage; because such are both the most desirous to obtain it and give the best security. Although, therefore, the productive funds of the country are not increased by credit, they are called into a more complete state of productive activity.

As the confidence on which credit is grounded extends itself, means are developed by which even the smallest portions of capital, the sums which each person keeps by him to meet contingencies, are made available for productive uses. The principal instruments for this purpose are banks of deposit. Where these do not exist a prudent person must keep a sufficient sum unemployed in his own possession to meet every demand which he has even a slight reason for thinking himself liable to.

When the practice however has grown up of keeping this reserve not in his own custody but with a banker, many small sums, previously lying idle, become aggregated in the banker's hands, and the banker, being taught by experience what proportion of the amount is likely to be wanted in a given time, and knowing that if one depositor happens to require more than the average, another will require less, is able to lend the remainder, that is, the far greater part, to producers and dealers, thereby adding the amount, not indeed to the capital in existence, but to that in employment, and making a corresponding addition to the aggregate production of the community.

While credit is thus indispensable for rendering the whole capital of the country productive, it is also the means by which the industrial talent of the country is turned to most account for purposes of production. Many a person who has either no capital of his own, or very little, but who has qualifications for business, which are known and appreciated by some persons of capital, is enabled to obtain either advances in money or more frequently goods on credit, by which his industrial capacities are made instrumental to the increase of the public wealth; and this benefit will be reaped far more largely whenever, through better laws and better education, the community shall have made such progress in integrity that personal character can be accepted as a sufficient guarantee not only against dishonestly appropriating, but against dishonestly risking, what belongs to another.

Such are, in the most general point of view, the uses of credit to the productive resources of the world. But these considerations only apply to the credit given to the industrious classes—to producers and dealers. Credit given by dealers to unproductive consumers is never an addition, but always a detriment, to the sources of public wealth. It makes over in temporary use, not the capital of the unproductive classes to the productive, but that of the productive to the unproductive. If A, a dealer, supplies goods to B, a landowner or annuitant, to be paid for at the end of five years, as much of the capital of A as is equal to the value of these goods remains for five years unproductive.

During such a period, if payment had been made at once, the sum might have been several times expended and replaced, and goods to the amount might have been several times produced, consumed and reproduced: consequently B's withholding 100*l.* for five years, even if he pays at last, has cost to the laboring classes of the community during that period an absolute loss of probably several times that amount. A, individually, is compensated by putting a higher price upon his goods, which is ultimately paid by B: but there is no compensation made to the laboring classes, the chief sufferers by every diversion of capital, whether permanently or temporarily, to unproductive uses. The country has had 100*l.* less of capital during those five years, B having taken that amount from A's capital and spent it unproductively, in anticipation of his own means, and having only after five years set apart a sum from his income and converted it into capital for the purpose of indemnifying A.

Thus far of the general function of Credit is production. It is not a productive power in itself, though, without it, the productive powers already existing could not be brought into complete employment.

But a more intricate portion of the theory of Credit is its influence on prices; the chief cause of most of the mercantile phenomena which perplex observers. In a state of commerce in which much credit is habitually given, general prices at any moment depend much more upon the state of credit than upon the quantity of money. For credit, though it is not productive power, is purchasing power; and a person who, having credit, avails himself of it in the purchase of goods, creates just as much demand for the goods, and tends quite as much to raise their price, as if he made an equal amount of purchases with ready money. — "*Principles of Political Economy*," *Book III., Ch. XI., by John Stuart Mill.*

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9. ADVANTAGES AND DISADVANTAGES OF CREDIT.

Credit is one of the indispensable institutions of modern society. It would be simply impossible to do the business of the world without the use of credit, unless indeed the whole industrial order should be entirely reorganized, and that in a manner which is scarcely conceivable. We have already seen that the present state of industrial life is characterized as credit economy. This points to the fact that our exchanges are generally effected through instruments of credit, so that in the great markets of the world the use of money is perhaps required for not over one-tenth of the exchanges effected.

We may summarize as follows some of the marked advantages of credit, and in doing this the author will quote from his *Outlines of Economics.*

1. Credit furnishes a more perfect and convenient means of payment in large sums and between distant places than the precious metals, saving time and labor. This is effected by means of notes, checks, and bills of exchange. It is thus that only small sums of money are sent from one country to another in international trade. Only balances are paid in money. If some London merchants owe New York merchants a million pounds and other New York merchants owe these London merchants a million pounds, it is obvious that no money need leave either country. The London merchants will send orders to their New York debtors to pay their New York creditors. This is the simplest kind of *cancellation of indebtedness.* In actual life it is more complex, but the principle is the same. If the London creditors of New York merchants are not the same as the London debtors, the debtors could buy orders of the creditors and send them to New York. If New York merchants owe London merchants, it is possible that Paris merchants may owe New York merchants an equal sum, while London merchants are in debt to Paris merchants to the same amount. By exchange of orders all debts could be paid. This is called *arbitration of exchange.* Naturally a class has arisen which deals in these instruments of credit, and this is the class of bankers and brokers. Debtors and creditors both resort to them. Bankers and brokers are the middlemen between debtors and creditors.

2. Credit takes the place of corresponding amounts of gold and silver. This is a saving, enabling us to employ the precious metals for other useful purposes.

3. Capital is employed more productively. He who possesses capital, but is for any reason unable or unwilling to use it, transfers it to another for compensation, and thus both are benefited as well as the public economy. Other things being equal, it is given to him who will pay the most for it, and in a normal condition of things this is the one who can employ it most productively.

4. Credit enables those who have business qualifications and no capital, or inadequate capital, to engage in business and to employ their talents for their own benefit and for the benefit of society. Many thus start without capital, and in the end become capitalists themselves. Credit has been the starting-point of many of the large fortunes now existing. Credit brings together in numerous instances capital without business qualifications or inclination for business, and talent without capital, and thus may be said to be not without influence in uniting capital and labor harmoniously. This is particularly the case with those institutions which supply capital to the poorer classes, like the German coöperative credit unions, which furnish artisans, mechanics, and small traders with capital, and with American building associations, which furnish the same classes with capital for the construction of homes.

5. Credit gathers together the smallest sums, particularly by means of savings banks, and these small sums forming a large aggregate are productively employed by joint-stock companies and other concerns. Capital is thus concentrated, but its returns are scattered among the people. Credit encourages capital accumulation and

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promotes thrift. Credit in this manner gives employment to small accumulations as they are made, and this helps men to provide for emergencies and for old age. Other advantages of credit will suggest themselves to the careful observer. (1)

The dark side of the credit economy must not be overlooked. It continually encourages extravagance, and this is a fruitful source of fraud and embezzlement. Credit promotes precarious speculation, because those who engage in it have little of their own capital to lose, and are over-reckless with the capital of other people. Our entire land is strewn with the ruins of businesses wrecked by men who have mismanaged the property which unwise credit gave into their hands. As credit sometimes enables the poor man with gifts recognized and favorably situated to become an independent producer, it frequently enables the one already producing on a vast scale to extend his gigantic operations and crush out men who have been independent producers.

It has been said that all "consumptive credit," that is, credit to enable one to spend money for one's personal gratification, or for personal use in any way, is bad, while productive credit, credit for carrying on a business, is good; but the line can not be so sharply drawn. Consumptive credit frequently leads to extravagance, but it also has enabled many a young man to develop personal powers and to become a great artist or scholar, while, as just seen, productive credit frequently causes loss.

9. ADVANTAGES AND DISADVANTAGES OF CREDIT.

(1) **Credit.**—Another cause of scant money supply is exemplified in communities of active producers. Such people spend their money, not for immediate personal consumption, but for various forms of capital which will tend to increase their wealth in the future. It is not because they are poor that they keep themselves scantily supplied with money, but because they hope to be rich by means of its investment. Where farms, railroads, factories, and other forms of productive enterprise seem to insure their owners a return of ten per cent, the temptation to use too much money in purchasing means of production and leave too little to serve as a medium of exchange is at times quite overwhelming. In such communities there is always an active attempt to develop a credit system which shall serve the place of money.

The simplest means of accomplishing this result is the use of account books and offsets. If *A* purchases stoves of *B*, and *B* purchases coal of *A*, each transaction creates a debt. If *A*'s purchases in the course of a year amount to $100 and *B*'s purchases to $90, the debt can be settled by the payment of $10, and the use of money thus greatly lessened. But such a process is only available where two people are dealing with one another. If *A* sells to *B*, *B* to *C*, and *C* to *A*, a comparison of the books and a system of offsets connected with it would involve so much time and uncertainty that it would probably be easier to pay in cash.

The system of bank credits has been utilized to meet this difficulty. Suppose that *A*, *B* and *C*, all have deposits in the same bank. *A* owes *B* $100, *B*, owes *C* $90, *C*, owes *A* $80. Instead of paying one another the money, each gives his creditor an order or draft on the bank for the amount of the debt. Such an order is known as a check. When *B* receives *A*'s check he takes it to the bank; and instead of collecting the money he has the sum credited to his account. Against this credit of $100 we have to offset a debit of $90, which *B* has drawn from his account to pay *C*, leaving him $10 better off than he was before. *C* in like manner has a credit of $90 and a debit of $80; while *A* has a credit of $80 against a debit of $100, representing a net reduction of $20 in the value of his deposits. All of these transactions can be settled or "cleared" if the bank collects $20 from *A* and pays $10 each to *B* and *C*. Transactions to the amount of $270 would thus be effected by the use of $20 actual cash. In many instances, even this small amount can be reduced. *B* and *C* will leave their money on deposit instead of calling for the cash from the bank; while *A* will make good his deficit, not by an actual deposit of cash, but by an excess of credits over drafts in the immediate future. A balance against him to-day will be offset by a similar balance in his favor to-morrow. The necessity for actual payments of cash to or from the bank, will be diminished, if the accounts of different depositors are left to run from month to month.

If *A*, *B*, and *C* deal with different banks, the same process of settling debts without the use of money is effected through the agency of a clearing house. If *A* has a deposit in the First National Bank, while *B* has a deposit in the Second National Bank of the same place, *A* pays *B*, by giving him an order on the First National Bank, but *B* does not take it to that bank for collection; he takes it to his own bank, and transfers to that bank by endorsement his title to the check, the bank meantime crediting him with a corresponding sum on his deposit account. This check, which was formerly an order from *A* to the First National Bank to pay $100 to *B*, is by this endorsement made an order to the First National Bank to pay $100 to the Second National Bank. In the course of the day each bank thus accumulates a large number of orders in its favor against other banks in the same place. These orders or credits are all sent to a clearing house, which does for the different banks the same work that the bank did for its individual customers in the case previously supposed. Any bank that has an excess of orders in its favor over the orders presented against it, is credited with the surplus; while any bank that has a balance in the other direction is debited with the deficiency.—*"Economics," by Arthur Twining Hadley, pp. 231-236.*

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10. THE INSTITUTIONS OF CREDIT—BANKS.

There are various institutions of credit, but those which we will now consider, as they are the most important, are Banks and Clearing-houses.

A bank is sometimes called an institution which deals in credit. A bank is an intermediary between the borrower and the lender; and it is through the functions it performs as intermediary that it derives its profit. A bank receives deposits and makes loans, and as Prof. Charles F. Dunbar of Harvard University has said, these constitute the two essential functions of modern banking. Quoting from his work: *The Theory and History of Banking*, we have this definition of a bank: "A bank may be described in general terms as an establishment which makes to individuals such advances of money or other means of payment as may be required and safely made." (1)

Banks have combined with these two functions that of issuing notes or paper money. At one time the function of issuing bank notes, that is to say, the bank's own promises to pay to bearer on demand, for general circulation, was considered one of the chief, if not the chief, features of banking in the United States. This was in the days of so-called "wild-cat banking." The security was so imperfect that the notes frequently passed with difficulty and often at a discount, which was a loss to the receiver, especially if the receiver were a comparatively poor and helpless person. Workingmen especially were defrauded by cheap paper money issued by banks. Our present bank notes are issued only by the national banks, and these were instituted during our civil war. They rest upon government bonds which were deposited at Washington as security, and they may not exceed ninety per cent of the face value of the bonds thus deposited.



Illinois Trust and Savings Bank, Chicago, A Model Bank.

Inasmuch as our government bonds have stood high in the markets, the bank notes have always been perfectly safe, and their holders have never lost anything on account of the failure of a national bank, inasmuch as the bonds deposited have been more than sufficient to redeem the notes.

The United States government has laid a tax of ten per cent upon notes issued by State banks, and this tax is practically prohibitory. As a consequence only national banks issue bank notes. Through the payment of the public debt and the high price of bonds it has become quite difficult for national banks to supply the demand for paper money. In fact, some national banks do not even make use of the right which they have to issue bank notes, as they do not find it at present profitable. As a result the quantity of notes issued by the national banks has decreased.

Throughout the world generally, the tendency is to confine within strict limits, and indeed, greatly to reduce the number of bank notes that may be issued by banks. This is the case notably in England and Germany, where no new banks can secure the right to issue notes, and where a process of centralization in bank issues is going on; in England, in the Bank of England, and in Germany, in the

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Imperial Bank, making the bank notes themselves more and more resemble government paper money.

We have, however, in this country a strong body of men advocating such changes in our banking laws as will enable banks to issue larger quantities of paper money with a profit to themselves, and indeed, to furnish the country with all the paper money needed, inasmuch as these men likewise propose the retirement of the government from the banking business, as they call the issue of paper money.

10. THE INSTITUTIONS OF CREDIT—BANKS.

(1) **Discount, Deposit and Issue.**—In other words, the business of a bank is said to be to lend or discount, and to hold deposits. With these two functions is often combined a third, that of issuing bank-notes, or the bank's own promises to pay, for use in general circulation as a substitute for money.

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The borrower who procures a loan from a bank does so in order to provide himself with the means, either of making some purchase, or of paying some debt. He seeks, therefore, to obtain, not necessarily money, but a certain amount of purchasing power in available form, or of whatever may be the usual medium of payment, measured in terms of money. If we suppose him to be a merchant, buying and selling goods upon credit in the regular course of his business, he is likely at any given time to have in his hands a greater or less number of notes, not yet due, signed by the purchasers to whom he has heretofore made sales; and it is in the form of a loan, made upon the security of one or more of these notes and giving him immediate command of the amount which will become due upon them in the future, that he is likely to procure what he needs from the bank.

This loan may be supposed to take the form of what is termed a discount; in which case, in exchange for the note "discounted" the borrower is entitled to receive from the bank the amount promised in the note, less the interest on that amount computed at an agreed rate for the time which the note has still to run.

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It is now clear, however, that the operation which we have described, although spoken of as a loan by the bank to a borrower, is in fact something more than a loan. The note when given was evidence that its holder owned the right to receive at a fixed date a certain sum of money, and this right the so-called borrower has ceded to the bank. Passing over for the present all question as to what he has received in exchange, his cession of property by sale is as distinct and complete as if he had sold a bale of cotton to another merchant, instead of selling to a bank his right to receive money in the future.

It is true that in parting with the note he probably endorsed it, and thus bound himself to make good its amount in case the promiser should fail to do so; but he might equally bind himself by some warranty given to the purchaser, when selling any other description of property. The note has ceased to be his, and now takes its place among the investments or securities of the bank, although custom may lead to its classification as a "loan or discount."

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We have now to consider what it is that the bank gives in exchange for the right to demand and receive money at a future time, acquired by it under these circumstances. To return to our first and simplest case of so-called discount; the proceeds of the discounted note, or its nominal amount less the interest for the time for which it is to run, are in the first instance placed to the credit of the merchant, to be drawn out by him at once or at different times, as convenience or necessity may dictate. In thus crediting him with the proceeds, the bank plainly gives to him simply the right to call upon it at pleasure for that sum of money.

Whether this right is exercised at once by demanding and receiving the money, or whether the exercise of it is postponed as regards the whole or a part of the amount, in either case the right to demand, or to "draw," is the equivalent received by the merchant in exchange for the right sold by him to the bank, of which the note discounted was the evidence. And the sum which he is thus at any time entitled to call for, so long as it stands to his credit, is said to be deposited in the bank, or, to be a deposit standing in his name.

So, too, in other cases of so-called "loans" or "discounts"; whatever form they take and whatever the collateral security held by the bank may be, the operation is after all essentially an exchange of rights, whereby the bank acquires the right to receive money, or the legal tender of the country, at some future time, and the individual acquires the right to call for money or legal tender at pleasure.

The result is to give to him that immediate command of purchasing power, or of the usual medium of payment, which, as we have said, is the real object sought by him; but at the outset this result is usually secured and the relations of the bank and the "borrower" are settled, by the sale of one right for another, and without the intervention of money or any of its tangible substitutes.

But the deposit may owe its origin to a different operation from that which has just been examined. It happens every day that the merchant having cash in hand prefers not to hold it in his possession until it is required for use, but to "deposit" it with the bank where he usually transacts his business, until he needs to use it.

In this case when he make his deposit, the property in the money or substitutes for money actually handed in by him, passes to the bank, and he receives in exchange the right to demand and receive at pleasure, not that which he paid in, but an equivalent amount. Here then, as in the former case, the transaction is in effect a sale, although the use of the word "deposit" seems at first to justify an entirely different idea of its character.—"*Theory and History of Banking*," *by Charles F. Dunbar, pp. 9-14.*

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11. CLEARING-HOUSES.

Clearing-houses, of which we hear so much, are, after all, very simple contrivances. They are institutions, primarily, to economize time. A clearing-house is an association of banks which meet at a given time and place to exchange checks and drafts which they hold against each other. This saves an immense amount of running about and economizes the use of money, as only differences are paid. For example, if bank A holds checks and drafts amounting to a million dollars on bank B, and bank B holds similar instruments to the amount of nine hundred thousand dollars on bank A, then bank B would only pay the difference of one hundred thousand dollars, and this difference would be paid to the clearing-house, which would in a similar way adjust all differences between all the banks belonging to it. (1)

Clearing-houses have, however, taken upon themselves a few functions growing naturally out of the association of the banks in a given locality. They allow only those who are supposed to be up to a certain standard to come into the association, or to remain in it, and thus they help to keep the banking business upon a high plane. They have also, in times of panic, issued certificates which for the time being have passed among themselves in lieu of money, and have helped to tide over periods of distress.

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11. CLEARING-HOUSES.

(1) **Clearing-houses.**—An institution set up by persons or corporations engaged in some particular department of trade or finance for convenience in settling accounts and effecting exchanges.

There were May 1, 1892, in the city of New York ninety-five banks, with an aggregate capital of sixty-seven million, three hundred and twenty-two thousand, seven hundred dollars and a surplus of sixty-nine million, nine hundred and seventy-two thousand, five hundred dollars, many of them situated at remote distances from others. Each in its daily dealings receives large amounts of bills of, and checks on, other banks, so that at the close of the day's business every bank has in its drawers various sums thus due it by other banks. It is in like manner itself the debtor of other banks, which have, during the day, received its bills and checks drawn upon it.

Before the establishment of the clearing-house it was necessary for each bank every morning to make up its account with every other bank, and to send its porter to present the bills and checks so received to the debtor banks for payment. The balances of their indebtedness were adjusted by payments in gold, which became so laborious, dangerous and complicated that the balances were settled only weekly, on Friday instead of daily—a course that induced much evil.

This was obviated by the clearing-house system, through which settlements are so simultaneously and almost instantly effected that the transactions adjusted through it have amounted in one day to the enormous sum of two hundred and ninety-five million, eight hundred and twenty-one thousand, four hundred and twenty-two dollars and thirty-seven cents, in adjusting which the exchanges were settled in the space of an hour.

The establishment of a clearing-house system closed two thousand five hundred bank ledger accounts, with numerous daily entries in each; enabled the banks to settle every day with each other without delay or loss through the clearing-house, they now having no direct business with each other except through that medium; and with comparatively little trouble brought each officer into intimate and friendly relations with the others, thus enabling them by united action to aid and strengthen each other in times of excitement and financial danger, and to exert by their combined power a salutary influence upon the banking business of the country at large.

It is doubtful if without the aid of the banks of the city of New York the United States, upon the breaking out of the civil war in 1861, could have raised the loans necessary to carry on the war in time to prevent the success of the enemies of the Union. It is certain that without the Clearing-house Association the banks could not have furnished the funds, which at once established the credit of the government, and enabled it, by the restoration of confidence, to negotiate its bonds to the enormous amount of over two billion dollars.

During those exciting times the machinery of the clearing-house worked with regularity and exactness; the banks united as one, daily equalized their resources, and presented to the world a most important as well as practical proof that in "union there is strength."

The panic of 1873 was only checked by similar action, as also in May of 1884, the experience of the war enabling the banks to act with such promptness in combining their entire resources by the use of over twenty-five million dollar loan certificates as to sustain themselves against a panic, the serious results of which were greatly modified by their action.

From Oct. 11, 1853, to May 1, 1892, a period of thirty-eight years and seven months, the total transactions of the New York clearing-house amounted to the sum of $1,015,343,101,754.53, an average of $85,791,559.08 per day for the entire period. The present daily average is about $130,000,000.

Of this vast business so exact and complete, is the system that no difference of any kind exists in any of its books or accounts, neither has a loss occurred from its organization to the present time.—"*Johnson's Universal Cyclopedia.*"

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12. SUGGESTIONS ON THE PRESENT MONETARY SITUATION IN THE UNITED STATES.

The readers of this course who have followed with care the discussions of the money problem up to the present lesson may feel that the subject is both a complex and a perplexing one; and so it certainly is. Any presentation of the subject which conveys any other impression is one-sided and false. It is one which has engaged the attention of many fine intellects in our own and other lands, and as yet there is no agreement among them. For this state of things, passion and prejudice, arising out of conflicting or supposedly conflicting interests, are partially, but only partially responsible; the difficulty of the money problem itself is equally responsible.

It must not be supposed, however, that no progress has been made; for a comparison of the literature of money in the past and present shows that many errors have been discarded, with something like substantial unanimity, by men of scientific attainments, while we certainly have more light than formerly on the entire subject. Prof. Charles S. Walker, from whose article in favor of paper money and the gold standard we have quoted, has quite different ideas and quite a different program of monetary reform from Prof. J. Laurence Laughlin, but on the entire subject of money it is probable that their points of disagreement would be few in comparison with their points of agreement. Were we to add the names of Prof. J. Shield Nicholson, Gen. Francis A. Walker, and Prof. H. S. Foxwell of Cambridge, England, to the two authors already mentioned, and take a survey of the monetary writings of these five men, new points of difference would speedily become apparent; but it would still be true that the points of agreement outweigh and outnumber the points of disagreement. Perhaps it could scarcely be said that the points of agreement outnumber and outweigh the points of disagreement if we included in our survey the more radical wing of monetary reformers like Professor Parsons, President Thomas E. Will, and Mr. George H. Shibley; but if we contrast the writings of the last-named authors with those of the monetary radicals of one, two, and three generations ago, we shall still see that progress has been made in the direction of harmony, even though it has been discouragingly slow. We must fight out many points of difference, for all cannot have their way; but whichever side wins, the other has no reason to fear quite so serious disaster as might at one time have been anticipated. And that is at least something.



George H. Shibley.

The present writer, as he has so often stated, has not tried to elaborate in these articles his own program of reform, or to make propaganda for any particular program; but solely to help his readers, whatever their predilections, to survey the entire field, and to familiarize them with the various tendencies in monetary reform with which we must reckon; and with a few further suggestions concerning the actual situation, he must leave the subject of money for other topics which must engage our attention during the remainder of this course in economics.

The writers and speakers on the subject of money in the United States may be

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divided into two main classes with respect to their attitude towards government on the one hand, and towards banks on the other. The banking school, if we use this term, desire to enlarge the monetary functions of banks and to reduce those of government to a minimum. They make little of the legal tender quality of money, and many of them apparently would have the government do little else than certify the weight and fineness of coins. They believe in paper money, but only in that issued by the banks. Consequently, they would have the government retire its paper money and would encourage the banks by suitable legislation to supply the monetary needs of the country by bank notes, in so far as these needs cannot be satisfied with gold, subsidiary silver and small change. It is away from government and to the banks that they turn for an abundant supply of money, and for desirable elasticity in that supply.



Thos. E. Will, President Kansas State Agricultural College.

The government school, on the other hand, prefer to fit government for the task of supplying money. The conservative wing of the school admit the defect in the present governmental machinery; but they believe it practicable to remedy these. (1) They would doubtless all admit the faulty character of the method adopted for the custody of the government funds, so well described by Prof. David Kinley of the University of Illinois, in his book entitled *The Independent Treasury System of the United States;* but they look upon the desire that the government should "go out of the banking business" as a Utopian aspiration, if that means that government should be so conducted as to have no connection with this business. They would rather so develop our treasury system as to place the government in a position of control over the banks, rather than of dependence on the banks.

In conclusion it must be said that the position of those who dread the domination of the banks over the government is a far stronger one than many scholars and financiers seem to understand. Many great statesmen have shared apprehensions of this kind; and there are those who regard it as one of the wise features of Bismarck's statesmanship that by a variety of measures he attempted to place the German government in a relatively independent position with respect to the banks. The ignorant clamor of agitators against banks and bankers has obscured the real points at issue. Our bankers are a fine class of men, in the main upright, generous and public-spirited—a superior class of citizens. It is quite possible that the conditions of the banking business are now such as by a process of natural selection to place that particular kind of business in the hands of men who, take it all in all, can scarcely be matched by men in any other business in the country. All this may be cheerfully admitted by one who at the same time strenuously insists that there is grave danger in giving to the bankers such power over the country as the banking school desire to confer upon them.

The reason for this apprehension is found in the danger of conferring what the adherents of this school regard as public powers even upon a superior class of private citizens. They dread what they believe to be a class-consciousness, already developed among bankers, a class-consciousness which may be seen in their general

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opposition to so conservative and entirely wholesome a measure of reform as postal savings banks—a reform which, after all, might be found directly beneficial to the bankers, apart from its indirect benefit in stimulating thrift and accumulation in which, in common with all other citizens, they would share. Even so conservative a writer as Mr. Alexander Dana Noyes has, in his excellent book, *Thirty Years of American Finance*, felt obliged to enter a protest against what he deems an abuse of power on the part of certain bankers, when the exigencies of the situation a few years since gave them an opportunity to drive a hard bargain with the federal government.

12. SUGGESTIONS ON THE PRESENT MONETARY SITUATION IN THE UNITED STATES.

(1) **The Gold Reserve.**—Passing on now to the expedients proposed for carrying out more perfectly the national purpose to maintain the gold standard we find a very large variety.

As we have just noted, the immediate object of all such expedients must be the maintenance and proper management of the national gold reserve.

At this point the various plans of reform differentiate according as they leave this task of maintaining and managing the gold reserve to the United States Treasury as at present, or transfer it to some banking institution or institutions.

Let us begin with reform plans of the first class. The various expedients of this sort naturally divide into two such classes—those which try to render easier the task of the treasury and those which better fit the treasury for the performance of the task. But again, there are at least three ways for making the task easier for the treasury.

1. We can so alter the conditions that there will be diminished demand for gold for hoarding and export.

2. We can so change things that in ordinary times the supplies of gold needed for the satisfaction of this demand will be furnished from other sources, and so will not constitute a drain on the treasury.

Take now the first of these methods. What are the ways of checking the demand for gold?

Plainly the restoration of confidence would do much, since hoarding is entirely, and exportation largely, due to a feeling of doubt as to whether gold payments will be maintained. In this direction of restoring confidence would operate the expedients already referred to, such as the passage of a declaratory resolution or making notes and bonds payable in gold.

In the same way much would be gained were we to carry out the proposals to segregate silver and treasury notes by putting the former in the place now occupied by bank notes of small denominations, and shunting off the greenbacks into the bank reserves, or into the treasury as security or guarantee fund for the bank circulation or as a part of the reserve of the issue department.

Get silver and demand notes out of sight, particularly out of New York, and confidence would be greatly increased.

Again, much help would come from the partial retirement of these forms of currency by the diminution of their stock to say, two-thirds of the present amount.

The business world cannot but regard the probability of a debtor's solvency as varying inversely as to the extent of his outstanding obligations.

Men would feel that our gold reserve could easily support four hundred millions of silver and notes, while six hundred millions might cause the structure to topple over.

A change of the utmost importance which would work in the direction of making the maintenance of the reserve easier by diminishing the demand for gold, as well as in other ways, would be the furnishing of adequate revenues.

During the troublesome period of borrowing through which we have passed, the presence of ample revenues in the treasury would have practically compelled the treasurer to hoard the greenbacks which it redeemed with the proceeds of various loans, and so would have caused a natural



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contraction of the circulation, which in turn would have checked the outflow of gold, and therefore greatly assisted in the maintenance of the standard. To meet this need for ample income, several schemes propose to give to the secretary the power to make temporary loans. The same would be the operation of any device for providing elasticity, especially contractility, in the currency, so that in dull times there would be a natural relief to that plethoric condition of the bank reserves, which always tends to drive out gold. . . .

Such are some of the devices for rendering easier the task of the treasury by diminishing the demand for gold.

The second method of seeking this result was to shift the burden, to a certain extent, on other in-

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stitutions—to make the conditions such, that other sources of supply will furnish in part, at least, the needed gold. As is well known, this was the state of the case almost entirely prior to 1892. The banks supplied the gold needed for export.

As the general stock in the country outside the treasury is larger than ever, the explanation of the failure of the banks to continue to do this work, is not the lack of resources.

It was chiefly due, no doubt, to the distrust caused by the purchase of silver and the correlated issue of new notes—a distrust which has not yet altogether disappeared.

Consequently everything that works in the direction of increased confidence will tend to reëstablish the former practice. Here, then, the methods already proposed to restore public confidence again suggest themselves.

But it is possible not only to persuade banks to furnish at least some of the gold but also to put some pressure, with this end in view, upon them, even though the task in general still rests upon the treasury.

The banks must of course maintain legal tender payments to their various creditors, whether note holders or depositors. Now, it is quite possible to diminish the care with which they can get posession of other sorts of legal tender. It is not necesary to retire all the silver to diminish the stock of the great central banks.

As already noted, almost every scheme proposes the relegation of the silver coin or certificates, to the small note circulation. Get it fully occupied in this way and the chances are that the New York banks would see comparatively little of it.

Similarly the greenbacks would be shelved by any one of two or three plans requiring the banks to keep a considerable part of their reserves in treasury notes, or to use them as a guarantee fund for the bank notes (as in the Carlisle-Cox bill) or prohibiting reissue after redemption, except in exchange for gold, and so far it would tend to compel gold payments.

If it should not prove easy to compel the banks to maintain gold payments by cutting off their supplies of other legal tender, then some measures would, at least, make it more difficult for the banks to get hold of the treasury notes with which to draw off the treasury's gold, and thus would bring upon the banks considerable pressure to furnish, themselves, the gold demanded by their customers for export.

Doubtless the banks could refuse to do this, but it is not likely they would do so, since they would have every reason to dread the possible appearance of a gold premium.

A third class of expedients for making easier the task of the treasury in maintaining the reserve is to provide that the gold stock of the country shall naturally gravitate towards the treasury.

When one considers the very great dimensions of this stock, and the very small portion of it which is in actual use, is a medium of exchange in the ordinary sense, it seems certain that our failure to make easy work of maintaining the gold reserve, must be due, not to the lack of gold in the country but to some failure on our part to make the most economical use of what we have.

Now, plainly, the most economical way to use gold is to withhold it from uses where other moneys will do just as well, and devote it to the particular task which it alone can perform.

Applying this principle, it surely would be wasteful to extend the use of gold as the ordinary medium of exchange, since people do not like it for this purpose, and, besides, have something else for that work. Again, it is wasteful to use the gold for bank reserves, since banks are not obliged to pay gold, but only legal tenders of some sort. . . .

But a use for gold which is not wasteful, because absolutely necessary is to keep up the standard money reserve, the maintenance of which is so plainly essential to the maintenance of the standard of value.

These propositions being admitted, it plainly follows that the system should be so constructed—the channels of the circulatory system so adjusted—that the supplies of gold shall naturally flow into the treasury, which has the keeping of the reserve.

Now is it needless to say that this is very far from being the case. Just now, indeed, the treasury stock is growing. But in general, during the last five years, it has been necessary to make great and constant effort to keep a fifth of the gold stock with the treasury.

* * * * * *

Where does the gold go that does not get into the hands of the Treasury? The answer is, into hoards and bank reserves chiefly. As regards the hoards nothing would avail so much as unquestioning confidence in the stability and permanence of the gold standard. Few people would hoard gold if they had no thought that it would go to a premium. The devices already suggested for this object of securing confidence will tend to release gold from hoards. Further, restored confidence would diminish the tendency of the banks to discriminate in payments to the government, as they do now, retaining the gold and paying over either Treasury notes or silver.

But, again, the bank reserve must be made to yield its supplies of gold. And this, as remarked in another connection, is very easy. Thus several of the reform projects provide that the banks shall be required to keep the larger part of their reserves in Treasury notes. Doubtless the banks will object to this. Their position is a favorable one. Reserves—idle money—they must keep. On some hundreds of millions, therefore, they lose interest in any case. Now these reserves they are at liberty to keep in the form of gold; yet they are permitted at the same time to discharge all their other obligations in other legal tenders, paper or silver. Thus they are by law placed in a position to reap all the advantages of hoarding gold without accepting any of the burdens or obligations belonging to such a position.

Either require them to maintain gold payments or to release the gold. Of course, this does not mean that they shall be prohibited from hoarding gold, as any one else would—that is, outside their reserves.

If they think the chance of gain great enough to offset the loss of interest, let them keep all the gold they please. But we may be very certain that they will do little hoarding of this sort.

* * * * * *

We have now considered some of the devices for making the task of the Treasury an easier one, We must next see how it has been proposed better to fit the Treasury for the performance of that task, for of course it is impossible to provide automatically working conditions which will entirely satisfy the case. Conscious, rational interference is at times inevitable. The keeper of the reserve must consciously endeavor at times to check the outflow of gold and at times to stimulate the in-

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flow. Where the banks attend to the work they have devised an elaborate system of expedients to accomplish these ends.

If, with us, the Treasury is to continue the performance of this function, it should be organized as far as possible for that purpose, and provided with adequate machinery.

This necessity is more or less fully realized by all reformers. The first thing needed is evidently the separate organization of an issue department having special functions and powers in this matter. To go at least as far as to make the reserve inviolable has been repeatedly proposed, and is contained in the Brosius bill still before the House of Representatives. The plan of Secretary Gage, as also that of the Monetary Commission, goes still further, and formally provides for a separate department to have charge of this matter, with authority to issue bonds, convert the note issue into bonds, and *vice versa*.

Some step toward organizing a separate department is almost plainly indispensable.

The Treasury department is a political department. Its business is not the best regulation of commercial affairs, but the providing of the fiscal needs of government.

The regulation of the circulating medium should be entirely unhampered by the needs of the government for revenue. Practically the gold reserve has been repeatedly spent to pay the every-day bills of the country, instead of being devoted to its proper function of the maintenance of the standard. Probably the administration had no option in the matter. But the law surely should be so changed that such a thing may not occur again.

But supposing a separate issue department established, provision should be made for enabling it to discourage the outflow and encourage the inflow of gold. It would probably have the power to use the so-called premium policy, making some special charge for gold bars higher than for coin. The Treasury at present, as I understand it, refuses to give bullion. A much more important provision was proposed by Mr. Jordan in his hearing before the Committee on Currency and Banking, that the Secretary should have power to issue bonds to draw off and hoard the surplus supplies of money on the New York market, and so raise the rate of discount and check a gold drain. This is substantially the policy used by the Bank of England in recent years, whereby she borrows upon consols the free money in the city, and so compels other banks to raise their rate of discount to correspond with her own official minimum.

This hoarding of greenbacks, as provided for above, would also act to hinder the outflow of gold by making it difficult for the banks to get hold of the greenbacks with which to draw out the gold, and so putting some pressure on them to furnish the supplies themselves. Most plans of reform which anticipate even the temporary continuance of the Treasury in the business of keeping the reserve, further provide for the building up of the reserve, when necessary, by borrowing. —*F. M. Taylor in the "Quarterly Journal of Economics," April, 1898.*

SECOND WEEKLY REVIEW.

7. **PAPER MONEY (Concluded).**—The Conservative Theory of Paper Money. Arguments In Its Favor.
8. **CREDIT AND CREDIT INSTRUMENTS.**—Credit Defined. The Various Instruments of Credit.
9. **ADVANTAGES AND DISADVANTAGES OF CREDIT.**
10. **THE INSTITUTIONS OF CREDIT.**—Banks. The Banking Functions.
11. **CLEARING HOUSES.**
12. **SUGGESTIONS ON THE PRESENT MONETARY SITUATION IN THE UNITED STATES,** —Progress in the Discussion of Money. The Persistence of Differences. The Two Main Classes of Monetary Reformers.

QUESTIONS.

7. *What is understood by the conservative theory of paper money? Present the arguments for and against this theory.*
8. *Define credit. What are the elements in credit? Describe a credit transaction in which the element of confidence is at the maximum; in which it is at the minimum. Mention the various instruments of credit.*
9. *Mention the advantages of credit, also its disadvantages.*
10. *Define the functions of banks.*
11. *What are clearing houses? What are their primary functions? What their secondary functions?*
12. *What evidence can you adduce of real substantial progress effected in the discussion of money? What are the two main classes of monetary reformers with respect to the attitude taken towards the government? What can you say in favor of each position?*

SUBJECTS FOR SPECIAL STUDY

1. *The assignats in France.*
2. *Colonial paper money.*
3. *Paper money during the Civil War.*
4. *National banks versus State banks.*
5. *The functions of clearing houses.*
6. *The present monetary conditions in the United States.*

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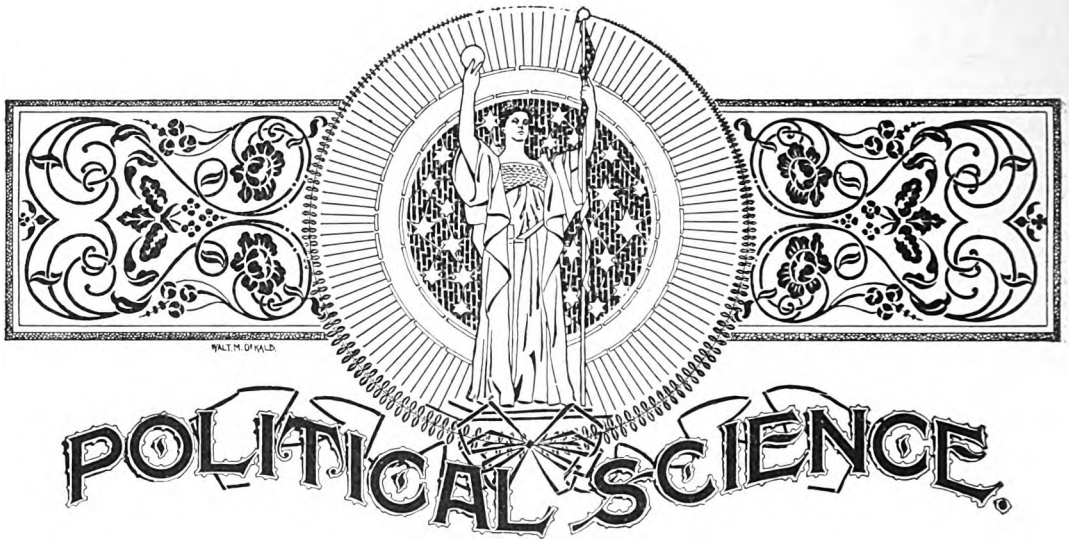

EDUCATION IN THE DEMOCRATIC STATE.

BY

JESSE MACY, M.A., LL.D., Professor of Political Science, Iowa College, Grinnell, Iowa.

13. THE SPARTAN STATE.

ALL governing is by means of education and training. In the anti-State education is based upon force. Such education tends to destroy certain faculties and to abnormally develop others. It tends to make of the subject a machine, and to render him a victim of superstition and erroneous beliefs. In the anti-State, governing involves lying and deception. In the true State education has a wholly different meaning. In the anti-State what we call education tends to destroy the characteristic qualities of man and reduce him to the condition of a brute. It is education in ignorance; a forced acceptance of error. The true State assumes that there is in human reason a natural preference for the truth; that in a free and unforced exercise of the faculties truth tends to prevail, that error requires the continued support of brute force; that the attempt to give to truth the support of brute force is a negation of reason, and results in the substitution of error. Truth cannot be maintained by an appeal to force; error cannot be maintained in any other way. This is the fundamental distinction between the State and the anti-State; between a government based upon reason and a government based upon force. In the State, authority rests upon will and not upon force. Force may be used as a minor agency in the process of education, applied chiefly to the abnormal or rudimentary man.

In the development of the modern State, Sparta holds an important place. It is the one Greek State which endured for many centuries with little change, and whose history has been fully written and widely read. Grote speaks of Lycurgus as "the founder of a warlike brotherhood, rather than the law-giver of a political community."(1) The State was emphatically a training school for all the citizens, men, women and children. The State became the foster parent of the infant, and from infancy to old age the citizen remained in the training-school of the brotherhood. It should be understood that that which constituted the ideal Spartan State included only a small fraction of the people. The Perioeci, who held and worked a portion

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of the lands, were freemen, and at the same time the subjects of the Spartan State, while the Helots, who worked the estates of the Spartans, were slaves, and constituted the great body of the population. The Spartan State which has had such an influence upon state-building in Europe is the "brotherhood" itself, the subject peoples being only incidentally involved.

It is difficult for the victim of Asiatic philosophy to think of anything but force as prevailing in such a State as Sparta. But if we may trust the uniform testimony of historians, the government of the Spartan Brotherhood was founded upon something infinitely stronger and more enduring than brute force. The Spartan youth endured pain, and privation, and death, not from a fear of punishment, but because he felt himself to be a part of the Brotherhood. The Brotherhood commanded endurance, and every member of it was trained to express the common sentiment in his own life and conduct. Sparta endured with little change for five centuries, because for so long a time it maintained unbroken the spirit of the Brotherhood. There was no division, in the Asiatic sense, into rulers and subjects. Every member of the Brotherhood was a ruler and every member was a subject. They had, it is true, their Senators, their two Kings, and their Ephors. But these were at all times individually and collectively subjects of the Spartan State. When, in later and degenerate days, the officers of the Brotherhood ceased to be subjects, the State was at an end. The Spartans depended for security upon the will of the people. No true State can have any strength, any security, in any other way. The State was destroyed as soon as there was an attempt to govern Spartans by force. In all States in all lands the same tendency has been manifest. Force in government has tended to destroy the State.(2) The Spartans did not dare to build a wall around the city. They knew where their strength lay. Their wall was composed of living men animated by a common spirit. Any other dependence would have been death to the State.



George Grote.

Historians remark upon the long duration of the Spartan Constitution. The fact is the Spartans would not trust themselves to written laws. Grote states that all premeditated statutes were interdicted. "When disputes are to be settled or judicial interference is required, the magistrate is to decide from his own sense of equity; that the magistrate will not depart from the established customs and recognized purposes of the city, is presumed from the personal discipline which he and the select body to which he belongs have undergone." The laws of the State consisted only in custom and the "recognized purposes" of the Brotherhood. For the enforcement of these laws they depended entirely upon the training of the citizen.

But the Spartan Brotherhood was itself a Ruler. It ruled over ten or twenty times its own number of people of the same race, part of them freemen, part of them slaves. Its success as a ruler is no less remarkable than its success as a self-governing Brotherhood. The Spartan subjects, both slave and free, were spirited people. They had minds of their own. Naturally, it would seem, they were difficult to govern. It is well to recall here Sir Henry Maine's contention that monarchy is the easy and natural form for all government. Will any one mention an instance in history where so difficult a task in the ruling of subject peoples by a monarchy has been crowned with success for so long a period? We have a right

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to assume that it was because the Brotherhood governed itself through education and discipline, that it was enabled for five hundred years to secure the hearty co-operation of its subjects. The training which the ruler received as a member of the Brotherhood fitted him to meet the varied needs of the subjects outside the association.

When the Spartans undertook to rule over peoples whom they had conquered they utterly failed. They could rule themselves and their immediate subjects through a self-imposed discipline. In defense of the State they were invincible. They could not impose their rule upon other States.

In its mere form of government Sparta was not democratic. It is usually described as an oligarchy. But we cannot too often remind ourselves that the modern democratic State is not a mere form of government. It may assume any form the people want. In the evolution of the modern State, Sparta holds an important place, because it is an early instance of the expression by the State of the common purposes of a Brotherhood. Greece is in a sense the birthplace of the European theory of government, and Sparta is the most conspicuous instance of a successful Grecian State.

13. THE SPARTAN STATE.

(1) **Laws and Discipline of Lycurgus.**—Lycurgus (or the individual to whom this system is owing, whoever he was) is the founder of a war-like brotherhood rather than the lawgiver of a political community; his brethren live together like bees in a hive (to borrow a simile from Plutarch), with all their feelings implicated in the commonwealth, and divorced from house and home. Far from contemplating the society as a whole, with its multifarious wants and liabilities, he interdicts beforehand, by one of the three primitive Rhetræ, all written laws, that is to say, all formal and premeditated enactments on any special subject. When disputes are to be settled or judicial interference is required, the magistrate is to decide from his own sense of equity; that the magistrate will not depart from the established customs and recognized purposes of the city, is presumed from the personal discipline which he and the select body to whom he belongs, have undergone.

It is this select body, maintained by the labor of others, over whom Lycurgus exclusively watches, with the provident eye of a trainer, for the purpose of disciplining them into a state of regimental preparation, single minded obedience, and bodily efficiency and endurance, so that they may be always fit and ready for defense, for conquest and for dominion.

The parallel of the Lycurgean institutions is to be found in the Republic of Plato, who approves the Spartan principle of select guardians carefully trained and administering the community at discretion; with this momentous difference indeed, that the Spartan character formed by Lycurgus is of a low type, rendered savage and fierce by exclusive and overdone bodily discipline—destitute even of the elements of letters—immersed in their own narrow specialties, and taught to despise all that lay beyond—possessing all the qualities requisite to procure dominion, but none of those calculated to render dominion popular or salutary to the subject; while the habits and attributes of the guardians, as shadowed forth by Plato, are enlarged as well as philanthropic, qualifying them not simply to govern, but to govern for purposes protective, conciliatory and exalted.

Both Plato and Aristotle conceive as the perfection of society something of the Spartan type—a select body of equally privileged citizens, disengaged from industrious pursuits, and subjected to public and uniform training. Both admit (with Lycurgus) that the citizen belongs neither to himself nor to his family, but to his city; both at the same time note with regret, that the Spartan training was turned only to one portion of human virtue—that which is called forth in a state of war. —"*History of Greece*," *by George Grote, F.R.S., Vol. II., pp. 189-191.*

(2) **Individuality.**—He who lets the world, or his own portion of it, choose his plan of life for him, has no need of any other faculty than the ape-like one of imitation. He who chooses his plan for himself, employs all his faculties. He must use observation to see, reasoning and judgment to foresee, activity to gather materials for decision, discrimination to decide, and when he has decided, firmness and self-control to hold to his deliberate decision. And these qualities he requires and exercises exactly in proportion as the part of his conduct which he determines according to his own judgment and feelings is a large one.

It is possible that he might be guided in some good path, and kept out of harm's way, without any of these things. But what will be his comparative worth as a human being? It really is of importance, not only what men do, but also what manner of men they are that do it. Among the works of man, which human life is rightly employed in perfecting and beautifying, the first in importance surely is man himself.

Supposing it were possible to get houses built, corn grown, battles fought, causes tried, and even churches erected and prayers said, by machinery—by automatons in human form—it would be a considerable loss to exchange for these automatons even the men and women who at present inhabit the more civilized parts of the world, and who assuredly are but starved specimens of what nature can and will produce.

Human nature is not a machine to be built after a model, and set to do exactly the work prescribed for it, but a tree, which requires to grow and develop itself on all sides, according to the tendency of the inward forces which make it a living thing. —"*On Liberty*," *by John Stuart Mill, pp. 113, 114.*

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14. THE ATHENIANS.

Sparta was a State devoted to the narrow purpose of producing a perfect physical man adapted to the functions of war. It produced no artists of note, no poets, historians, or philosophers. It is Spartan history as seen through the eyes of Athenians that has tended mightily to give direction to the politics of modern Europe. The Athenians admired the Spartan State, and with Sparta as a model they sought to express the true philosophy of the State.

Xenophon had good reason to admire Sparta. On a certain night, in the heart of Asia, a thousand miles from the sea, he found himself in company with ten thousand Greeks, mostly Spartans, surrounded by innumerable hosts of enemies, and with all the generals of the Greeks treacherously slain. Yet in those desperate straits, the Greeks having held an extemporized town meeting in the early morning, appointed new generals, organized a plan of campaign and accomplished the most remarkable retreat in all history. If the Ten Thousand Greeks had been victims of a government by force, they would have been as helpless as were the Asiatic soldiers. They had the discipline of the Brotherhood, and hence they were invincible. So impressed was Xenophon with the superb training of the Spartans that he wrote a political novel in which he represented Cyrus the Great as being subjected to Spartan training, and by means of his *Cyropaedia* sought to teach his countrymen, the Athenians, how a statesman should be educated.



Xenophon.

Following the writings of Xenophon are the great works of Plato and Aristotle, who have ever since been teachers of the race. It is wide of the mark to suppose that these great philosophers followed in any narrow sense the teachings of Sparta. They had a minute knowledge of the structure of all the States of the period. Aristotle names more than a hundred whose constitutions he had carefully studied. Among them the Spartan State supplied the most abundant illustrative matter. Especially is it important, in that it furnished the model for a State founded upon the friendly coöperation of the citizens. But in the hands of the Athenian philosophers the scope of the Brotherhood is infinitely enlarged and aims at the perfection of man in his complete nature.

The Greeks saw distinctly the contrast between a despotic government and a true State. Aristotle says, "Many seem to think a despotic government is a political one, and what they would not allow to be just or proper if exercised over themselves, they will not blush to exercise over others; . . . But a despotic power is absurd, except only where Nature has framed the one party for dominion, the other for subordination."(1) A truly political State, according to Aristotle, cannot be a despotic State. It is a society for the mutual exchange of services. In such a State there is no place for a conflict between the individual and the State. In the writings of both Aristotle and Plato, the State has a care even for the unborn child. It has a care for the training of the citizen from infancy to old age. Right conduct is secured by right education; not by pains and penalties.

Plato's *Republic* and Aristotle's *Treatise on Government* are treatises upon education quite as distinctively as upon politics. In the view of those authors, politics and education are one and the same. The State is the product of education. The business of the State is the training and the exercise of the citizens in the practice of virtue. Plato and Aristotle were both preachers of righteousness. They lived at a time when the glory was departing from their city. Wars and conquests were

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resulting in the formation of despotic government. They who had been free were becoming wonted to despotism. The philosophers, being also patriots, wished to point out a better way; to call attention to the one only way for the preservation of the State. That way was to preserve the Brotherhood and unite all classes by bonds of mutual service. "Our object in the construction of the State," says Plato, "is the greatest happiness of the whole, and not of any one class."

But the Grecian States were not to be saved by the foolishness of preaching. Despotisms flourished, and the States became an easy prey to the Romans. There is reason to believe that Grecian learning had a salutary effect upon the Romans; that Roman politics was made more humane, more just, through Greek education. Grecian learning also profoundly affected the teachings of the Christian Church. It was, however, only at the end of the Middle Ages that the whole of European Christendom was baptized anew with Grecian learning. As stated in a former chapter, this was at a time when despotism in Church and State was being fastened upon the peoples of Europe. And then it was that sermons against despotic rule preached by Greek philosophers more than two thousand years earlier had great effect in arousing Europe to revolt.



Sir Thomas More. From Portrait Painted by Holbein in 1527.

Sir Thomas More's *Utopia* was written in 1515, soon after the discovery of the New World, and at the beginning of the Reformation. In this book we see heathen Greece in a supposed island in heathen America set to rebuke Christian Europe for its cruelty, injustice and tyranny. *Utopia* is a transcript of Plato's *Republic*, with many additions and variations. More did not admit slavery into his State, except in a limited way, and chiefly for disciplinary purposes. Utopia was a Brotherhood of all the people; no class was recognized as by nature rulers over other classes. The contrast between Utopia and the Greek State is most striking in the place given to war. In Utopia war is a dishonorable business. If it became necessary for purposes of defense, it was to be put into the hands of mercenaries, or those not yet trained to a high standard of morality. The Greeks were wanting as to any broad humanitarian spirit. *Utopia* on the contrary recognized a mission to the world. It proposed to conquer the world not by force but by moral and political training. It breathed the broad, catholic spirit of a "Parliament of Religions," and a "Federation of Man."

Sir Thomas More and the Greeks were at one in that they founded the State upon the will of a people who recognized no man as master. They are alike in that they repudiated force as the foundation of the State, and in its stead placed moral and religious training. Aristotle had much to say about the government of slaves; yet he distinguishes sharply the relation of the slave to the master, from the relation of the citizen to the powers that be in the State. In the State there is no yielding to force: there is yielding only to reason. (2) A despotic State he called an absurdity.

It should be noticed that what the Greeks called the State (πόλις), or city, was composed chiefly of the select body formed into a brotherhood. This might take organic form either as monarchy, aristocracy, or democracy. Whatever the form it continued to be a brotherhood. As soon as it became a despotism, the State was destroyed. Yet this Brotherhood held subject peoples, both slaves and freemen. In More's Utopia the brotherhood is expanded so as to include all the people. The

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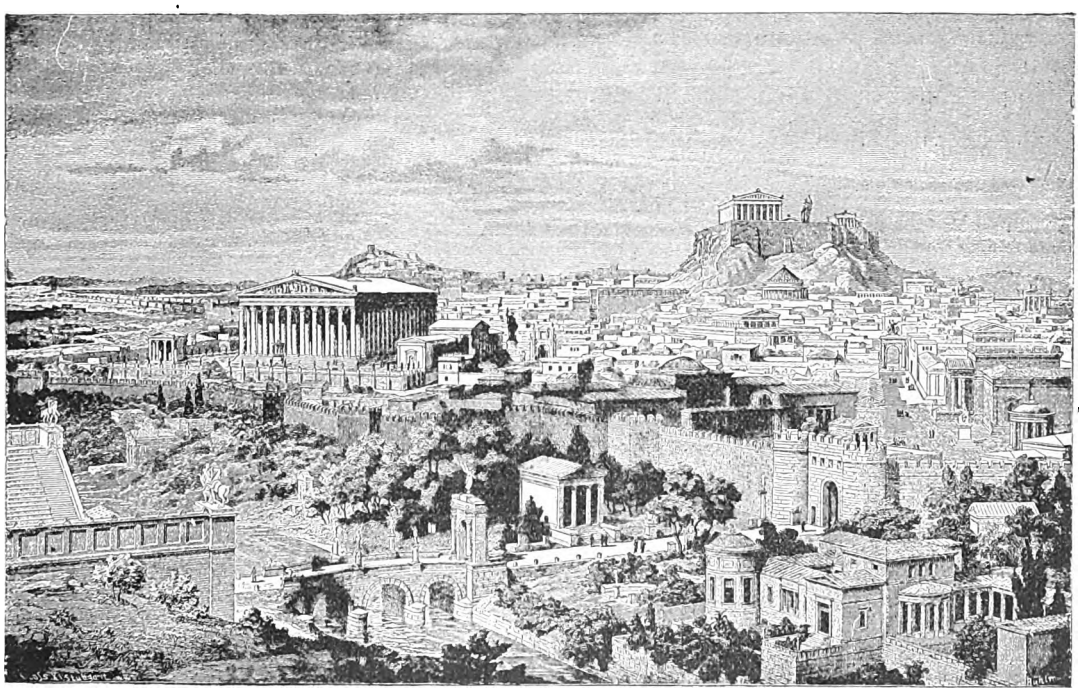
State among the Greeks was a ruling body. It corresponds more nearly to what we should call the government. But viewed as a government it was despotic. That is, it exercised authority over subjects. It imposed its own authority.

14. THE ATHENIANS.

(1) **The Ethics of Goverment.**—Among the Iberians, a warlike nation, they fixed as many columns upon a man's tomb as he had slain enemies; and among different nations different things of this sort prevail, some of them established by law, others by custom. Probably it may seem too absurd to those who are willing to take this subject into their consideration, to inquire whether it is the business of a legislator to be able to point out by what means a State may govern and tyrannize over its neighbors, whether they will or not; for how can that belong either to the politician or legislator which is unlawful? For that cannot be lawful which is done not only justly, but unjustly also; for a conquest may be unjustly made. But we see nothing of this in the arts, for it is in the business neither of the physician nor the pilot to use either persuasion or force, the one to his patients, the other to his passengers; and yet many seem to think a despotic government is a political one, and what they would not allow to be just or proper if exercised over themselves, they will not blush to exercise over others; for they endeavor to be wisely governed themselves, but think it of no consequence whether others are so or not. But a despotic power is absurd, except only when nature has framed the one party for dominion, the other for subordination; and therefore no one ought to assume it over all in general, but those only which are the proper objects thereof; thus no one should hunt men either for food or sacrifice, but what is fit for those purposes, and these are wild animals which are eatable.—"*Aristotle on Government*," *Morley's Universal Library, Book VII., Chap. XI, p. 231.*

(2) **Relations of Governors to People.**—As every political community consists of those who govern and of those who are governed, let us consider whether during the continuance of their lives they ought to be the same persons or different; for it is evident that the mode of education should be adapted to this distinction. Now if one man differed from another as much as we believe the gods and heroes differed from men; in the first place, being far their superiors in body; and, secondly, in the soul, so that the superiority of the governors over the governed might be evident beyond a doubt; it is certain that it would be better for the one always to govern, the other always to be governed; but as this is not easy to obtain, and kings are not so superior to those they govern, as Zeylax informs us they are in India, it is evident that for many reasons it is necessary that all in their turns should both govern and be governed; for it is just that those who are equal should have every thing alike, and it is difficult for a State to continue which is founded in injustice; for all those in the country who are desirous of innovation, will apply themselves to those who are under the government of the rest, and it will be impossible for the magistrates to get the better of them.—*Ibid., Book VII., Chap. XIV., pp. 255-256.*



Ancient Athens.

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15. THE HEBREWS.

Few persons read Aristotle or Plato; few read *Utopia*. These works have affected the thinking of the many through the interpretations of the few. The Greeks have made an impression upon the modern State through their influence upon the minds of statesman and philosophers. But the Hebrews produced a book whose influence has been most conspicuous upon the minds of the common people. Statesmen and philosophers have been guided and controlled by what the common people have read out of the Bible.

A few of the many Bible societies report a publication of two hundred and thirty-five million copies of the Bible during the present century. The number of copies from all other sources is probably greater. Notwithstanding the immense number of Bibles in use, the same societies report an annual publication of about five million copies of the Scriptures and parts thereof. When the revised version of the New Testament appeared, in 1881, traffic in the streets of New York was impeded for days by men with handcarts, hawking the old book. It was days and weeks before orders from country towns could be honored. The Chicago dailies printed the whole of the New Testament for their readers. This was the longest telegram ever sent over the wires. Apart from the Bible, the few books which have won the hearts of the common people and sell by the millions, are largely little else than transcripts of Bible language or Bible teaching. Instance the *Book of Common Prayer*, *Bunyan's Pilgrim's Progress*, *Thomas à Kempis's Imitation of Christ*.

The book has gone or is going into every tongue and language. If a language finds expression in books at all, one of them is sure to be the Bible. In the case of many tongues, the Bible is almost the only book which gives them expression. Languages have been reduced to writing for the express purpose of teaching the Scriptures. (1) The Bible is not simply a book; it is a cosmopolitan institution. It is the one agency which enables the highest and the lowest of the race to read each other's thoughts and to recognize a common moral obligation. When Stanley was sojourning with a friendly chief in the heart of the Dark Continent he desired to do something which should cause his dusky friend to feel that he was a part of the common brotherhood of the race. So he translated for him as best he could a portion of the Bible.(2) What better could he do?

The Bible is not a book for a race, or a sect, or a religion. It is a book for all races, sects, and religions. It reveals and exemplifies the principles of universal morality adapted to man. It reveals and exemplifies the principles of moral progress. The God of the Bible is on the side of the poor, the weak, the unfortunate, the victims of tyranny and injustice. He is against the man who would use the accident of superior strength, or craft, or knowledge, for the sake of self-aggrandizement at the expense of his fellow-men. The theme of Plato and Aristotle is justice, or righteousness. The theme of the Bible, from Genesis to Revelation, is the same. But, unlike the Greeks, the writers of the Hebrew book look upon the human family as a unit. Abraham was called in order that he might bless all the nations and all the families of earth. The Bible point of view is that of universal history growing out of universal morality. There is one Lawgiver, one Law, expressed by one word, Love. And the whole of history, the whole of moral progress, consists in learning the meaning of this word, and expressing it in a righteous society.

The teachings of the Bible are the most considerable factor in the building of the Western State. Greek philosophy proceeds from the few to the many. In this it is Oriental in its ultimate tendencies. The effective teaching of the New Testament proceeds from the many to the few. In this it has ever been preparing the way for the foundation of a State based upon universal brotherhood. "The common

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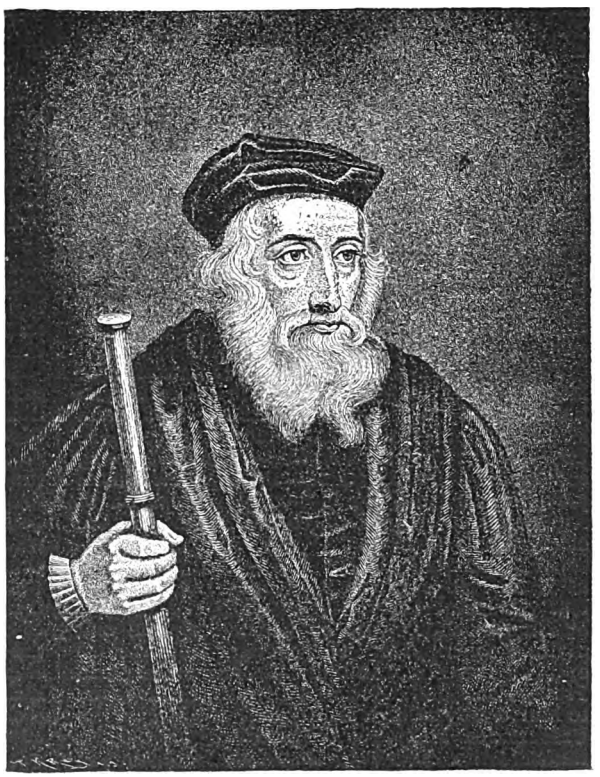
people heard him gladly." The original apostles were peasants. We have the authority of the one learned apostle for saying, "that not many wise men after the flesh, not many mighty were chosen." God rather chose the weak to bring to naught the devices of the mighty. Green calls our attention to the fact that when the Normans conquered England and proposed to force the French language upon the English, they filled all the high offices in church and state with foreigners. There followed a revival of religion among the English people. The lower clergy were English. By the very fact of foreign rule they were driven into closer alliance with the common English people. By the power of religious teaching addressed to the common people they saved their language along with their local institutions, and in course of time the people conquered their Norman conquerors. Without this triumph there would have been no English and American States, such as we know.



John Wyclif.

The Friar's revival in the century following the Norman Conquest began among the lowest classes of the people, and later it gave new life to the universities. The Lollard movement in the Fourteenth century was a political and religious revival among the peasants. Wyclif gave to the people the Bible in their own tongue, and, notwithstanding brutal repression for more than a hundred years, this Biblical teaching was kept alive among the people and prepared the English for the Reformation. Before the days of printing, the Scriptures were made familiar to the masses of the people by means of the drama—that is, by the mysteries, or miracle plays of the middle ages.

It was after more than a hundred years of printing, and after multitudes had learned to read, that England, as Green tells us, had become "the people of a book."(3) The Puritan movement included all classes, high and low; yet the root ideas of the modern State, Toleration and Democracy, found their clearest and most effective expression among the common people. The modern State can never be understood by one who does not clearly perceive that the great ideas of law and order, and morality, and religion, have first found social expression among the common people, and then have been gradually extended to those in places of power and privilege. It is this which Mr. Gladstone had in view when he said the masses have been right, and the classes wrong.

15. THE HEBREWS.

(1) **Various Translations.**—Science and civilization on the soil of India and elsewhere are greatly indebted to the missionaries who have achieved important philological triumphs in reducing many of the savage dialects for the first time to grammar, and thus preparing the way for intellectual culture as well as ethics.

Translations have been made, either of the en-

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tire Bible or portions of it, into about three hundred and fifty different languages and dialects.

The American Bible Society alone has aided in the translation, printing, or distribution of the Scriptures in the following languages and dialects —ninety-five in all: Hebrew, Greek, English, Gaelic, Irish, Welsh, French, Spanish, Hebrew-Spanish, Portuguese, Italian, German, Hebrew-German, Dutch, Swedish, Danish, Finnish, Polish, Bohemian, Hungarian, Latin, modern Greek, Albanian, Roumanian, Servian, Bulgarian, Slavonic, Russian, and Reval-Esthonian; Turkish, Osmanli-Turkish, Græco-Turkish, Armeno-Turkish, Ancient Armenian, Modern Armenian, Koordish, Azerbijan, Arabic, Ancient Syriac, Modern Syriac, Persian, Urdu, Hindi, Punjabi, Telugu, Canarese, Tamil, Marathi, Pahari, Kumaoni, Gurmukhi, Siamese, Laos, Mongolian, Burmese, Chinese (Classical), Easy Wenli, Chinese (Mandarin), the Foochow, Swatow, Shanghai, Soochow, Canton, Ningpo, and Amoy Colloquials, Japanese, Japanese (Kunten), and Corean; Hawaiian, Ebon (Marshall Islands), Gilbert Islands, Kusaien, Ponape, Mortlock, and Ruk; Dakota, Muskokee (Creek), Choctaw, Cherokee, Mohawk, Seneca, Ojibwa, Delaware, and Nez Perces; Zulu, Benga, Grebo, Mpongwe, Dikela, Tonga, Umbundu, and Sheetswa; Creolese, Arrawack, and Aymara.

The circulation of the Scriptures is now more or less free in all parts of Europe. In Asia the book has obtained entrance to the Turkish Empire and Persia, while India, China, Siam and Japan have been more or less benefited thereby. Africa, north, south, east and west (including Egypt), has been partially reached, while in Central America, South America, and many of the South Sea Islands the circulation is increasing.

(2) **Translation.**—This little incident, trivial as it may appear, had very interesting results. Encyclopædic talk was forgotten in the grander and more sublime themes which Scripture and divinity contributed. The emperor cast covetous eyes on the Bible and my Church of England Prayer Book, and perceiving his wish, I introduced to him a boy named Dallington, a pupil of the Universities Mission at Zanzibar, who could translate the Bible into Kiswahili for him, and otherwise communicate to him what I wished to say.

Henceforth, during the intervals of leisure that the war gave us, we were to be seen—the king, court, Dallington, and I—engaged in the translation of an abstract of the Holy Scriptures. There were readers enough of these translations, but Mtesa himself was an assiduous and earnest student.

Having abundance of writing paper with me, I made a large book for him, into which the translations were fairly copied by a writer called Idi. When completed, Mtesa possessed an abridged Protestant Bible in Kiswahili, embracing all the principal events from the Creation to the Crucifixion of Christ. St. Luke's Gospel was translated entire, as giving a more complete history of the Saviour's life.

When the abridged Bible was completed, Mtesa called all his chiefs together, as well as the officers of his guard, and when all were assembled he began to state that when he succeeded his father he was a Mshensi (a heathen), and delighted in shedding blood, because he knew no better, and was only following the customs of his fathers.—*"Through the Dark Continent," by Henry M. Stanley, p. 322.*

(3) **Puritan England.**—No greater moral change ever passed over a nation than passed over England during the years which parted the middle of the reign of Elizabeth from the meeting of the Long Parliament.

England became the people of a book, and that book was the Bible. It was as yet the one English book which was familiar to every Englishman; it was read at churches and read at home, and everywhere its words, as they fell on ears which custom had not deadened, kindled a startling enthusiasm.

When Bishop Bonner set up the first six Bibles in St. Paul's "many well-disposed people used much to resort to the hearing thereof, especially when they could get any that had an audible voice to read to them." * * * "One John Porter used sometimes to be occupied in that goodly exercise, to the edifying of himself as well as others. This Porter was a fresh young man and of a big stature; and great multitudes would resort thither to hear him, because he could read well and had an audible voice." But the "goodly exercise" of readers such as Porter was soon superseded by the continued recitation of both Old Testament and New in the public services of the church; while the small Geneva Bibles carried the Scriptures into every home.

The popularity of the Bible was owing to other causes besides that of religion.. The whole prose literature of England, save the forgotten tracts of Wyclif, has grown up since the translation of the Scriptures by Tyndale and Coverdale. So far as the nation at large was concerned, no history, no romance, hardly any poetry, save the little known verse of Chaucer, existed in the English tongue when the Bible was ordered to be set up in churches.

Sunday after Sunday, day after day, the crowds that gathered round Bonner's Bibles in the nave of St. Paul's, or the family group that hung on the words of the Geneva Bible in the devotional exercises at home, were leavened with a new literature. Legend and annal, war song and psalm, state-roll and biography, the mighty voices of prophets, the parables of evangelists, stories of mission journeys, of perils by the sea and among the heathen, philosophic arguments, apocalyptic visions, all were flung broadcast over minds unoccupied for the most part by any rival learning.

The disclosure of the stores of Greek literature had wrought the revolution of the Renaissance. The disclosure of the older mass of Hebrew literature wrought the revolution of the Reformation. But the one revolution was far deeper and wider in its effects than the other. No version could transfer to another tongue the peculiar charm of language which gave their value to the authors of Greece and Rome.

Classical letters, therefore, remained in the possession of the learned, that is, of the few; and among these, with the exception of Colet and More, or of the pedants who revived a pagan worship in the gardens of the Florentine Academy, their direct influence was purely intellectual.

But the tongue of the Hebrew, the idiom of the Hellenistic Greek, lent themselves with a curious felicity to the purposes of translation. As a mere literary monument, the English version of the Bible remains the noblest example of the English tongue.—*"A Short History of the English People," by John Richard Green, pp. 460, 461.*

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16. THE NEW EDUCATION.

What we now know as the modern State could not have come into existence without the inventions of printing and the manufacture of paper. Luther's Bible could not have been so potent in the creation of a uniform German language, and a German system of general education, without these material aids to spiritual forces.(1) The printed page enabled the millions to think and act together in ways otherwise impossible. Yet there had been three hundred years of printing and the peoples of Europe were apparently as completely and hopelessly in the hands of cruel and despotic power as ever. Only in America, where there was unlimited access to God's free acres, was the outlook more hopeful. The ruling classes of Europe still looked upon education and government as something to be imposed upon the people. They were still Asiatic in their modes of thinking. The people with their new aids went on thinking with such light as they could command. The French Revolution was the natural conclusion. We date the beginning of modern pedagogy from about the time of the French Revolution, and the coincidence is not accidental.



Martin Luther.

About twenty years before the breaking out of the Revolution, in a letter to a woman of wealth in which he asked her to become his wife, Pestalozzi said: "Great and holy simplicity shall reign in my house. One thing more, my life will not pass without great and important undertakings, when the good of my country demands it. My whole heart belongs to it, and I shall risk everything to mitigate the misery and need of my countrymen. . . . Reflect well and decide whether you can give your heart to a man with these qualities, and in this condition, and be happy." (2) In this resolve Pestalozzi did not differ from thousands of Hebrew prophets and Christian teachers who had gone before. Like his predecessors, he set himself to the task of uprooting injustice and establishing a righteous State. In the thirty years following his marriage, in 1769, he had spent his wife's fortune in what appeared to be the vain attempt to institute reforms. At first he addressed himself to adults, and finding the task apparently hopeless, he turned to the child. His first great success came to him in the midst of the desolation following the Revolution. When the French armies overran Switzerland, in 1789, multitudes of children whose parents had been slain were left to starve. A company of these Pestalozzi gathered into a school at Stanz in the Canton of Unterwalden.(3) In this school the principles of the new and righteous State gained objective expression and illustration. It was a brotherhood of the humblest and the most helpless, and he who was in the place of master was the willing servant and friend of all.

The New Education has been variously defined and described. It is the progressive discovery of the child. It is a reverent treatment of human nature. The

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New Education is all that Asiatic education is not. Asiatic education would seize upon the rudimentary man and distort his nature into some unnatural shape. The old education teaches by authority. It would impose beliefs by brute force. The new education, on the other hand, recognizes in the child and in the unspoiled human being, a natural disposition to believe the truth. It seeks in all ways to preserve and cultivate this disposition. Biber says of Pestalozzi that he led his pupils gradually to the discovery of truths which they could never forget. "Instead of building up a dead mind and a dead heart on the ground of a dead letter, he drew forth life to the mind, and life to the heart, from the fountain of life within, and thus established a new art of education, in which to follow him requires, on the part of the teacher, not a change of system, but a change of State." "He directed his whole attention to those natural elements which are found in the mind of every child." *

Like the Greeks, the promoters of the new education proposed to found a just state upon the education and training of youth. Unlike the Greeks, they included all classes of the people as members of the common brotherhood. The Spartan brotherhood was composed of the few who trained themselves to exercise authority over the many. Spartan education did not have a reverent regard for human nature. It was an education which was, in part, imposed upon the helpless child. The product was abnormal. The higher nature of the Spartan was sacrificed to the demands of a ruling class. The Athenians certainly had higher and more nearly correct ideals of education. Yet because the Greek mind was dominated by the Asiatic idea of ruling classes, their methods in education were, in the main, Oriental. In the mind of even the best of the Greeks, justice was something to be gotten into the mind of the child rather than something to be discovered and cultivated. He would rely upon mechanical devices for guarding the youth from error. He would use the rod freely to teach the boy justice. In Xenophon's school, when the boy failed to give a just decision in the case of the large boy who had deprived the small one of his coat, the pedagogue flogged him severely. Xenophon knew no better way of getting a sense of justice into a boy's mind than through the posterior nerves. The modern teacher has discovered the boy's eyes; he has discovered that there is a sense of touch which is unaccompanied by pain, as well as the senses of taste and smell which may even be exercised with pleasure. But these are only preliminary to the far greater discovery that the unspoiled human being has by nature a love of truth, a sense of proportion, a sense of justice, far more precious than any crude substitute which can be gotten into the mind by force or by any other artificial process. The New Education aims at the progressive discovery of all native powers and their harmonious development. As a recent writer has expressed it, education consists in keeping out of the way of the pupil. The teacher is a friend, a discoverer, and a co-laborer. He is less and less a master to impose or to distort.

The principles of the new education first found social expression among the children of outcasts and beggars, (4) and for a hundred years they have been gradually making their way to the schools of all classes, to the college, and to the university.

* Krüsi's *Pestalozzi*, p. 34.

16. THE NEW EDUCATION.

(1) **Luther's Bible.**—On Luther's return from Worms, he was by order of his friend, the Elector of Saxony, ostensibly taken prisoner and conveyed to the Wartburg, where he remained in disguise the following ten months. During this time he translated the New Testament into German and had it completed in March of 1522. He soon after began the translation of the Old Testament, and his translation of the whole Bible was completed in 1532 and published the following year. Luther is to be regarded as the founder of the present literary language of Germany—that is, of the New High German. He himself claims his language to be that of Saxon Chancery. This is, however, not the language of the court, but of the people, and much of the vocabulary of the Bible transla-

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tion has been drawn from Low German as well as from High German sources. In this sense he is, as he is frequently asserted to be, the real creator of the present language. The Bible translation permanently established the literary language of Germany.

(2) **Pestalozzi's Letter.**—"Of my great and very reprehensible negligence in matters of etiquette and conventionality, it is useless to speak, as it is too obvious. I am further bound to confess, that I shall place the duties toward my fatherland in advance of those to my wife, and that, although I mean to be a tender husband, I shall be inexorable even to the tears of my wife, if they should ever try to detain me from performing my duties as citizen, to their fullest extent. My wife shall be the confidant of my heart, the partner of all my most secret counsel. A great and holy simplicity shall reign in my house. One thing more, my life will not pass without great and important undertakings. I shall never refrain from speaking, when the good of my country demands it. My whole heart belongs to it, and I shall risk every thing to mitigate the misery and need of my countrymen.

* * * * * *

"Reflect well, and decide whether you can give your heart to a man with these qualities, and in this condition, and be happy.

"My dear friend, I love you so tenderly and fervently that this confession has cost me much, since it may even take from me the hope of winning you. My conscience would have called me a traitor, not a lover, if I had withheld from you any fact that might cause you future anxiety, or render you miserable. I now rejoice at what I have done. If the circumstances in which my duty and my country may place me hereafter, should make an end to my yearnings and hopes, I shall be conscious at least of not having been treacherous—of not having attempted to please you by assumed virtue. I have deceived you with no chimerical hopes of a happiness that is not to be expected; I have concealed from you no danger and no sorrow for the future; I have no cause for self-reproach."

The lady was worthy of his confidence. Although the candid confessions of the faults of her lover presented but a thorny prospect of life, they could not shake her belief in his disinterested love and integrity of character. They were united in the year 1769, Pestalozzi being then in his twenty-fourth year.

With the noble and intelligent lady, who shared with him her ample property, he might have lived in comparative ease and comfort, had he thought only of his own interests. But having the weakness of considering all the suffering members of the human race as belonging to his own family, it may be presumed that his life at Neuhof did not pass without dark and bitter experiences.—"*Life of Pestalozzi*," *part 1, pp. 18, 19.*

(3) **Life at Stanz.**—Pestalozzi's resolution to go to Stanz seems to have been one of those inspired acts which are not weighed in the scale of reason. The inhabitants of the town were governed by priests, from whom little help and sympathy could be expected. Add to this the general devastation of the country, the want of food, shelter, and other necessaries of life, the absence of school furniture and apparatus, and the reader can judge whether it offered many inducements to a man fifty-three years of age, of frail physical constitution, and weary from disappointment and care. The saying of a philosopher, that "great ideas spring from the heart," was applicable to him. It was love that urged him to ponder over the means of helping his poorer brethren; love that enabled him to persevere in his efforts under the most perplexing difficulties. When speaking of his resolution, he says: "I knew not exactly what I could accomplish, but I knew what I wished—to die or carry out my plans."

* * * * * *

The government assigned him for his school an empty convent, in which some alterations were indispensable. When it became known that the convent was open, even before the kitchen, school- and bedrooms were completed, poor orphan children flocked thither in large numbers. The appearance of these ragged, neglected little ones would have been revolting to almost any other man; but Pestalozzi saw before him immortal souls which he might save from the sloth of mental and moral perdition. Assisted by his housekeeper, he wisely began his task by inculcating the necessity of cleanliness and order. He then commenced his educational work with an amount of vigor, self-forgetfulness, and enthusiasm, such as the world has seldom seen combined in the soul of one frail mortal.

The government of the school, even when punishment was necessary, was chiefly based on love and the power of good example. His own touching account gives the best idea of this: "I was among them from morning till evening. Every thing tending to benefit body and soul, I administered with my own hand. Every assistance, every lesson they received, came from me. My hand was joined to theirs, and my smile accompanied theirs. They seemed out of the world and away from Stanz; they were with me and I with them. We shared food and drink. I had no household, no friends, no servants around me; I had only them. Was their health good, I enjoyed it with them; were they sick, I stood at their side. I slept in their midst. I was the last to go to bed and the first to rise. I prayed with them, and taught them in bed till they fell asleep."—*Ibid., pp. 30, 31.*

(4) **Discouragements.**—In many respects his experience here was a repetition of that at Neuhof, where he had to deal with the very lowest classes of the community. To show the trials to which he was subjected, and the patience and forbearance which he was obliged to exercise continually, we will quote his own words: "Mothers who supported themselves by open beggary, would, upon visiting the establishment, find some cause of discontent, and take their children away, because 'they would not be worse off at home.' Sundays especially, fathers, mothers, and other relatives came to the house, and, taking their children aside in some corner or in the street, elicited complaints of every kind, and either took them away or left them peevish and discontented. Many were brought to the asylum with no intention but to have them clothed; which being done, they were removed without any apparent reason.

"Others required pay for leaving their children, in order to compensate for the diminished produce of their beggary. Others bargained for how many days in the week they could take them out for begging errands. Such proposals being rejected, they went away indignant, declaring that unless their terms were accepted they would soon take away their children. Several months passed in this constant fluctuation of pupils—*Ibid., p. 35.*

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17 THE TRIUMPH OF SCIENCE.

In a sense the new education grew out of the various popular movements to withstand and resist tyranny and oppression which had been kept up for thousands of years. It was, in a sense, a part of the same movement which resulted in the French Revolution. It is thus a result of the movements which have been all the time making for the modern democratic State. It is an effect of democratic tendencies. But the more important thing to understand about the new education is its relations to present and prospective democratic triumphs. The new discoveries in education, while growing out of the past, are at the same time important causes of rapid progress towards freedom in all the States.

The age of democracy has also been the age of the triumph of science. For centuries teaching by authority and brute force had been arrayed against scientific teaching. Despotic government cannot allow its teachings to be questioned. If the rulers teach error, the error must be accepted as true. The influential subject must believe, or profess to believe, or he must die. The fundamental principles of despotism require this. In no other way can a despotism be maintained. After the New World had been discovered, especially after it had been circumnavigated, it became more and more inconvenient to destroy men for professing to believe that the world moves. Along with the Reformation and the wars and controversies following, the men of science made great gains. The Puritan century in England was also a scientific century, as compared with former times.

In its origin, science was favorable to toleration. The men of science naturally objected to being imprisoned and destroyed for the publication of their opinions. Undoubtedly the progress of science constituted a favoring condition for the success of the new education. But the founders of the new education were not primarily men of science. On the contrary, they were religious and moral enthusiasts. For moral reasons they appealed to nature. Above all things, the new teachers would preserve the truth-loving and truth-telling spirit found in the child. Objects in nature furnished the most convenient means for cultivating this spirit. It was as religious enthusiasts that they sought to turn the minds of youth away from the untruthful and dogmatic teachings of the day, upon which the unjust and tyrannical State was founded, and to preserve and cultivate a love of truth. What we know as the triumph of science in the middle of the present century was a direct result of the new religion. The love of all truth, for the sake of all truth, became in the minds of many a sort of all-sufficient religion. Without the new religion instilled into the minds of several generations of youth, the doctrine of evolution would not so suddenly have captured the intellect of the civilized world. It is by the joint labors of the religious enthusiast (1) who would inculcate a love of truth in order that he might build a righteous State, and the cold-blooded man of science who would exercise his intellect in a limited field of human experience and at the same time escape the hangman, that the ax has been laid at the root of the tree of despotism. The common enemy of each has been dogmatic teaching, supported by brute force. In the negative work of destruction, the man of science has been at one with the religious enthusiast who would found a righteous State.

It is only during the stage in which science is being rapidly advanced that it necessarily makes for liberty and freedom of teaching. Ascertained and accepted scientific facts admit of being taught dogmatically and tyrannically as well as theological dogma. If science enters not into the service of the new and righteous State it will be appropriated by its old enemy, the despotic teacher. Already those who a little while ago would have slain the prophets of science have begun to garnish their tombs. The tyrant could ask no condition more favorable than that he be allowed to monopolize the new power which science furnishes, and then that he be

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permitted to impose at the point of a sword a selected body of scientific teaching to the exclusion of all else.

It should ever be borne in mind that the difference between Europe and Asia, between despotism and freedom, depends, not so much upon the things taught as upon the method of the teaching. The man who sees in the universe nothing but matter and force will tend naturally to found the State upon force. He will tend naturally to suppress by violence all teaching inconsistent with his views, or he will become Machiavellian, and advocate the use of lying and deception as convenient substitutes for the other forces of nature. In either case the method is despotic.

Thus far there has been much in common between the builders of the new and righteous State and the revealers of the new scientific world.(2) The State builders have, as far as possible, rid themselves of all prejudice and set themselves to learn all that is true about the growth of mind and character. They have made large use of external nature in the process of education and character building. The men of science have assumed a like attitude towards external nature. Ridding themselves of all prejudice, they have addressed themselves to the task of learning all that may be known of the universe, beginning with the contact of the senses with external nature. The stress of attention for the one has been upon matters subjective and spiritual; with the other it has been upon matters external and phenomenal. The State has equal need for both classes. It has need of men who will know and follow the truth in all matters of mind and character, and in all matters of external relation. When the lie is cast out of politics, the righteous State will be assured.

It is a common delusion among the victims of the war-club philosophy of the State that democracy tends to crush out all diversity in education and to reduce all to a dead level of mediocrity. The precise opposite is the truth. Despotism tends to reduce the masses of mankind to a dead level of helpless dependence. Despotism tends to crush out all individuality, all diversity, and to force men down to a common level. All the forces and influences which for centuries have been working for the new State have tended to produce greater diversity, a wider range of individual development, a greater variety of talent, a greater division of labor. Where democracy has advanced farthest, there are the strongest tendencies to diversity in education.

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17. THE TRIUMPH OF SCIENCE.

(1) **The Family a Medium of Culture.**—The family life, as Froebel says, is the medium best fitted to promote the growth and expression of the good, pure heart and the thoughtful, pure mind; the true home—and after it and with it the kindergarten—will provide ample opportunity for the practice and illustration in their earliest forms of all those many sided virtues which St. Paul binds together under the one beautiful name of charity. But from the home as center the child's human kindliness and desire to help are to spread in ever widening circles outward till they embrace, for the full grown man or woman, all nations of men whom God hath made to dwell on all the face of the earth, reaching at length, and mingling with, and becoming one with the love of our Father which is in heaven.

(2) **Church and State.**—These were the views which, during the latter half of the eighteenth century, began to dawn upon French thinkers. The extraordinary ability and success with which these eminent men cultivated their respective sciences, I have traced at a length greater than I had intended, but still very inadequate to the importance of the subject. Enough, however, has been brought forward to convince the reader of the truth of the proposition I wished to prove; namely, that the intellect of France was, during the latter half of the eighteenth century, concentrated upon the external world with unprecedented zeal, and thus aided that vast movement, of which the Revolution itself was merely a single consequence.

The intimate connection between scientific progress and social rebellion, is evident from the fact that both are suggested by the same yearning after improvement, the same dissatisfaction with what has been previously done, the same restless, prying, insubordinate, and audacious spirit.

But in France this general analogy was strengthened by the curious circumstances I have already noticed, by virtue of which the activity of the country was, during the first half of the century, directed against the Church, rather than against the State; so that in order to complete the antecedents of the Revolution, it was necessary that, in the latter half of the century, the ground of attack should be shifted.

This is precisely what was done by the wonderful impetus given to every branch of natural science —"*History of Civilization in England,*" *by Henry Thomas Buckle, Vol. 1, pp. 658, 659.*

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18. THE SAFETY OF A DEMOCRACY.

As is the school so is the State. If in the school knowledge is imposed by authority supported by force, the State becomes despotic. This we find even among the Greeks. The Greeks had the idea of the State founded on reason and a sense of justice, yet because the Greeks included only a part of the people in the brotherhood of rulers, and because among the Greeks education was in a measure imposed by force, the Greek State at its best tended to become despotic. If in the school, knowledge is not imposed, if what is done to the pupil be determined by what is discovered in the mind of the pupil, then the State, whatever may be the form which it assumes, is not despotic, it is democratic. In a democratic State the teacher controls himself. He religiously refrains from imposing himself or his views upon the minds of the helpless and the immature. He discovers native and acquired powers in those whom he would educate, and he lends a helping hand, he points out the way for further growth. He never sets himself up as an authority. In a democratic State the teacher who does not definitely intend to make out of his pupils better authorities than he is himself. is an unmitigated nuisance. He is still in the toils of Asiatic despotism.

After a certain stage has been reached in the development of the democratic State, the power to impose the so-called "safe opinions" of the day upon the rising generation is lost. (1) Parents and teachers and churches and rulers lose the power to impose their views. The effort to impose in the old way becomes a positive influence to induce the opposite view and the opposite conduct. A common observation among foreign residents in the United States is that little children refuse to speak their native tongue at the dictation of their parents. After breathing the free air of the American school they carry its language into the family, and the parents are powerless to prevent it. The very best that parents can do under such conditions is to take Froebel's advice, get acquainted with their children, and seek to live with them on terms of friendship. The use of the dear native tongue may be prolonged by love and friendly admonition, while the attempt to prolong it by force creates an intolerable disgust. Parents, teachers and statesmen in democratic States reach the limit of their powers to secure the adoption of their views when they have made as clear a statement as they are capable of making, and when they have exhausted their efforts in adapting the reasons in support of their views to the apprehension of their fellowmen. As the State progresses, all suggestion of the use of force will play into the hands of the enemy.

In the anti-State, or the despotic State, there is just one doctrine which is supremely dangerous, which threatens directly the very life of the State; this is the doctrine that the people may be safely trusted to think and act for themselves. This doctrine is treason to the State, and must be suppressed at all hazards. In the democratic State there is likewise one doctrine which threatens the life of the State. That is the doctrine that it is dangerous to trust the people to think and act for themselves. (2) Yet the democratic State from its very nature must allow this dangerous doctrine to be freely held and promulgated. It cannot lift a finger by way of suppression without being false to its principles. The democratic State must freely allow its sovereign to be maligned and lied about and, in a sense, conspired against; and it can meet such attacks only by the mild means of counter statement or the slow processes of education and training. It has thus far been a source of great weakness to all democratic states that a large proportion of the most influential of the people are conscientious believers in the despotic State.

It is hard to convince the wise and prudent who have inherited the effects of centuries of training under despotic rule, that wisdom can come from the comparatively ignorant masses. They still refuse to believe that wisdom in modern pedagogy has been derived from gaining the point of view of the child and the youth.

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It is from idiots themselves that we learn wise methods of dealing with idiots. There have been thousands of years of dealing with criminals from the standpoint of authority. The wisest of statesmen and jurists have had to do with the subject. Every imaginable method of treatment which human ingenuity could devise has been tried; yet until about a hundred years ago there was a strange lack of any accumulated wisdom on the subject of criminology. At that time it began to dawn upon the minds of a few philanthropists that the source of wisdom about the criminal was the criminal himself. Howard made himself a companion of criminals. He literally put himself in their place, and thus he began a revolution which has ever since been gradually commending itself to rulers in all civilized states. States have become wise in the treatment of criminals in exact proportion to the willingness of rulers to base their policy upon a sympathetic acquaintance with the criminal classes. What is said of criminals is certainly equally true of paupers, of the insane, and of defectives generally. If, then, in the case of the defectives it is the aim of statesmen to overcome their defects and gain for them the position of free normal members of society, surely the statesman ought not to be less willing to learn wisdom from normal citizens.

In a democratic State, wisdom comes from the masses not because the many individually see the truth more clearly than the few, not because the many are individually more virtuous, but because, from the very nature of the case, the thoughts, feelings and purposes of the many make up the determining life of the State. In such a State every virtuous citizen, high and low, is seeking to induce his government to remove some form of manifest injustice or to adopt some policy of greater beneficence. The effective leader is he who most clearly apprehends the better tendencies of his fellow citizens, who outlines most clearly the aspirations of the people.

18. THE SAFETY OF A DEMOCRACY.

(1) **Charity.** — In the meanwhile, if any one would write, and bring his helpful hand to the slow-moving reformation which we labor under, if truth have spoken to him before others, or but seemed at least to speak, why should we trouble that man with asking license to do so worthy a deed? and not consider this, that if it come to prohibiting, there is not aught more likely to be prohibited than truth itself: whose first appearance to our eyes, bleared and dimmed with prejudice and custom, is more unsightly and unplausible than many errors; even as the person is of many a great man, slight and contemptible to see.

And what do they tell us vainly of new opinions, when this very opinion of theirs, that none must be heard but whom they like, is the worst and newest opinion of all others; and is the chief cause why sects and schisms do so much abound, and true knowledge is kept at distance from us; besides yet a greater danger which is in it. For when God shakes a kingdom, with strong and healthful commotions, to a general reforming, it is not untrue that many sectaries and false teachers are then busiest in seducing.

But yet more true it is, that God then raises to his own work, men of rare abilities, and more than common industry, not only to look back and revive what hath been taught heretofore, but to gain further, and to go on some new enlightened steps in the discovery of truth. For such is the order of God's enlightening his church, to dispense and deal out by degrees his beam, so as our earthly eyes may best sustain it.

Neither is God appointed and confined, where and out of what place these His chosen shall be first heard to speak; for He sees not as man sees, chooses not as man chooses, lest we should devote ourselves again to set places and assemblies, and outward callings of men; planting our faith one while in the old convocation house; and another while in the chapel, at Westminster; when all the faith and religion that shall be there canonized, is not sufficient without plain convincement, and the charity of patient instruction, to supple the least bruise of conscience, to edify the meanest Christian, who desires to walk in the spirit, and not in the letter of human trust, for all the number of voices that can be there made; no, though Harry the Seventh himself there, with all his liege tombs about him, should lend them voices from the dead to swell their number.— "*Milton's Prose Works*," *Vol. II., p. 98.*

(2) **Thomas Jefferson to Colonel Edward Carrington.** — The tumults in America, I expected would have produced in Europe an unfavorable opnion of our political state. But they have not. On the contrary, the small effect of these tumults, seems to have given more confidence in the firmness of our government. The interposition of the people themselves on the side of government, has had a great effect on the opinion here. I am persuaded myself, that the good sense of the people will always be found to be the best army. They may be led astray for a moment, but will soon correct themselves. The people are the only censors of their governors; and even their errors will tend to keep these, to the true principles of their institutions. To punish these errors too severely, would be to suppress the only safeguard of the public liberty.

The way to prevent these irregular interpositions of the people is to give them full information of their affairs through the channel of the public papers, and to contrive that those papers should

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penetrate the whole mass of the people. The basis of our government being the opinion of the people, the very first object should be to keep that right; and were it left to me to decide whether we should have a government without newspapers, or newspapers without a government, I should not hesitate a moment to prefer the latter. But I should mean that every man should receive those papers, and be capable of reading them. I am convinced that those societies (as the Indians) which live without government, enjoy in their general mass an infinitely greater degree of happiness, than those who live under the European governments. Among the former, public opinion is in the place of law, and restrains morals as powerfully as laws ever did, any where. Among the latter, under pretense of governing, they have divided their nations into two classes, wolves and sheep.

I do not exaggerate. This is a true picture of Europe. Cherish, therefore, the spirit of our people, and keep alive their attention. Do not be too severe upon their errors, but reclaim them by enlightening them. If once they become inattentive to the public affairs, you, and I, and Congress, and Assemblies, judges and governors, shall all become wolves. It seems to be the law of our general nature, in spite of individual exceptions: and experience declares that man is the only animal which devours his own kind; for I can apply no milder term to the governments of Europe, and to the general prey of the rich on the poor.—*Dated at Paris, Jan. 16, 1787.*—"*Thomas Jefferson,*" *Vol. II., pp. 84, 85.*

THIRD WEEKLY REVIEW.

13. **THE SPARTAN STATE.**—Founded on Education and Training. The Spartan State as a Ruler Over Freemen and Slaves.
14. **THE ATHENIANS.**—The Works of Zenophon, Plato, Aristotle and Sir Thomas More.
15. **THE HEBREWS.**—The Bible the Forerunner of Democracy.
16. **THE NEW EDUCATION.**—Its Aim Is a Righteous State.
17. **THE TRIUMPH OF SCIENCE.**—Science Has Favored the New Education. Is Capable of Lending Aid to Despotism.
18. **THE SAFETY OF DEMOCRACY.**—Its Only Hope is the Continued Freedom of the Human Mind.

QUESTIONS.

13. *What is the meaning of education in a Despotism? In a Democracy? What are the peculiar meanings of the words "State" and "Government" as applied to Sparta? What constituted the strength of the Spartan State? Did the State, or Brotherhood, include mere subjects? Were Spartan officers at the same time subjects? How was the State finally destroyed? Was the State a successful ruler? Could it rule conquered States?*

14. *Why did Athenians admire the Spartans? What is the difference between a political State and a Despotism according to Aristotle? What is the aim of the State according to the Greeks? What place did the Greeks give to education in the State? How did the Greeks affect the Romans? How the church? Their relation to the Reformation? How does Utopia differ from Plato's Republic?*

15. *Give facts showing the immense circulation of the Bible. How does Biblical teaching serve to unite the race? What striking difference between Greek and Hebrew teachings? What are the tendencies of Greek and Hebrew teachings as to universal brotherhood? What classes have received most readily Biblical teaching? How was the English language preserved? What facts illustrate movements from the lower to higher classes in society?*

16. *How was the French Revolution produced? How did Pestalozzi differ from other reformers? What was his aim? Why did he turn to the child? What is the New Education? What is the difference between the new education and that of the Greeks? In what respects are they alike? Why did the Greeks miss the true ideal? What are some of the chief discoveries of the modern teacher?*

17. *The new education is the effect of what and the cause of what? What has been the relation of science to despotic government? How has science favored toleration? What contrast between men of science and the founders of the new education? How did the new education favor the triumph of science? Is science capable of becoming a bulwark of tyranny? Does materialism tend to support despotism? Does the State need both subjective and objective truth? Does democracy tend to diversity?*

18. *Can education by force continue in other than a despotic State? Is it possible to impose "safe opinions" in a democracy? How can safe opinions be made to prevail? What opinion is dangerous in a despotism? What in a democracy? Must the democratic State tolerate despotic teachings? How do we learn wisdom as to the best method of dealing with defectives? Why is a knowledge of the masses so important in a democracy?*

SUBJECTS FOR SPECIAL STUDY.

1. *The Spartan State.*
2. *Plato's Republic. Aristotle's politics and ethics. Utopia.*
3. *The historical parts of the Pentateuch: Judges, Samuel, Kings, Daniel, Gospels, Acts.*
4. *Pestalozzi and Froebel.*
5. *Conflict between science and theology.*
6. *The liberty of teaching in schools of every name.*

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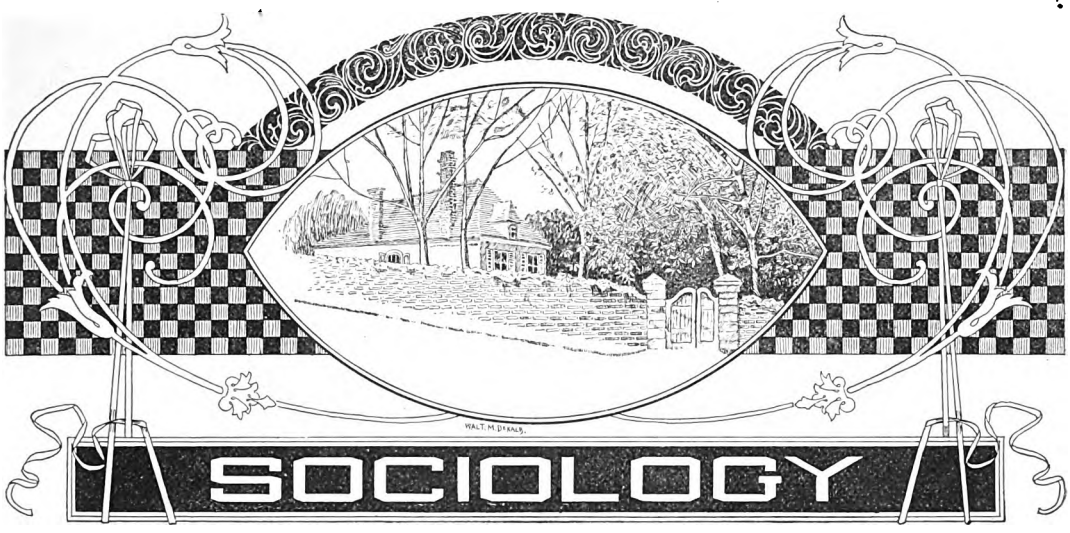

GENERAL INTERNAL FACTORS.

BY

H. H. POWERS, Ph.D., Ex-Professor of Economics and Sociology, Leland Stanford Jr. University, Cal.

19. PHYSICAL CHARACTERISTICS OF THE INDIVIDUAL.

IN considering the internal factors which contribute to social development we must recall at the outset a truth with which we are already familiar, namely, that these are not fundamental and original but derived. It will not do to explain institutions in society by reference to race character, as though that were a final and inscrutable fact as eternal as the hills. Race character is itself a product of the circumstances in which the race has developed. The "eternal hills" are far more ancient than the races over which they cast their shadow, and which they, in connection with other great external factors, have helped to shape.

In speaking, therefore, of the varying characteristics of races as modifying social development we have to do either with different degrees of ripeness, or with different conditions, both of which can be understood only by a farther reference to external conditions. (1)

But while the study of internal factors is not elementary and final, it is none the less important. It is necessary to know how the environment in which societies develop, works upon them through the medium of men's bodies and minds. For many purposes, too, it is essentially correct to consider race character as fixed and unalterable. Glaciers move, but important as their movement is the person about to cross a glacier need not take this movement into consideration. Human character moves in much the same way. In studying social problems covering short periods of time it may be considered as fixed.

The condition of society at any time is largely determined by the physical characteristics of the individuals who compose it. It is now known that different races, and especially races in different stages of development, differ physically. Savages are notoriously lazy, but we do not always realize how far this is due to physical characteristics. Their muscles are soft and flabby, capable of enormous spurts of exertion, but quickly exhausted. The savage who says he is tired after he has worked half an hour speaks a literal truth, however incredulous we may be. (2) Of course his

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limited intellectual horizon, and his inability to feel the incentives which stimulate us to work on in spite of weariness, also go far to determine the result, but the physical factor is not to be overlooked.

We must be on our guard against assuming, as is often done, that this incapacity for sustained effort is merely temporary and can be removed by training. Training or personal development is everything where the capacity for such development is inborn. To us who are accustomed to see men develop strength and endurance and deftness in the exercise of their various crafts, it seems as if a like schooling would develop these qualities in any man. This is very far from true. As well might we hope to develop moral sentiments in a tiger by constant exercise in moral problems. It is now perfectly known that savages as a rule have but a limited capacity for individual development, and that such development when artificially stimulated is unstable, with strong tendencies to reversion and physical collapse. (3)

It does not follow from this that savage *races* can not advance, but rather that their advance, like that of all species, must be a very slow process, and must be effected in large part by the selective action of heredity. Somehow the individual who is best adapted for the severe tasks and discipline of society must be favored in the struggle for existence, and the race brought to a higher standard of efficiency by the multiplication of his posterity. We shall see in a later lesson by what stern and painful agencies social man has been moulded into the required shape.

It is difficult to draw the line between physical and mental characteristics, but we may perhaps appropriately consider under the former the grosser passions or appetites which are the source of so much embarrassment to society. The appetite for strong drink seems to be universal among primitive tribes. The taste for narcotics, supported by primitive superstitions in many cases, and the powerful sex passions so necessary to primitive, and so dangerous to civilized man, all help to shape society and determine the limits of its development. The elimination or due subjection of these passions again imposes upon society the necessity of stern and constant selection of individuals fitted for its purpose. This selection is accomplished for the most part by the simple exercise of the passions themselves, vice being its own avenger and in a measure its own cure. (4) The other means by which this selection is accomplished and by which all prudent and economical societies supplement the dangerous cautery of nature, will come up later for consideration. (5)

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19. PHYSICAL CHARACTERISTICS OF THE INDIVIDUAL.

(1) **Slavery.**—The history of slavery in the United States affords an excellent illustration of the reaction of external conditions on social institutions. As is familiarly known, slavery was not at first confined to the Southern States, but extended to New England. But slavery has never proved advantageous to any but agricultural communities, and as we have seen, New England was poorly adapted to agriculture. So slavery not only died out in New England, but the sentiment gradually gained ground that slavery was monstrous and contrary to the laws of God, a very just judgment from the standpoint of New England, but one which must be applied with some caution to other times and places. The southern slaveholder was quite as conscientious in coming to an opposite conclusion, influenced more than he knew by the fact that nature about him favored his conclusion. As development continued, however, Virginia found slavery less profitable than the rice-producing States, and became correspondingly disposed to reject it. A century ago there was a strong anti-slavery party in Virginia, headed by Thomas Jefferson and others, and all looked for its speedy abolition. The invention of the cotton-gin, however, opened up a new field of profit to slavery and Virginia revised her former conclusion. All this is perfectly natural, nor is it a matter of reproach that men whose horizon was necessarily limited, should have been influenced in their judgments and action by the facts that were nearest to them, and so were forced upon their attention. Such examples, however, warn us to be temperate in the assertion of our opinions.

(2) **Atavism.**—It is now recognized that among the paupers and ne'er-do-weels that burden every community there are many who are victims of "atavism," as it is called, that is, they have inherited a type of character which dates back to some remote ancestor. This obsolete type, though long discounted by social development, is not entirely eliminated from heredity and is liable to crop out occasionally as a dominant characteristic in persons "born tired." Of course it isn't easy to determine whether a person is physically incapable of hard labor or only disinclined to perform it. It matters little. The person whom the conditions of civilized life cannot tempt into systematic industry is not likely, either in himself or his posterity, to be useful to society, whose care should therefore be to insure by all humane means his effectual elimina-

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tion. On the other hand it is as irrational as it is unprofitable to reproach or upbraid him.

(3) **Natives of Paraguay.**—A remarkable illustration of this is furnished by the well known case of the natives of Paraguay, who were taken in hand by Jesuit missionaries and trained to remarkable proficiency, not only in the useful, but even in the fine arts. They were perfectly docile, and seemed to have mastered their lesson completely; but when events took an unexpected turn, and their teachers were recalled, the whole structure utterly and immediately collapsed. Even before this time it became apparent that the strain was too much for the undeveloped mind and body of these child-people, and they became sterile and began to die out. Savage tribes, whether treated with severity or kindness, seem obliged to travel the same path and to acquire the tenser structure of body and brain required for civilization by a terrible winnowing process.

(4) **Tendency of Drink Habit.**—It is a significant fact that those countries where drunkenness is least common are those in which drinking has longest existed, as the middle Orient and the Roman world, while the excessive intemperance of Scotland, Russia, and especially of savage tribes generally, coincides with a comparatively short experience with intoxicants. It will not do to make too much of this fact and assume that it explains everything; but it is an established and an important fact that families characterized by a passion for drink tend to die out, thus modifying the dominant temper of society on this point.

It must be a very short-sighted person who can find in any of the foregoing considerations a justification of vice, but I have found such persons. A young man of vicious habits once said to me after a lecture on this subject: "Then, if I understand you aright, you think the social evil and so-called vices have their place." "Certainly," I replied, "they have their place. And would you like to have me tell you what I think their place and office is?" He replied eagerly in the affirmative. "It is to rid society of just such persons as you," said I, after which his interest visibly waned. The benefits derived from vice are like those derived from the hangman; they do not accrue to its victims. Moreover society is never so fortunate as when it has no occasion for their services.

(5) **Spencer.**—No attempt has been made in this lesson to enumerate the numerous physical differences between savage and civilized man, the brief space at our disposal being required for a consideration of the few peculiarities which are immediately important as affecting the development of society. Those who are interested in pursuing the inquiry farther are strongly recommended to read Spencer, *Outlines of Sociology*, Vol. I., Part I., Chap. V. It will be noticed, however, that some of the traits mentioned by Spencer have more bearing upon the general theory of evolution, which is the subject of the Synthetic Philosophy to which his Sociology belongs.

20. PSYCHOLOGICAL CHARACTERISTICS OF THE INDIVIDUAL. (1)

That society is modified by the psychological characteristics of those who compose it is too apparent to require demonstration, but it will assist us in our further study if we place definitely before our minds the characteristics which it is of importance for us to consider. These fall into two great classes, the emotional and the intellectual.

Of emotions there are again two classes which we may call natural (2) and social. The first are emotions which come from our individual life as such, our contact with nature, with other animals or with other men in non-social connections, and most of all, from our own organic functional life. These emotions stand in no uniform relation to society, but hinder, promote or complicate it according to their nature. The social emotions, on the other hand, originate in society itself and necessarily have reference to its continuance. They are merely a phase of the great process of adaptation which is everywhere going on in nature. To say that the social instincts are a factor in the development of society, is merely to say that age is a factor in that development.

Among the natural emotions the most fundamental and important is fear, the recoil of the organism from danger. It must be remembered that to a being depending on itself for protection the dangers which its environment affords are exceedingly numerous and varied. Development will, therefore, be accompanied by an increase of vigilance, suspicion and fear, so long as the individual is dependent on himself for protection. Such is man when society begins.

The relation of fear to society is varied and contradictory, according to its object. The fear of nature makes man superstitious, and is the principal source of primitive religion, a factor in social development which is so important and complex that we must reserve it for later and more detailed consideration. The fear of man contributes another and important factor to religion and is therefore greatly responsible for the complex influences which the latter exerts upon society. But its most direct

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immediate influence is that of an impediment to the social instincts, an obstacle to that cohesion of men which characterizes advanced society. But fear in turn is easily turned to account in the establishment of a certain type of authority and becomes the earliest organizing force. As the occasion for personal vigilance diminishes, fear tends to disappear and sentiments of trust and affection take its place with profound modification to society.

Other emotional characteristics such as impulsiveness and self-control, cheerfulness and gravity, generosity and parsimony, depend so directly upon intellectual faculties that they may as well be considered in that connection.

And first of all it must be remembered that social beings require a higher intellectual development than others, for organization is an indirect and less obvious way of securing advantages than those previously familiar. Hunger easily suggests to a man to kill an animal for food, but it is a very different matter to combine with other men to protect the hunting-grounds where that animal may grow for their future use. This process, to be sure, may go on quite a time without any one understanding it, but eventually the intelligence of men will determine the success of their organization.

The intellectual superiority of social man will manifest itself most of all, perhaps, in foresight or ability to anticipate the future. (3) All association beyond the most temporary and primitive is an effort to provide for the future. Improvidence, therefore, not only hinders the development of society by the poverty which it is sure to cause, but it implies a certain obtuseness as to its desirability which is a far more serious hindrance. Closely allied to foresight is the capacity for abstract thought, an intellectual process which resembles the printing-press in its immense power to extend the results of concrete experiences. Having experienced the benefits of telling the truth on some occasion, abstraction forthwith constructs a general principle of truthfulness which extends the conclusion of this experience to a thousand cases of which we have had no experience, thus organizing human conduct on a large scale.

The idea of cause and effect on which rests, not only our science but our foresight, is mostly a social product, as it is a social necessity. Without it there can be no sustained and useful curiosity or constructive imagination, qualities upon which depends progress in knowledge, and in that control of both nature and man which is the constant activity of society.

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20. PSYCHOLOGICAL CHARACTERISTICS OF THE INDIVIDUAL.

(1) **Spencer.**—It is most unsatisfactory to treat in a single page a subject to which Spencer, in a merely introductory discussion, devotes two chapters of nearly forty pages. But a subject so vast as sociology must be condensed almost to the point of strangulation to bring it within the scope allowed by these lessons. It goes without saying that the principal purpose of such a treatment as this must be to arouse an interest in the subject which will induce the student to study farther. In this connection the writer ventures to express the hope that, in addition to the few citations here given from Spencer, the student will at least read carefully the whole of chapters six and seven of part first.

(2) **Natural Sentiments.**—The word natural is used here as elsewhere in a somewhat arbitrary sense. Of course the social sentiments are just as natural as anything else in the sense that they are in the line of natural evolution and are its inevitable outcome, but it is customary and convenient to distinguish between those phenomena which are independent of human agency and those for which man is in some degree consciously and intelligently responsible. The first we call natural, and the second artificial, social, etc., according to the aspect of them which we wish to emphasize.

(3) **Laziness of Savages.**—The lack of foresight combines with the defective muscular developments already mentioned to account for the traditional laziness of savage tribes. That the difficulty is partly psychical is proved by numerous experiences like the following recently related to the writer. A missionary went to one of the South Sea Islands taking with him lumber for a house which had to be carried a short distance from the shore. The well disposed natives undertook the task, but were tired at the end of half an hour and could not be induced to continue until the missionary's wife began to bake griddle cakes and offered to give one for each backload of lumber brought to the desired spot. The work, rewarded by this exceedingly prompt payment, was speedily accomplished. Had the savage been asked to work till evening without pay, a whole life annuity, payable in griddle cakes, would not have tempted him.

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21. SUGGESTION AND IMITATION.

The conspicuous fact about society is its specialization or systematic diversity. But a still more characteristic and perhaps more important fact is the uniformity which, within the limits which specialization permits, characterizes the members of a society. To thoughtless persons, it is true, this uniformity occasions no surprise. That everybody should wear the same kind of clothes and call things by the same names, and use the same salutations, and visiting cards and chairs, seems perfectly natural.(1) How else should they do? But a little study of societies different from our own shows us clearly that this uniformity is not natural but highly artificial. Thus, in all but the most essential respects, the customs of Turkish or Chinese society are very different from ours and seem as unnatural to us as ours do to them. The reason is that the two societies have developed separately, and we may be sure that if we as individuals had grown up separately we would have developed the utmost diversity on points regarding which it now seems perfectly natural for us to agree.

This uniformity, which is absolutely necessary in large measure to the working of society, is plainly a product of society itself. It is secured by a faculty which we will call imitation, though the word is here used more broadly than in common speech, referring, not simply to conscious copying of other people's action, but to the unconscious copying, which is far more extensive and important. (2)

The importance of imitation to society is twofold. In the first place it prevents collision by removing inharmonious ideas and impulses. The embarrassment which two persons experience when, meeting in the street, they simultaneously decide to pass, the one on the right and the other on the left, is typical of what would occur in a thousand connections if some arbitrary but uniform rule were not established. This is accomplished by imitation, which slowly unifies action in small and ultimately in larger groups by the preponderance of suggestion.(3)

Further, imitation is the means by which original and improved ideas or devices acquire general acceptance. Most persons have very little power to think out good ways of doing things, and even the most capable minds could not consider a tithe of the problems which life in society presents. Without this faculty, therefore, life would not only be confused and trammeled, but it would be exceedingly meager and barren.

The faculty of imitation differs quite as much as any other in different men and animals. It is noteworthy that those animals most nearly related to man are the most imitative, while those that are least social seem almost devoid of this faculty. The lowest races have but a feeble power of imitation as compared with more developed men, comparing often unfavorably with that of the apes. But steadily with the growth of society goes an increase of imitative instinct in man. This increase may be in two directions. The first we may call the disposition or inclination to imitate, the instinct, properly so-called. This is stronger in some of the lower animals than in man, especially in some of the gregarious animals. There is something pitifully slavish in the imitative instincts of sheep,(4) etc., but this is imperatively necessary to the maintenance of the close herds on which these animals depend for their safety. An instinct of less intensity suffices for human association, nor can it be affirmed that the instinct grows stronger as society advances.

The more important development in man is in the power of observation which determines the scope of imitation. The lower animals and lower races imitate only a few actions in which their simple organization requires uniformity. Civilized man imitates many thousands of acts of all degrees of complexity.(5)

Imitation continued from generation to generation creates certain enduring lines of action which we call social conventions or conventionality. This constitutes a complex code of procedure or guide of conduct, which governs all of us and deter-

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mines ninety-nine hundredths of all we do. It covers subjects of the most diverse character from the tying of neck-ties to the protection of life and honor.(6) It is customary for persons of restive temperament who prize individuality, to cry out against conventionality as servile and senseless. Conventionality may be both of these, but it usually is neither. The great majority of people act most awkwardly or foolishly at a supper or meeting without conventionalities to guide them. It takes a genius to be unconventional, and even such an one would find life most burdensome if he were not heir to the convenient conventionalities which are the supreme legacy of the past.

21. SUGGESTION AND IMITATION.

(1) **Influence of Locality.**—And correspondingly, anybody who doesn't do things in the established way is ridiculous or perverse in the eyes of these same people.

"Orientals reproach Europeans with doing everything the wrong way, such as writing from left to right, while they do the reverse, and uncovering the head on entering a room, while they remove their shoes, but keep their heads covered." —*Baedeker*, "*Guide to Lower Egypt.*"

The orientals are not the only ones who see in conventionalities unlike their own, a matter for reproach or contempt. The writer has been surprised to notice how many intelligent people were either amused or irritated by those who pronounced English differently from themselves, each assuming that his own pronunciation, that is, that of his locality, was the only sensible or justifiable one. Strange costumes, likewise, are not only strange, but ridiculous to the provincial eye, and so on with all other conventionalities. When a convention of morals is at stake, or even an arbitrary usage which has acquired fictitious importance by association with morals or religion, the difference may excite horror or hatred, as that of the Jew for the uncircumcised eater of swine's flesh, or of the early Christian who loathed the unbaptized infidel, each basing his feeling upon an unreasoned imitation.

(2) **Unconscious Imitation.**—The importance of this unconscious imitation has been most ably set forth by the distinguished French sociologist, M. Tarde, in his *Laws of Imitation*, a book which is unfortunately not yet accessible to the English reader. This brilliant writer takes the ground that only imitation, the unification of action and feeling by "imitative contagion," is to be counted as a social process. The specialization of men and their organization for the purpose of mutual service he would call an economic rather than a social phenomenon. This is an excellent illustration of the confusion everywhere produced by personal caprice when not controlled by a general convention. Of course, M. Tarde's definition of the words social and society is a matter of personal fancy. The facts are just the same and have the same interest for us as before. But when the goodly fellowship of sociologists has become a little more established, and the "contagion of imitation" has operated upon them, the word society will acquire a uniform meaning. For the present it does not seem probable that M. Tarde's restriction of it to a part of the phenomena of human organization, will prevail. The student of a new science must not be too much disconcerted by the capricious use of terms which he is sure to meet.

(3) **Suggestion.**—Suggestion is the counterpart of imitation. The man who leads, acts upon others by suggestion, while those who follow his leadership act by imitation. Every act, therefore, which attracts another's attention is a suggestion, and the more attention it attracts the more likely it is to be imitated and to become a convention or custom.

(4) **Imitation of Animals.**—It is said that a flock of sheep will frequently graze contentedly for weeks in a pasture until a single animal of another species or a bolder breed is introduced among them. The latter taking it into its head to jump the fence, the whole flock then follow, apparently without the slightest reflection or cause, in pursuance of an irresistible instinct of imitation.

(5) **Tact.**—It is especially in this power of observation that men differ, and it is in this that a large part of what we know as tact consists. The tactful man has a large power of observation of how other people do things, and how their different ways of doing things are received. He thus wisely adjusts his action to the requirements. Tact means *touch*, the power to feel one's way.

(6) **Conventionality.**—It is frequently objected to such a statement that this belittles morals by reducing it to mere conventionality. There is a subtle begging of the question in such statements which is frequently met with in sociological controversy, which it is well to notice.

Such a word as conventionality may be used broadly or narrowly. In its broadest use it certainly includes morality, for morality is a body of conventions consciously or unconsciously adopted by society—no matter through what inspiration or under what authority—concerning the weightier matters of human conduct. If we define conventionality as the sum of those conventions or agreements, partial or complete, which society has reached on matters of conduct, a definition which is desirable for scientific purposes, then it is right to say that morality is conventionality. On the other hand, if we define conventionality as the sum of those conventions which society has reached regarding trifles or non-essentials of conduct, then morality is not conventionality.

In any case it is not fair to say that morality is *mere* conventionality, because the word mere, implies that the word with which it is used stands for something trifling or inconsiderable. No one would say, for instance, that morality was *mere* righteousness, because righteousness is not a trifle. To assert that a writer reduces morality to "mere conventionality," is unfair or dishonest, because it implies a meaning in the terms used which the writer in question does not assign to them, and in this misunderstanding and misrepresentation lies the whole point of the objector's argument. Scientists, hampered by the imperfections of speech, are often compelled to re-define words and even to use them in an unfamiliar sense.

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22. SYMPATHY.

Sympathy like imitation, is a faculty which has no utility and no existence outside of society. Each implies companions, some one to imitate, some one to sympathize with. Unless nature has made an exception to her rule of procedure these faculties were not created in anticipation of social experience, but by social experience, necessity being here as everywhere the mother of invention. That they have been thus slowly developed by long continued and painful contact with social exigencies is not only probable but abundantly demonstrated.

Sympathy is participation in the feelings of others. This implies that the feelings of others, of which we become aware by their actions or other evidence, in some measure repeat themselves in ourselves. We thus have sympathy or fellow feeling, (1) not a primary feeling due to our being in the situation of the other, but a derived feeling caused by our imagining ourselves in his situation, imagining the circumstances which he actually experiences.

It seems to us very natural that men should sympathize with one another, because we are very familiar with it. But on second thought nothing is more wonderful. How strange that the sensation which a person receives from contact with an outside object, should repeat itself in modified but related form in the experience of another who has had no such contact! And how remarkable this development becomes, how prompt, how far-reaching, how vivid these derived experiences become! It seems as if the dividing walls between minds grew gradually transparent and we saw so plainly into their experiences that we forgot all boundary lines, and lived in the mental premises of others almost as much as in our own. (2)

If we ask the occasion for this development we shall find it in the general principle which governs the development of feeling. The function of feeling is to inform us more fully with regard to our environment and stimulate us to adjust ourselves to it. Fire burns us and the pain makes us recoil from the fire. These primary individual feelings prompt to individual action in the interest of individual self-protection.

But the advantage of a society is that it substitutes group protection for self-protection. It used to be supposed that this was brought about by a simple agreement, (3) each one agreeing to defend and help the rest, on condition that they do the same for him. But it is now certain that primitive men are entirely too unintelligent, too suspicious and too quarrelsome to make any such bargain. Nobody would ever have thought of such a thing who had not had centuries of social development back of him, and even now not one man in a hundred has any adequate appreciation of many social arrangements to which he gives unqualified allegiance. Up to a very advanced stage of development society is the product of impulses rather than of reasons, and to the last society remains primarily an emotional product. (4)

If, therefore, men are to work for a common end they must be actuated by a common impulse. If they are to espouse one another's cause they must share one another's feelings. Only so can they be induced to act with the necessary promptness and unity.

Hence the origin of sympathy. Those races that have given little heed to one another's feelings and have remained unsympathetic and selfish, have not coöperated heartily and effectually enough to maintain their existence. The fittest races are necessarily sympathetic races. (5)

It will at once be apparent that sympathy combines with imitation to give a much more effective guide to conduct than either could give alone. Imitation is especially active where there is a lack of individual incentive. Finding myself in an unfamiliar predicament I am at a loss to know what to do. I have no inclinations or precedents and if left to myself I should act capriciously or not at all. But

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let some one else act in the matter in my presence and the suggestion thus afforded at once turns the scale in favor of his way of doing. And when suggestions conflict, the stronger one prevails. (6)

But there are cases in which the mind is not indifferent, and actions which need to be performed against original individual inclination. Mere imitative instinct will not induce a man who is not in trouble to act as does the man who is in trouble when that action involves sacrifice. But sympathy contrives to lay part of the trouble upon him, to torment him with feelings which originate in the other man's trouble and which can be relieved only by removing the cause. Sympathy thus supplements imitation as a unifier of conduct in society.

22. SYMPATHY.

(1) **Sympathy.**—The word originally meant fellow suffering rather than fellow feeling. It is interesting to note the predominant influence of suffering in the formation of language. There seems little doubt that men have been more impressed by the pain, than by the pleasure of existence during the period when language was making. Whether this is because pain was more prominent in the experience of primitive men than in our own, whether it is always more prominent, or finally, whether its nature is such as to excite more comment, are questions not easy and perhaps not profitable to answer. In this case, however, as in many others, the word which first had reference to disagreeable feeling now refers to feeling in general. We sympathize with the ideas, tastes and enjoyments of another as well as with his sufferings.

(2) **Varied Temperaments.**—There is no doubt that with very sensitive persons sympathy may be far more intense than the original suffering, especially when the two sufferers differ widely in sensibility and the sympathizer has an unbridled imagination. Thus a sensitive woman may suffer far more from seeing a horse whipped than the horse itself suffers. The vivid imagination of how such blows feel is not duly tempered by the appreciation of the thicker skin and the more obtuse nerves of the horse. If judgment is altogether lacking and imagination keen, the sympathy becomes wholly misplaced though none the less poignant. A case was recently reported to the writer, of a little girl who wept bitterly because her brother beat unmercifully the wooden horse he was riding, Here was a painful sympathy for imaginary or purely suggested sufferings.

(3) **Social Contract.**—This was Rousseau's conception as expressed in his famous work on the *Social Contract*. It is hardly fair to say that Rousseau believed that men came together at the outset and deliberated and decided to form such a contract. He rather looked upon the formation of society as implying such a contract between its members, so that if they did not actually enter into an agreement with one another, what they did do, amounted to the same thing. Even in this modified form, however, Rousseau was certainly wrong in his conception. Like the philosophers of the eighteenth century generally, he imagined the formation of society to have involved far more consciousness and calculation than was the case. Society is a product of the emotional, rather than of the intellectual development of mankind.

(4) **Impulse.**—We see here another reason why society has to depend on men's feelings rather than on their reasoning. Their reason does not act quickly enough. All the earlier occasions for mutual help are sudden and unexpected. If we had to go through an argument or a calculation regarding the duty or advantage of saving a child from drowning, the child would drown before the swiftest intellect would reach the necessary conclusion. How many an intellect would never reach it at all.

Certainly none that had not had a long experience of the benefits of society which, is manifestly impossible if society is to depend on a reasoned perception of its advantages.

Somebody has well said that if we waited about falling in love till we had decided that it was the best thing to do, we should either decide not to do so, or when we had reached a favorable decision the opportunity would have passed by. Nothing is to be depended on in human conduct till it is entrenched in regular human feelings.

(5) **Criterion.**—One kind of evidence, however, there is which amid all these conflicting testimonies, yields us tolerably-safe guidance—the treatment of *women*.

The status of women among any people, and the habitual behavior to them, indicate with approximate truth, the *average* power of the altruistic sentiments; and the indication thus yielded tells against the character of the primitive man.

Often the actions of the stronger sex to the weaker among the uncivilized are brutal; generally the weaker are treated as mere belongings, without any regard for their personal claims; and even at best the conduct towards them is unsympathetic. That this slavery, often joined with cruelty, and always with indignity, should be the normal condition among savages, accepted as right, not by men only, but by women themselves, proves that whatever occasional displays of altruism there may be, the ordinary flow of altruistic feeling is *small*.—"*The Principles of Sociology*," *by Herbert Spencer, Vol. I., p. 78.*

(6) **Varied Influences of Sympathy.**—Of course if we have contrary suggestions made to us our sympathy for one person or the other will incline us to his way of doing, even if the other example is in itself the more impressive and attractive. Sympathy thus becomes a great sorter of suggestions as well as a supplement to them. And in turn, to follow the lead, that is, yield to the suggestion of a person, tends to establish a sympathy for him and to commit us to other suggestions which he may make, perhaps in quite different matters. Thus all conspires to unify the action of those who live in association with one another.

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23. THE MORAL INSTINCT.

The moral instincts, we have seen, are closely related to the general phenomena of sympathy and imitation, (1) constituting a special class of social conventions whose importance, society has constant occasion to emphasize. It is not difficult to distinguish the moral instinct from the other impulses which govern conduct. The impulse to do a thing because it is right is not easily confounded with the impulse to do a thing because it is pleasant. It will be noticed, however, that the actions which we are impelled to do because they are right, are always actions which concern some one else than ourselves. No one with a hearty appetite feels that it is his duty to eat his dinner. His inclination is quite sufficient. Or if inclination is weak and he needs to supplement it lest he suffer later, he reminds himself that it is wiser to eat; that his own interests will suffer if he does not. Such a calculation is entirely proper, but it is not moral. It is merely the weighing of future against present interests, on the principles of wise investment. But, if the failure to eat is going to interfere with the interests of others, by unfitting us to help them or to be agreeable to them, then we *ought* to eat. The matter of prudence becomes a matter of right. Even in such a case, however, we seldom have to call on our moral sense to enforce its claims, because the other claims are quite sufficient. A normal person does not think of eating his dinner as a duty. If other incentives should fail, then the obligation would assert itself, but till then it is quite dormant. But suppose a man with vigorous appetite is called upon *not* to eat his dinner in the interest of another. In this case he must act contrary to his own primary inclinations and immediate interests. Evidently there is occasion here for a new incentive, one which shall constrain his will and overpower his natural inclinations. This must be the feeling of obligation, or the moral instinct. (2)

Two characteristics thus distinguish all moral phenomena. First, they have to do only with actions which concern other persons; that is, with social actions. Things that concern only ourselves give rise to considerations of prudence and thrift, not to obligations. When we say: "I owe this to myself," we either mean that our obligations to others require a certain care for ourselves, or else we are making rather a disingenuous plea for our own interests.

Second, they have to do with actions which we are reluctant to perform. Whatever potential obligation there may be in actions that are altogether agreeable, it plays no active part in our experience. But there are things which we do not like to do which after all make us feel very good if we do them and very uncomfortable if we neglect them, all because of the presence of this strange feeling of obligation. It is further to be noted that duties tend to disappear by the reconciliation of interests which time is sure to effect.(3) Obligations long recognized become congenial, and unruly inclinations long subordinated gradually disappear. Much of this happens in the life of each individual, and constitutes his moral development. Still more does it happen in the race where individuals are not only trained but rigorously sorted with reference to social needs. If one cannot learn to like the things that are good for society, either he or his posterity will eventually find himself in outer darkness. Thus, the obligation of the mother to sacrifice for her child, the oldest of duties, has virtually changed from a duty to a pleasure, so completely have the mothers in every race become reconciled to this fundamental obligation. But as, one after another, our duties turn to pleasures new duties take their place. The further organization of society requires new sacrifices and encounters new resistances. Increasingly the organization of men requires that no man shall live unto himself; that the pursuit of self-interest shall be subordinated to and merged in that of the general good and that egoism should be displaced by public spirit. The moral instinct is, therefore, the temporary representative of society, the authority which establishes a provisional government in the territory which society has last

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wrested from self-interest, but which has not yet been won over to willing and spontaneous obedience. Where society's conquest is complete and we do her will from preference we are social beings; in that part of our nature over which her authority is but partial, and our obedience is grudging and painful, we are moral beings; and where in the absence, or in ignorance of social obligations, we follow the impulse of direct self-interest, we are merely individual—perhaps we may say natural—beings.

Whatever may be the nature and origin of this strange feeling which has the power of changing our action by making bitter sweet, and sweet bitter, it is plainly a factor of prime importance in the development and maintenance of society. While this conflict of inclinations which duty implies, naturally tends to disappear, no society is so static or so completely in command of the sympathy of all its members, that there is not large need of moral forces to maintain its authority. But it will be at once apparent that this need is greatest in progressive societies, whose very progress implies a constant encroachment upon the field of self-interest and personal indulgence. Only a people whose moral instincts are strong, can meet this continual demand for self-sacrifice and individual subordination. Moral power is a condition of social progress.

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23. THE MORAL INSTINCT.

(1) **The Moral Sense.**—The moral sense is closely related to sympathy but not identical with it. What we do out of sympathy we do not do from a sense of duty. Both impulses may unite to urge the same action, and both may be needed to overcome our reluctance, but they are not to be confounded.

The connection between the moral instinct and imitation is quite different. The two play into each other continually. The instinct of imitation is very different from the moral instinct, but it often determines the application of the latter. Our notion of what things are right and what things are wrong, and even our conception of the importance of doing the one and avoiding the other, are largely taken from other people, that is imitated.

(2) **Careful Definitions.**—It troubles some people very much to suggest that moral sentiments are thus only another form of pleasures and pains. In that case, they insist, there is no such thing as disinterestedness. That depends on definition. There is no such thing as action without incentives, and incentives are always reducible to agreeable or disagreeable sensations.

But all the same, the difference between the man whose pleasure it is to seek gratification directly, and the man whose impulse it is to find satisfaction in furthering the happiness of others, is the most fundamental of any we know. Above all, we should remember that realities are not affected by our theories. Supposing our study leads us to the conclusion that altruism is only a higher form of self-interest! What of it? That only means that there are two forms of self-interest, one of which is gross and pernicious and the other refined and beneficent. No explanation of the nature of these incentives makes it right to be selfish or in any way changes the verdict of experience as to the character of human actions.

A further objection is often urged, that men cannot be unselfish *with a view to happiness*; that men must forget themselves if they would be either happy or truly generous. But men must forget themselves, whatever they do, if they are to do it well and be happy in the doing of it.—"*Principles of Ethics*," *p. 250.*

(3) **The Relativity of Pains and Pleasures.**—When we have got rid of the tendency to think that certain modes of activity are necessarily pleasurable because they give up pleasure, and that other modes which do not please us are necessarily unpleasing; we shall see that the remoulding of human nature into fitness for the requirements of social life, must eventually make all needful activities pleasurable, while it makes displeasurable all activities at variance with these requirements.

When we have come fully to recognize the truth that there is nothing intrinsically more gratifying in the efforts by which wild animals are caught, than in the efforts expended in rearing plants, and that the combined actions of muscles and senses in rowing a boat are not by their essential natures more productive of agreeable feeling than those gone through in reaping corn, but that everything depends on the coöperating emotions, which at present are more in accordance with the one than with the other; we shall infer that along with decrease of those emotions for which the social state affords little or no scope, and increase of those which it persistently exercises, the things now done with dislike from a sense of obligation will be done with immediate liking, and the things desisted from as a matter of duty will be desisted from because they are repugnant.

This conclusion, alien to popular beliefs and in ethical speculation habitually ignored, or at most recognized but partially and occasionally, will be thought by the majority so improbable that I must give further justification of it: enforcing the *à priori* argument by an *à posteriori* one.

Small as is the attention given to the fact, yet is the fact conspicuous that the corollary above drawn from the doctrine of Evolution at large, coincides with the corollary which past and present changes in human nature force on us.—*Ibid.*, *pp. 183, 184.*

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24. RACE HOMOGENEITY.

We have now to deal with a social factor which is very different from the foregoing, and is in a measure dependent on them, for it will occur to the thoughtful reader at once that the so-called race problems which perplex modern states are largely reducible to questions of sympathy, imitation, etc. Nevertheless it will be profitable for us to consider here, the factors in so important an application.

Since a very early period in the development of society, a period reaching indefinitely farther back than written history, the races of men have been mingled. (1) This happened at first mostly through conquest, the conquered race being enslaved or otherwise incorporated, and eventually mixing its blood with that of its conquerors. In later times the mingling has more generally been peaceful by migration and settlement.

The mingling of races may be of two kinds, physiological and social. In the first case there is an actual mingling of blood through intermarriage. Different races show the most varied capacity and inclination for this kind of union. Thus the Spanish and Portuguese have readily mixed with the more primitive races with which they have come into so extensive contact, while the English have not. (2) To this is due in large measure the different outcome of the colonizing efforts of these great powers. The Jews are an illustration of a people who resist the strongest pressure to amalgamation, (3) while in some extreme cases it is doubtful whether nature has not made amalgamation impossible. (4)

Amalgamation gives us no problem in race homogeneity, because the hybrid race thus produced, whether good or bad, is not heterogeneous. We pass then to those cases in which races mingle, but do not mix. In such cases each race retains peculiarities of its own, at least for a very long time, (5) despite uniformity of conditions, and so long as these peculiarities remain it is certain to retain something of its race consciousness and race sympathies. What will be the effect of such a division of races on the development of society?

It may at first seem as though these extra sympathies might be easily reconciled with social obligations and simply exist as a sort of annex, causing no complications. But it is plain that such is not the case. The reason is that in every society there are constant conflicts of interest or inclination which tend to disintegrate it. Every society has about all it can do to keep these dissensions under control and maintain the supremacy of the common feeling and interest. This it succeeds in doing generally because the dissensions are scattered and local, and so never succeed in making common cause. If anything happens to organize on a large scale the petty jealousies and quarrels which exist everywhere in society, the strain becomes very much greater and may easily be fatal.

Something of this kind tends to happen when different races, conscious of their differences and each prejudiced in favor of its peculiarities, are included in the same society. Not only do these differences of race tend to produce conflict, but they give a new and more ominous character to conflicts of independent origin. Thus, if two white men or two negroes quarrel in the South neither quarrel attracts much attention. But let a white man and a negro quarrel and the two races at once take sides, at least in sympathy with their several representatives. The result is that local dissensions are magnified out of all proportion to their intrinsic importance and grievances are accumulated which divide society into vast and organized hostile camps. (6)

In general, therefore, we must conclude that heterogeneity of race acts as an obstacle to the unification and organization of society. It is not strange, consequently, that society has usually endeavored to assimilate conflicting race elements, often by very harsh measures. (7) These are apt to result ultimately in amalgamation or in the subjection and ultimate elimination of the less virile race.

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It is to be remembered, however, that all harsh measures not only cause serious strain at the outset by the antipathies which they arouse and the shock they bring to social instincts, but they sacrifice certain possibilities of strength which may prove serious. This is especially true where races of nearly equal development and virility are mingled. Differences of numbers may enable one to suppress the other, but it does so at its peril. (8) Such races always have characteristics which are worth preserving and the society which succeeds in the difficult task of holding them together till their antagonisms disappear is usually richly rewarded for so doing by the greater efficiency which it thus secures.

24. RACE HOMOGENEITY.

(1) **Composite Races.**—So true is this that the very purest races now existing are almost certainly very composite, the different elements having become more or less perfectly assimilated and having forgotten their identity. The Japanese, for instance, seem to have been completely assimilated, but they are undoubtedly a mixture. Coming to cases whose history is better known to us, we have the Spanish and the Italians whose origin is extremely complex, but who have forgotten a diversity which is still apparent to an observant eye. The French and English, perhaps of all peoples in Europe the ones who most feel their race unity, are very complex stocks, while the motley population of modern Greece is exceedingly proud of an ancestry from which the most of them certainly do not descend. Still more recent are the populations of America and the great colonial possessions of England where the mixing is still going on.

(2) **Spanish Colonies.**—In the recent controversy over the colonial policy of Spain the latter country has not by any means been without an answer to our harsh criticisms.

It would be difficult to justify in many respects our treatment of the Indian race, but it may well be doubted whether the very contrast cited does not contain the severest condemnation of Spain from the standpoint of race development. The Spanish argument implies that Spain has been the more humane and considerate, which is not true.

But Spaniards have shown less aversion than Englishmen for those unions with savages which lead to amalgamation and have created in their colonies a vast population of hybrids which have linked the interests of the two races. Moreover, this whole procedure tended to demoralize a national character originally none too energetic, and thus gave the natives a chance. It is the superior energy of the English race which has made their advance so irresistible and so destructive. And after all which policy has secured the better result for mankind?

(3) **Tenacity of National Characteristics.**—It is asserted that when Jews marry outside their own race the children have the characteristics of one race or the other rather than a combination of the two. However this may be, the race has astonishing tenacity of national character.

(4) **Amalgamation.**—It is a well-known fact that the crossing of different species of animals produces young which are sterile, that is, unable to perpetuate their kind. It is doubtful whether any branches of the human race are so distinct as this, but it is alleged that marriages between certain races in North Africa produce no offspring.

However this may be, it is certain that the amalgamation of certain races is attended with great difficulties in the way of physical repulsion and instinct, and is followed by most questionable results. The effect of amalgamation on the physical and intellectual character of the individual is a most interesting and important question, but it is not strictly a sociological inquiry. . . .

(5) **Distinctive Races.**—So with the Wends, a branch of the Slavic race, who for a thousand years have been absorbed in the population of Northern Germany without losing their black hair and dark complexion, so unlike that of the Germans. Equally distinct to-day is the German-Italian population of Lombardy from the Greek-Italian population of Naples, though here the conditions have not been altogether the same.

(6) **Race Consciousness.**—The influence of race consciousness is curiously illustrated in the state of Wisconsin where an attempt a few years ago to force the use of English in the parochial schools aroused the national or race feeling of the Germans so that Catholics and Lutherans made common cause and appear to have formed a somewhat durable political partnership. To one familiar with the hostility of these two parties in their native country, such a combination seems incredible.

(7) **National Obstinacy.**—Thus the Assyrian conquerors of Palestine removed the inhabitants of the middle section of the country, and replaced them with colonists taken from other races in a vain attempt to disintegrate the obstinate race.

This was the origin of the hated Samarian. The Turks have, in some instances, cut out the tongues of those who persisted in speaking Greek. Milder measures have been adopted by modern nations with a view to the same end, as in the case of Poland, Alsace-Lorraine, etc. These efforts have sometimes succeeded, but not always, especially in modern times.

(8) **Hostility to the Jews.**—The hostility to the Jews, now so pronounced in Europe, would seem to be a case in point. The past year has witnessed an especially violent agitation of this kind in France, where a leader in the movement openly declares that the Jews must go because they are getting the better of the French, as is proved by the fact that, though only one five-hundredth of the population, they have acquired one-fourth of the active capital of France. The writer adds that the English can compete with the Jews successfully, but the French can not. It never occurs to the writer to inquire whether after the Jews were gone the French would be able to compete with the English. And yet in very many ways such a competition is inevitable and unlimited. Can France spare the Jews?

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FOURTH WEEKLY REVIEW.

19. **PHYSICAL CHARACTER.**—*Viz.*, Individuality.
20. **PSYCHOLOGICAL CHARACTERISTICS.**—The Emotional and Intellectual.
21. **SUGGESTION AND IMITATION.**—Systematic Diversity.
22. **SYMPATHY.**—Participation in the Feelings of Others.
23. **THE MORAL INSTINCT.**—Special Class of Social Conventions.
24. **RACE HOMOGENEITY.**—Physiological and Social Mingling of Races.

QUESTIONS.

19. *What can you say of the internal factors contributing to social development? Of what is race character the product? What factors do we have to consider in relation to social development? How does human character move? How is the condition of society at any time largely determined? Mention several ways in which races differ. Can savage races advance?*

20. *How is society modified? Mention the most important characteristics of its members. How many classes of emotions are there? What are their relations to society? What is the most fundamental among the natural emotions? What is the relation of fear to society? Mention other emotional characteristics. Why do social beings require higher intellectual development than others? What does hunger suggest? How will the intellectual superiority of social man manifest itself? What is abstract thought? What can you say of the idea of cause and effect?*

21. *What is the conspicuous fact about society? What can you say of the uniformity which characterizes the members of society? Is is natural or artificial? Why are the customs of Turkish and Chinese society so different from our own? Is this the only reason? Of what is social uniformity the product? What is the importance of imitation? How does the faculty of imitation differ among different men and animals? How and why does the imitative instinct increase?*

22. *How is sympathy like imitation? What is sympathy? What is the occasion of its development? What is the function of feeling? To what do primary individual feelings prompt? What is the advantage of a society in this respect? How is this sort of thing brought about? At what period is society the product of impulses rather than of reasons? If men are to work for a common end, how must they be actuated? What is necessary in order to enable them to espouse one another's cause? What is the origin of sympathy? How does sympathy combine with imitation? What can you say of suggestion? What can you say of mere imitative instinct? How does sympathy supplement imitation?*

23. *To what are the moral instincts closely related? What can you say of the impulses toward right conduct? Give illustrations. What characteristics distinguish all moral phenomena? What are the potential obligations in actions which we are reluctant to perform? What is the effect of a good action upon ourselves? What can you say of obligations long recognized? In what way is this a factor in moral development? What will be the result if one cannot learn to like the things that are good for society? What can you say of the obligation of a mother to sacrifice for her child? What does the organization of men require? When are we social beings? Mention a factor of prime importance in the development of society. For what is there a large need of moral forces in society?*

24. *To what are the so-called race problems largely reducible? How did the mingling of races probably first happen? Of how many kinds may it be? What can you say of the Spanish and the Portuguese? Of the English? What can you say of the Jews? What can you say of amalgamation? What can you say of the races which mingle but do not mix? What will be the effect of such a division of races upon society? What is the reason for this? What can you say of race prejudice? Mention illustrations. How does heterogeneity of race act? What is the result of harsh measures? Mention several instances of hostility to the Jews.*

SUBJECTS FOR SPECIAL STUDY.

1. *Race character as a product of the circumstances under which the race has developed.*
2. *Society as modified by the psychological characteristics of its members.*
3. *The uniformity of conventionalities.*
4. *Sympathy as a factor in social development.*
5. *The moral instincts as important factors in human relationships.*
6. *General consideration of important race problems.*

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GAZETTEER AND GLOSSARY.

Aristotle (ar′-is-totl).—Born at Stagira 384 B.C., died at Chalcis 322 B.C. The most famous and influential of the Greek philosophers, the founder of the Peripatetic school. In his eighteenth year he went to Athens and became a pupil of Plato, with whom he remained for twenty years.

After the death of Plato he went to Atarneus, as a guest of Hermias, whose sister (or niece) Pythias he afterward married. In 343 or 342 he was summoned to the court of Macedon to undertake the education of Alexander (afterward "The Great"), who was then thirteen years of age. In 335 or 334 he returned to Athens, where he founded his school and produced the greater part of his scientific works.

On the death of Alexander, the uprising against the Macedonians forced Aristotle to flee from Athens to Chalcis, where he died.

Coverdale (kuv′-ër-dāl), **Miles.**—Born in the North Riding of Yorkshire in 1488; died in February of 1568. In 1531 he took his degree as bachelor of canon law, at Cambridge. In 1535 his translation of the Bible from Dutch and Latin appeared. In 1538 he was sent to Paris by Cromwell to superintend a new English edition of the Bible. This was known as "The Great Bible." He was a co-worker with Tyndale and Wiclif in the great work of translation. It is said that he also assisted in preparing the translation which is known as the Geneva Bible.

In 1563 he received from Cambridge the degree of doctor of divinity, and obtained the living of St. Magnus, near London Bridge. In 1566 he resigned this office on account of his objection to the enforced strict observance of the liturgy. He continued preaching, however, and was followed by crowds.

Plato (plā-tō) from the Greek Πλάτων, so surnamed because of his broad shoulders.

A famous Greek philosopher, who was born at Ægina 429 or 427 B.C. He was the disciple of Socrates and the teacher of Aristotle, the founder of the Academic school.

After he became a disciple of Socrates he is said to have destroyed his poems, but epigrams attributed to him are extant. His association with his master lasted from an early age until Socrates' death. After that event he traveled in Egypt, Cyrene, Sicily and Magna Grecia.

By Dionysius of Syracuse, who was offended because of his opinions, he was delivered to the Spartan ambassador, Pollis, who sold him as a slave in Ægina. He was ransomed, however, and returned to Athens, where he founded an academy. His death occurred at a marriage feast in Athens, 374 B.C.

Renaissance.—The meaning of the word is "new birth," and the term is understood as applying to the revival of classical literature and art.

Italy was the first to feel this renewal in the thirteenth and fourteenth centuries, but various influences retarded it in England for a century longer. Towards the end of the fifteenth century, the Greek language and literature began to be cultivated at the universities, Greek and Latin manuscripts were brought into England, and the "New Learning" grew rapidly.

Sparta or **Lacedæmon** (las-e-dē′-mon).—An ancient city of Laconia, Geeece, which became powerful after the legislation of Lycurgus in the ninth century B.C. It conquered Meseinia in the eighth and seventh centuries and was the leading Greek state by the sixth century. It was the representative and champion of aristocratic government. The Spartans took a leading part in the Persian war, and with allies fought against Athens in the Peloponnesian war. The years 404-371, B.C. were the period of Spartan hegemony. Sparta passed under Roman rule in 146 B.C.

Tyndale or **Tindale** (tin′-dal), **William.**—Born in Gloucestershire, England, about 1484—died near Brussels, Oct. 6, 1536.

An English reformer and translator of the Bible. He studied at Oxford and Cambridge.

Many millions of people now speak the English of "Tyndale's Bible," and there is no other book which has had, through the Authorized Versions, so great an influence on the style of English literature and the standard of English prose.

Among his own productions are "Parable of the Wicked Mammon" (1527). "Obedience of a Christian Man" (1528), and "Practice of Prelates" (1530).

Utopia (ū-tō′-pi-ă), from the Greek οὐ, no, not, and τόπος, place or spot; literally *nowhere*.

A political romance by Sir Thomas More, published in Latin in 1516. It is so called from an imaginary island, the seat of an ideal commonwealth. The name "Utopia" has given rise to the adjective *utopian*, with the meaning of impractical or ideal.

Wiclif or **Wyclif, John.**—Born near Richmond in Yorkshire, England, about 1324. He died at Lutterworth, Leicestershire, Dec. 31, 1384.

He was a celebrated English reformer, called "The Morning Star of the Reformation."

He was a fellow and later (1360) a master of Baliol College, Oxford, and became rector of Fillingham the same year.

He went with John of Gaunt as royal ambassador to confer with papal nuncios at Bruges in 1374. He was long a popular preacher and a hard worker in London.

In the year 1360 the Psalter was the only portion of scripture of which there was a translation into English of a date later than the Conquest.

Within twenty-five years from that date, John Wiclif had secured by his own work and that of true hearted companions, a translation of the whole Bible into English.

Xenophon (zen′-ō-fon).—A celebrated Greek historian and essayist, a disciple of Socrates. He was born about 430 B.C. and died a little later than 357 B.C. He joined the expedition of Cyrus the younger in 401, and after the battle of Cunaxa and the murder of the Greek generals became the chief leader of the 10,000 Greeks in their march to the Black Sea (see Xenophon's Anabasis).

He was the author of "Anabasis," "Hellenica" (in seven books), "Memorabilia of Socrates" (in defense of his master's memory), and several other works.

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THE THREE-FOLD PROBLEM OF CITY GOVERNMENT.

BY

JOHN R. COMMONS, Professor of Sociology, Syracuse University, N. Y.

A ROUGH survey of all the activities of all the people living in a city shows that by far the greater part are engaged directly in working up the material of nature for the satisfaction of human wants. They are manufacturing, transporting, and delivering goods, or fitting up the machinery, buildings, and highways for such purposes. The mental qualities here required are knowledge and skill. The work is planned by architects and engineers, whether mechanical, electrical, or civil, who are more or less equipped in the technology of their particular callings, and in the sciences of mathematics, physics, and chemistry. The work is executed by foremen, artisans and laborers, who have varied skill in handling the material to be worked up. Here we have the first problem of the residents, not only of a city, but also of the country, a technical problem dealing with the material of nature and requiring the physical qualities of knowledge and skill. As far as this problem is concerned it matters not whether the work is done by the people as private individuals on their own account or by individuals employed by the organized municipality. In overcoming nature and exploiting her resources, the problem is purely technical.

The same is true of the large army of people who are teaching the children at home or in the schools and churches, of the policemen and prison officials who are dealing with the anti-social classes, of the charity workers and pauper overseers who are dealing with the sub-social classes; these are fitting social material for society just as the other technical workers are fitting natural material for society's uses. Their work is also technical, requiring knowledge gained more or less from the sciences of psychology, penology, and sociology, and skill gained from experience in the application of scientific principles. Whether they do their work as employees of the city or of private parties is not at all a matter of concern, seeing that the qualities of knowledge and skill for which they are employed are the same in either case.

But a high development of technical ability is not possible without a minute division of labor and a specialization of knowledge and skill in limited fields of work. This necessitates transfers of goods, the selling of one's own specialized products and the buying of the products of others for one's own personal and industrial needs. Furthermore, this technical ability must also be specialized within a single industry, and a hierarchy of knowledge and skill must be organized on a large or small scale according to the extent of the market and the character of the production. Here we have a new problem, that of buying and selling, and the organization of responsibility. Material must be bought and sold, wages and salaries must be paid, employees must be selected and fitted into the related processes according to their equipment in knowledge and skill, and the highest productive energy must be evoked from each employee by the proper play upon his motives. Altogether the problem is one of economizing the technical abilities of individuals, that is, of increasing the productive power of each group with the least sacrifices and concessions to other groups and to the associated individuals within the group. This is usually known as the problem of business or administration. It deals with individuals, and the psychical quality required is tact. This quality is seen in the successful business manager who generally has but little technical ability, knows but little of the sciences and the various branches of technology over which he presides, and has no skill in handling material, but is able to "deal with men" through the personal qualities of foresight, shrewdness, diplomacy, persuasion, courtesy, blandishment, and firmness. Here again we are not concerned with the question of public or private management. The same qualities are required whether the work be done by a business manager employed by the city, or by a private company, or whether he be "his own employer."

The characteristics of a technical and a business problem, whether for city, state, or nation, being thus established, what is the nature of a political problem?

Society is made up of individuals working each in his own field. Division of labor is the instrument for creating wealth. The product is not the work of one man, nor of one set of men, but of society as a whole. Every thing that the individual man uses in his work and his pleasure, even the language with which he thinks, the tools with which he works, the food, clothing, luxuries which he enjoys, is the joint product of all society, past and present. They are all simply the services which his fellowmen everywhere are contributing to his life. Society is mutual service. But the motive which leads each individual to contribute his share to the joint product is mainly the share which he and those whom he loves can get in turn. Society is opportunity. Freedom is command over the services of others. But in acquiring this opportunity and this freedom, the individual alone is helpless against the pressure of others. Consequently everywhere we find that those with common interests are compelled to join together for the power which united effort secures. If their interest is urgent enough and their demands are not granted, they will resort to compulsion.

History is full of the uprisings of sects and classes, of riots and wars, brought about by this struggle

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to share in larger degree the freedom and opportunities which society vouchsafes. This struggle is not always violent. It may be *constitutional*. That is, the machinery of government may be so constructed and the suffrage so extended that different sects and classes may get a share of social services by simply getting control of the constituted authorities through well recognized channels and without resorting to compulson. The power of compulsion, wherever it exists, is the power to put one's own opinion or desire into effect regardless of the desires and opinions of others. This power is controlled and directed, therefore, not by proof and logic, but by appeals to the sense of justice and expediency. It belongs to the realm of *opinion* rather than demonstration and understanding. Here we have the essential mark which separates the political from the technical and business problems. In the technical field there is no power of compulsion. One must act according to unchangeable laws governing human nature and physical nature. "We conquer nature by obeying her," *i.e.*, knowledge and skill, not by opinion and prejudice.

In the business field we apparently come nearer to compulsion. Successful business discipline depends on the power to appoint, promote, and discharge subordinates. But this power exists only in so far as the laws of property permit and enforce it. Here the business problem depends upon the political forces that regulate property. The business manager is allowed to use compulsion only to the extent that the people through their laws have chosen. His success within this area is based primarily on tact and persuasion.

The political problem of society occurs exactly at this point. It is concerned with the extent to which compulsion shall be used by private persons, by sects or classes, in promoting their interests. It is not independent of technology and business. In fact it depends upon these to further its ends. It cannot override them, but it can use them. It deals only with the question, who shall get the advantages derived from them? Its field is the distribution of social privileges. It is a question of social classes, instead of individuals or the material of nature. It is settled by desires, opinions, prejudices, rather than knowledge or tact. It is for this reason that the political problem takes precedence over all other social problems in the hearts of the people. Men are first of all creatures of desire. Knowledge, skill, tact, are useful only as they satisfy the desires. The desires may be those of justice or expediency, of love and devotion, of greed and self-aggrandizment, but whatever they are, they dominate and guide all one's powers and abilities. Consequently, if the structure of the city government does not provide separately for each of these problems, the voters will assuredly suppress technical and business efficiency in the interests of political preferences.

It is a mistake to suppose that political considerations are solely to be found in state and federal politics. It is often held that voters elect their aldermen and mayor on the basis of their opinions concerning the tariff and the currency. This may hold of a few highly educated and abstract persons and of business men with large national interests, but for the majority of the voters it is their class traditions, friendships, likings and dislikings, their clubs, saloons, social gatherings, neighborhood acquaintances, their childhood and habitual preferences and prejudices, that determine first their local alliances and then their national alliances. The most inveterate and deep-seated of these preferences has always been that which is based on religious belief. In the United States, where church and state are separated, and where religious opinions are allowed no place in determining the laws, these opinions are sometimes injected into the election of officials who will throw the balance of advantage to the side of their religious confreres.

Then as the religious hold weakens and the majority turns to search for material pleasures, there arises a determined insistence on the right of the voters to enjoy themselves in their own way, to spend their money as they choose. The state gives to the city the privilege of electing its own officials, but gives to the state legislature the power of enacting laws which these officials are to enforce. Consequently the officials are chosen, not on the question of their ability or integrity, but on the question of the enforcement or non-enforcement of the state laws.

Beliefs and enjoyments take precedence over all other desires in the hearts of the voters. But with the growing density of population, with the increase in technical improvements, with the rise of wide extremes between propertied and non-propertied classes, new political prejudices spring into being with their destructive influences on the business ability of officials. The contests between capital and labor, the rise of labor unions, with their emphasis on the class-consciousness of the working classes, soon shows itself in resistance to the business and property interests which have hitherto controlled the cities, and which are also the overt antagonists of the unions in private dealings. No longer, therefore, is it possible to elect men of eminent business qualifications to office. Important questions affecting the diffusion of property interests among the different classes in the city now begin to emerge. Such, for example, is the question of municipal ownership of monopolies. Whether these monopolies shall be owned by the city or by private parties, what shall be the charges for services, are political questions affecting social classes. Their economical administration, the appointment and discharge of subordinates, are business and technical questions. So with the choice between the contract system of public work and the system of direct employment; the taxation of personal property, real estate and land values; the wages and hours of municipal employees. If all these social and class questions, affecting beliefs, enjoyments, and incomes, and pertaining peculiarly to cities, are to be settled by the state legislature, it is almost useless to agitate a municipal campaign on the basis of economical business administration. The only means which the voters have of enforcing their permanent desires is to elect officials, not on the question of their ability or integrity, but on the question of enforcement or non-enforcement of state law.

In order, therefore, that the American city may acquire a technical and business efficiency, it must have first of all, legislative home rule. If the state legislature continues to enact laws for the city, it will be compelled, sooner or later, to appoint and remove the city's officials. There is already a tendency in this direction, which has shown itself in a state or "metropolitan" police system for Boston, St. Louis, and other cities. To what extent the city should be granted home rule, to offset this

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centralizing tendency, is a matter of expediency, but it should probably include local option on liquor excise questions, and on all financial and business questions of purely local concern.

Here again, however, we are met by a theory of city government which is reshaping American cities in such a way as to force their local political questions into their business and technical administration. This is the theory that the city is only a business corporation organized to economize the taxes, and should therefore be copied after private corporations, with responsibility centered in a single general manager, the mayor. Under the pressure of this theory the board of aldermen has been deprived not only of all business functions, but also of discretion in the matter of debt, franchises, taxation, and improvements. The mayor and the several boards which he appoints have, in New York, where the business theory has been carried to its logical conclusion, the initiative in all these matters and an absolute veto on the common council, while the mayor has also a personal veto equivalent to a five-sixth vote of the council. If the city were really a business corporation with but one purpose, to make money, then this theory might result in the election of a capable business manager for its chief. But it is a political corporation, with the power of coercion; and since the political interests of the voters are as various and antagonistic as their passions, prejudices, habits, desires, the mayor is elected, not for his business capacity, but for his political and social preferences.

The truth is, the city is both a business and a political corporation. If the mayor is to be the head of its business side, he and his appointees should be deprived of all political discretion. He should have no veto whatever, should have no initiative, no power over franchises, taxes, improvements, or excise, but should merely execute the wish of the voters. And this wish should have an entirely separate avenue for expression. If this avenue is the common council, then the council should be given absolute discretion in all matters except the mere appointment and removal of subordinates. It should fix the rates for taxation, the compensation for franchises, the charges, fees, and licenses for public services; should decide the questions of liquor regulation, of municipal ownership, of indebtedness, of wages and hours of employment, of contracts and direct employment, of public improvements. Here is a wide field for discretion and political opinion, which at present is occupied by the state legislature and the mayor.

But it will appear at once that the council cannot be trusted with such vital interests. It is not a representative body. Mr. Seth Low speaks of it as "the great unsolved organic problem of American cities." For this practical reason as much as for theoretical adherence to the business conception of the city, has the council been deprived of power. If it is to be continued it must be reorganized. This is the object of the movement for Proportional Representation,* a reform which has been adopted in Swiss cantons and cities, though first proposed by an American writer. If the council is not to be continued, the people can decide these political questions by a direct popular vote. This is the initiative and referendum, a measure also in operation in Switzerland and quite familiar to Americans in a modified form. A striking advantage of the popular vote is that it eliminates at once the political preferences of the voters from their choice of the mayor. Massachusetts towns and cities have for several years been permitted to vote upon the question of "license or no-license" by a popular referendum. As a consequence, these are almost the only cities which have been able to elect "non-partisan" or "independent," or "citizens" candidates for mayor. It has even occurred that cities which have voted for licensing the saloon have at the same election given decided majorities for anti-saloon mayors. The simple device of the referendum separates the political from the business problem of the city and enables the voters, in electing the business head, to attend solely to the business qualifications of the candidates. The two issues are clarified and each is settled on its own merits. As an isolated proposition, the people do not want corrupt and inefficient government, but as a subordinate proposition they will prefer such a government to the restriction of those enjoyments and liberties which lie close to their habits of life. Furthermore, with honest and efficient administration the political problems of the city can be debated and decided on their merits. At present such questions turn on the honesty or dishonesty of the officials who are to execute the people's will, and, consequently, they are decided, not by the people's wishes, but by their fears and distrust.

We really reach, then, this conclusion: If with a system of universal suffrage we are to have business-like municipal administration, we must recognize the fact that the city is not primarily a business corporation; that it possesses the power of coercing those who do not willingly acquiesce in its policy; that if the city charter is so framed that to the business administration is given discretion in the control of this power of coercion, the voters will use the administration, first of all, to control this discretion in their own interests, and afterwards to secure efficiency and honesty; but that if the business head is deprived of political discretion by a proper extension of home rule and a clean exclusion from all legislative functions, either through the creation of an unvetoed legislative branch without the power of appointment or removal, or through the provision for direct popular vote on questions of policy—the people's veto instead of the mayor's veto—then the charter will follow scientifically the social psychology of the voters, and the city government will be, as it should be, not only efficient and honest, but popular and progressive. The mayor's only problem will be the selection, appointment, promotion, and discharge of the technical experts, who by their knowledge and skill execute the will of the people. His own selection by the voters will turn not on his beliefs, his habits, his pleasures, his prejudices, but on his honesty, efficiency, and tact in organizing the staff of technical workers and in dealing with the contractors and merchants from whom his labor and material are to be purchased. The people themselves will decide entirely independently of the mayor and his appointees what they wish to have done or not done, how much it shall cost, how the funds shall be raised, to what extent their beliefs, enjoyments, and habits of life shall be regulated.

Thus the three problems of the city government, the technical, the business, and the political problems, will each be settled in its own field on its own intrinsic merits, and the minds of the voters will be freed from that maze of conflicting problems which bewilders the solution of each.

* See Commons, J. R., "Proportional Representation," Crowell & Co. Boston, 1896.

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NOTES FROM CENTERS

AND EDITORIAL COMMENTS.

WITH the present number we close the treatment of the somewhat difficult problem concerning money. We have tried to present the arguments on each side of the question impartially. Some of our members seem to think that we are partial to the gold standard, and others perhaps feel that we are giving too much space to the arguments for bimetallism, but we have tried to do ample justice to both sides. We have not tried to propagate our own theories or methods of reform, but to assist our students in obtaining a fair and comprehensive view of the whole situation.

We would like to call especial attention to the comparatively new theory of the multiple standard which is so ably treated by Prof. Frank Parsons in lesson 7. It affords a partial survey of a field comparatively new, and contains many invaluable thoughts and suggestions.

If the great money question could be satisfactorily settled, it would make room for the discussion of other serious problems which still await solution, consequently every effort in that direction should be welcomed as a factor in the interests of justice, harmony, and the progress of civilization.

We also take great pleasure in presenting the valuable paper prepared by Prof. John R. Commons on "The Three-fold Problem of City Government." This important question is freely discussed, and the three problems of city government are shown to be the technical, the business, and the political problems. Each of these should be settled in its own field, and upon its own intrinsic merits.

The methods which are suggested would greatly simplify the municipal questions and the mayor's work would consist largely in the selection, appointment and promotion of the technical experts who execute the declared will of the people.

Terre Haute, Ind.—During the past month Terre Haute has come to the front with an organization of nearly two hundred members. In connection with the meetings an admirable series of lectures has been arranged which will supplement the lessons. The program is as follows:

"Ethical Aspects of the Labor Movement."—By John P. Gavit, of Chicago Commons.
"The Monroe Doctrine and National Expansion."—By Prof. Ellwood W. Kemp.
"Are Monopolies Desirable! Why Are They Inevitable?"—By Rev. S. N. Deinard (Temple Israel).
"Municipal Ownership of Public Service Systems. Should the Government Own and Operate Our Railways, Telegraphs, and Telephone Lines?"—By Hon. Dick Miller.
"The Trend of Our Present Industrial and Commercial Systems?"—By Eugene V. Debs.
"Is Protection a Benefit?"—By Max Ehrmann.
"Direct Legislation: Initiative and Referendum."—By Prof. Herbert Briggs.
"What Coöperation Has Already Done."—By Rev. William Mitchell.
"How to Begin Coöperation."—By Rev. W. M. Tippy.
"Inheritance and Income Taxes."—By Rev. Jno. Ryves.
"Woman's Relation to Modern Society."—By Mrs. Alice P. Dryer.

This plan of giving a series of popular lectures on timely topics *relating to the work in hand*, is one we would especially commend to other organizations. While lecturers of national reputation are desirable they are not necessary to insure the success of the plan. In every community there are men and women who have made a special study of such subjects as those indicated, and who, even if not belonging to the Center, will be glad to deliver a lecture if invited to do so. Members of Centers are as a rule busy people who have little opportunity for reading; consequently, lectures by people who have had the time for special study will prove most interesting and instructive.

We also advise debates on such great questions as "Money," "Protection versus Free Trade," etc. Select your best local champions on each side of the issue, and whether they belong to the organization or not, invite them to a joint debate. Do not limit your programs wholly to your own members. Seek information wherever it may be found. At your debates allow each member at the conclusion to say a few words for the side he or she may favor. If this plan is followed, we are quite sure no Center will lack in interest.

Peoria, Ill.—It is also gratifying to record the organization of a Center at Peoria of over sixty members. This Center has good material and should do most successful work. In connection with it will be given the following lectures, one being delivered each month:

"The Trend of Our Present Industrial and Commercial Systems."—By Bishop Samuel Fallows, D.D., LL.D., Chicago, Ill.
"Are Monopolies Desirable? Why They Are Inevitable."—By Walter Thomas Mills, Chicago.
"Production and Consumption."—By Dan R. Sheen.
"The Monroe Doctrine and National Expansion."—By Prof. C. T. Wyckoff, Ph.D., Bradley Institute.
"The Power of General Assembly Committees."—By Colonel James M. Rice.
"The Function of Government."—By Robert Cumming.
"Labor Factors."—By Rev. John Faville.
"The Economics of Prohibition."—By W. A. Brubaker, General Secretary Y. M. C. A.
"Woman's Place in the Industrial World."—By Mrs. Clara P. Bourland, President Woman's Club.
"Direct Legislation: Initiative and Referendum."—By Prof. James W. Garner, Bradley Institute.
"Coöperation."—By Rev. Chauncey T. Edwards.
"What Coöperation Has Already Done."—By Mrs. Nellie S. Kedzie, Bradley Institute.

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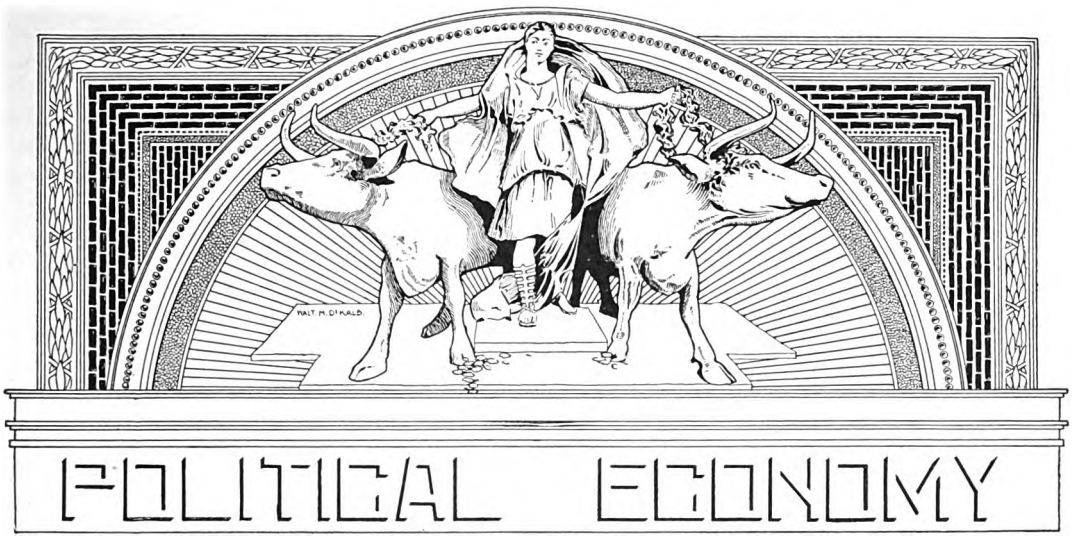

TRANSFERS OF ECONOMIC GOODS, INCLUDING, AS AGENTS OF TRANSFERS, MONEY, CREDIT, AND BANKING.

BY

RICHARD T. ELY, Ph.D., LL.D., Professor of Political Economy, and Director of the School of Economics, Political Science and History, in the University of Wisconsin.

1. THE NATURE AND PURPOSES OF INTERNATIONAL TRADE. PART IV. (Concluded).

WE pass now from an examination of the media and instrumentalities of exchange to a consideration of the nature and purposes of international trade. By international trade we mean simply the regular systematic and organized exchange of products between nations. We will do well, then, to recall the nature and purposes of exchange in general as a first step in the discussion of the subject which at present engages our attention, for we have here to do simply with exchanges of one sort.

Exchange, it will be recalled, is a cause and a result of the division of labor; and the division of labor in turn is one of the indispensable conditions of highly organized modern industry, making possible the advantageous use of machinery moved by wonderful natural forces and giving us those marvelous advances in production whereby in some instances one man does as much work as formerly one hundred or even a thousand. Exchanges tend to bring about a condition in which each one produces under the circumstances which are to him most advantageous, and exchanges his surplus product for the surplus product of another, who likewise is occupied where his powers count for most. This, indeed, we may term one of the ideals of exchange. The opposite of exchange is self-sufficiency with its primitive and scanty production. This has already been sufficiently considered and therefore need not detain us longer at present.

We must notice something else, however, as a preliminary to our discussion of international trade. When A and B produce different things for exchange, each one engaging in the occupation in which he can exert himself most effectively, it does not necessarily imply that A may not in every particular be superior to B. Let us suppose that A is a carpenter and B a blacksmith. A may be both a better carpenter and a better blacksmith than B, but if his relative superiority as a

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carpenter is greater than as a blacksmith, he has done well to choose the occupation of a carpenter. Similarly if B's inferiority as a blacksmith is less than his inferiority as a carpenter, he has done well to adopt the occupation of a blacksmith. Under division of labor and exchange of products what is desired is to let each one find that field of employment where his relative advantages are greatest and where his relative disadvantages are the least. We thus have the arrangement which is both individually and socially most beneficial.

What has been said doubtless seems simple enough, but it contains wrapped up in itself the general principles both of domestic and international trade.

International trade is in its nature quite similar to domestic trade. There are, to be sure, some things connected with nationality to be considered, and the protectionist is quite right when he insists upon these things, but the bearing of nationality will be discussed later. We will now simplify the problem by a treatment of the most general principles involved. Nations exchange products with each other for reasons quite similar to those which induce our Eastern states to exchange products with our Western or Southern states. In every case it is relative advantages which are utilized, and this results in our effective modern industrial organization. It has its shortcomings, both with respect to production and distribution, but no rational plan which aims to correct these, carries with it an abolition of exchange nor even, on the whole, a diminution of exchange. (1)

1. THE NATURE AND PURPOSES OF INTERNATIONAL TRADE. PART IV. (Concluded).

(1) **International Trade.**—As I have said elsewhere after Ricardo (the thinker who has done most towards clearing up this subject) "it is not a difference in the *absolute* cost of production, which determines the interchange, but a difference in the *comparative* cost. It may be to our advantage to procure iron from Sweden in exchange for cottons, even although the mines of England as well as her manufactories should be more productive than those of Sweden; for if we have an advantage of one-half in cottons, and only an advantage of a quarter in iron, and could sell our cottons to Sweden at the price which Sweden must pay for them if she produced them herself, we should obtain our iron with an advantage of one-half, as well as our cottons. We may often, by trading with foreigners, obtain their commodities at a smaller expense of labor and capital than they cost to the foreigners themselves. The bargain is still advantageous to the foreigner, because the commodity which he receives in exchange, though it has cost us less, would have cost him more."

To illustrate the cases in which interchange of commodities will not, and those in which it will, take place between two countries, Mr. Mill, in his *Elements of Political Economy*, makes the supposition, that Poland has an advantage over England in the production both of cloth and of corn. He first supposes the advantage to be of equal amount in both commodities; the cloth and the corn, each of which required one hundred days' labor in Poland, requiring each one hundred and fifty days' labor in England. "It would follow, that the cloth of one hundred and fifty days' labor in England, if sent to Poland, would be equal to the cloth of one hundred days' labor in Poland: if exchanged for corn, therefore, it would exchange for the corn of only one hundred days' labor. But the corn of one hundred days' labor in Poland was supposed to be the same quantity with that of one hundred and fifty days' labor in England. With one hundred and fifty days' labor in cloth, therefore, England would only get as much corn in Poland as she could raise with one hundred and fifty days' labor at home; and she would, in importing it, have the cost of carriage besides. In these circumstances no exchange would take place." In this case the comparative costs of the two articles in England and in Poland were supposed to be the same, though the absolute costs were different; on which supposition we see that there would be no labor saved to either country by confining its industry to one of the two productions, and importing the other.

It is otherwise when the comparative, and not merely the absolute costs of the two articles are different in the two countries. "If," continues the same author, "while the cloth produced with one hundred days' labor in Poland was produced with one hundred and fifty days' labor in England, the corn which was produced in Poland with one hundred days' labor could not be produced in England with less than two hundred days' labor; an adequate motive to exchange would immediately arise. With a quantity of cloth which England produced with one hundred and fifty days' labor, she would be able to purchase as much corn in Poland as was there produced with one hundred days labor; but the quantity which was there produced with one hundred days' labor, would be as great as the quantity produced in England with two hundred days' labor." By importing corn, therefore, from Poland, and paying for it with cloth, England would obtain for one hundred and fifty days' labor what would otherwise cost her two hundred; being a saving of fifty days' labor on each repetition of the transaction: and not merely a saving to England, but a saving absolutely; for it is not obtained at the expense of Poland, who, with corn that costs her one hundred days' labor, has purchased cloth which, if produced at home, would have cost her the same. Poland, therefore, on this supposition, loses nothing; but also she derives no advantage from the trade, the imported cloth costing her as much as

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if it were made at home. To enable Poland to gain anything by the interchange, something must be abated from the gain of England: the corn produced in Poland by one hundred days labor must be able to purchase from England more cloth than Poland could produce by that amount of labor; more therefore than England could produce by one hundred and fifty days' labor, England thus obtaining the corn which would have cost her two hundred days, at a cost exceeding one hundred and fifty, though short of two hundred. England therefore no longer gains the whole of the labor which is saved to the two jointly by trading with one another.

From this exposition we perceive in what consists the benefit of international exchange, or, in other words, foreign commerce. Setting aside its enabling countries to obtain commodities which they could not themselves produce at all; its advantage consists in a more efficient employment of the productive forces of the world. If two countries which traded together attempted, as far as was physically possible, to produce for themselves what they now import from one another, the labor and capital of the two countries would not be so productive, the two together would not obtain from their industry so great a quantity of commodities, as when each employs itself in producing, both for itself and for the other, the things in which its labor is relatively most efficient. The addition thus made to the produce of the two combined, constitutes the advantage of the trade. It is possible that one of the two countries may be altogether inferior to the other in productive capacities, and that its labor and capital could be employed to greatest advantage by being removed bodily to the other. The labor and capital which have been sunk in rendering Holland habitable would have produced a much greater return if transported to America or Ireland. The produce of the whole world would be greater, or the labor less, than it is, if everything were produced where there is the greatest absolute facility for its production. But nations do not, at least in modern times, emigrate *en masse;* and while the labor and capital of a country remain in the country, they are most beneficially employed in producing for foreign markets as well as for its own, the things in which it lies under the least disadvantage, if there be none in which it possesses an advantage.—"*Principles of Political Economy*," *by John Stuart Mill, Book iii., Chap. 17.*

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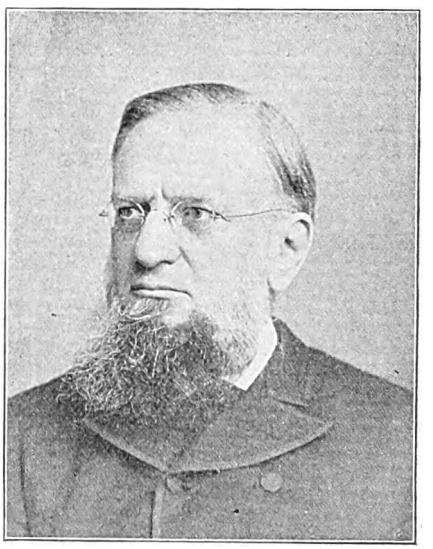
2. THE NATURE AND PURPOSES OF INTERNATIONAL TRADE (Continued).

The reason why individuals exchange products is for the sake of what they receive, and the measure of the advantage consists not in the amount of commodities given away, but in the quantities of commodities added to their supply. This is true, whether the exchanges are between two individuals residing in the same nation or between individuals residing in different nations. Now exchanges between individuals make up trade whether trade is domestic or foreign. Let us remember that when we talk about international trade, we are discussing exchanges between individuals, for nations as such take comparatively little part in foreign exchanges. Moreover, the same principle applies to exchanges which nations as such effect with one another. The advantage consists, in all these cases, in what is received. The benefits of international trade are to be sought in what is brought in, in the imports, not in what goes out, or the exports. This may seem a little strange, but reflection will make it clear. And it is something in regard to which there would seem to be no room for controversy. What we give out or send away represents outlay, effort, sacrifice; what we take in represents our reward. Mr. Thomas G. Shearman, in his article on "Free Trade," in the *Encyclopædia of Social Reform*, expresses this idea well in these words: "Imports are what we *get;* exports are what we *give.* It is impossible that we should gain a profit by forever giving more value than we receive in exchange. Prosperity comes from steadily importing things which are of greater value to us than those which we export."



Thomas G. Shearman.

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What we desire, then, in international trade, is imports. Let us fasten this clearly in mind, and remember that this is something which is true whether we adopt the theory of free trade or protection. If our aim is simply to get rid of things, to send away things, if we strive only to pile up exports, our problem is the simplest possible. We can send away from our shores to the poor and needy of the world more than all our resources can by any possibility enable us to produce. We must simply find those whose wants would make them recipients for the products of our industry and offer them our bounty. Most human beings have insufficiency of food, clothing, and shelter; consequently, needs exist in superabundance. But all this brings clearly before us that in our exports we have in mind what can be received in exchange, and we seek customers not among the poverty-stricken ones but among the prosperous ones of the earth.(1)

We are apt to deceive ourselves because we think of only one-half of the complete operation. It is easy for us to make purchases, frequently more difficult for us to effect sales; consequently, when we have effected a sale we are filled with satisfaction and do not always stop to think that the real cause of gratification is the possible purchase which completes the operation, which, indeed, is the cause and the explanation of the sale.

2. THE NATURE AND PURPOSES OF INTERNATIONAL TRADE (Continued).

(1) **Restraints Upon Importation.**—The wealth of a neighboring nation, however, though dangerous in war and politics, is certainly advantageous in trade. In a state of hostility it may enable our enemies to maintain fleets and armies superior to our own; but in a state of peace and commerce it must likewise enable them to exchange with us to a greater value, and to afford a better market, either for the immediate produce of our own industry, or for whatever is purchased with that produce.

As a rich man is likely to be a better customer to the industrious people in his neighborhood than a poor, so is likewise a rich nation. A rich man, indeed, who is himself a manufacturer, is a very dangerous neighbor to all those who deal in the same way. All the rest of the neighborhood, however, by far the greatest number, profit by the good market which his expense affords them. They even profit by his underselling the poorer workmen who deal in the same way with him. The manufacturers of a rich nation, in the same manner, may no doubt be very dangerous rivals to those of their neighbors. This very competition, however, is advantageous to the great body of the people, who profit greatly besides by the good market which the great expense of such a nation affords them in every other way.

Private people, who want to make a fortune, never think of retiring to the remote and poor provinces of the country, but resort either to the capital or to some of the great commercial towns. They know that where little wealth circulates there is little to be got; but that where a great deal is in motion some share of it may fall to them. The same maxims which would in this manner direct the common sense of one, or ten, or twenty individuals, should regulate the judgment of one, or ten, or twenty millions, and should make a whole nation regard the riches of its neighbors as a probable cause and occasion for itself to acquire riches.

A nation that would enrich itself by foreign trade is certainly most likely to do so when its neighbors are all rich, industrious and commercial nations. A great nation, surrounded on all sides by wandering savages and poor barbarians, might no doubt acquire riches by the cultivation of its own lands and by its own interior commerce, but not by foreign trade. It seems to have been in this manner that the ancient Egyptians and the modern Chinese acquired their great wealth. The ancient Egyptians, it is said, neglected foreign commerce, and the modern Chinese, it is known, hold it in the utmost contempt, and scarce deign to afford it the decent protection of the laws. The modern maxims of foreign commerce, by aiming at the impoverishment of all our neighbors, so far as they are capable of producing their intended effect, tend to render that very commerce insignificant and contemptible.

It is in consequence of these maxims that the commerce between France and England, has, in both countries, been subjected to so many discouragements and restraints. If those two countries, however, were to consider their real interest without either mercantile jealousy or national animosity, the commerce of France might be more advantageous to Great Britain than that of any other country, and for the same reason that of Great Britain to France. France is the nearest neighbor to Great Britain. In the trade between the southern coast of England and the northern and northwestern coast of France, the returns might be expected in the same manner as in the inland trade, four, five, or six times in the year.

The capital, therefore, employed in this trade could, in each of the two countries, keep in motion four, five, or six times the quantity of industry, and afford employment and subsistence to four, five or six times the number of people, which an equal capital could do in the greater part of the other branches of foreign trade. Between the parts of France and Great Britain most remote from one another the returns might be expected at least once in the year; and even this trade would so far be at least equally advantageous as the greater part of the other branches of our foreign European trade. It would be at least three times more advantageous than the boasted trade with our North American colonies, in which the returns were seldom made in less than three years, frequently not less than four or five years.—*Adam Smith, "Wealth of Nations," Bk. IV., Ch. II., Part II.*

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3. THE BALANCE OF TRADE.

The former Chief of the Royal Statistical Bureau of Prussia, Dr. Ernst Engel, once made the following observation at a meeting of a "Seminary," of which the writer was a member at the time: "He who attempts to draw any conclusion whatever as to the nation's wealth or poverty from the mere fact of a favorable or unfavorable Balance of Trade, has not grasped the first fundamental principle of Political Economy."

There can be no doubt as to the substantial correctness of the remark of Dr. Engel, inasmuch as either a favorable or unfavorable Balance of Trade may mean a great number of very diverse things. Consider this, for example: The United States has long had a favorable Balance of Trade, but so has Egypt. England is the country with the largest unfavorable Balance of Trade. France and Germany likewise have an unfavorable Balance of Trade. The unfavorable Balance of Trade of Belgium is very large. In every one of these cases we must know a great many things besides the amount of trade balance in either direction before we can understand the significance of the statistics which record that balance. Why is it that Egypt has a very large favorable Balance of Trade? As nearly as the author can recollect, the unfavorable Balance of Trade of Egypt was a few years since, the largest, relatively, of all on record. The explanation is to be found in the deep poverty and the heavy indebtedness of that country. She has to make payments to foreigners, and does so in exported commodities. It must always be remembered that debts between nations are ordinarily liquidated by means of commodities, only relatively small balances being settled by money.

Turning to the United States, what does it signify that we have a favorable Balance of Trade? It might mean that we are acquiring a large amount of property in other countries, and that ultimately, on account of payments of interest and dividends, our Balance of Trade may change to an unfavorable one. As a matter of fact, it does signify that we are paying interest and dividends to foreigners who have made investments in our country, and perhaps it signifies also that we are paying a portion of the principal of our debt to foreigners, or that we are repurchasing stock. If it is merely temporary, it may mean that we are accumulating claims on foreign bankers, which will be adjusted later by imports of commodities, or of the precious metals. If, however, the precious metals come in, in such quantities as to give us an undue share of the supply, they will have to leave again in payment of imports.

The simply enormous unfavorable Balance of Trade in England is one of the manifestations of the great wealth of that country. At the present time the total imports of Great Britain are almost twice as great as the exports of British produce, and almost one-third greater than the exports of British produce plus foreign and colonial produce exported from Great Britain. England does a large part of the international carrying trade of the world, and owns property in all parts of the world, and so people everywhere are obliged to send Englishmen commodities in payment of freight charges and also of interest, dividends and profits of all sorts. In 1897 the imports of Great Britain were, in round numbers, four hundred and fifty-one million two hundred and fifty thousand pounds sterling; the exports of British produce, were two hundred and thirty-four million, three hundred and thirty-three thousand, three hundred and thirty-three, and the exports of foreign and colonial produce, sixty million pounds sterling.

France is wealthy enough to enjoy a favorable Balance of Trade. After the Franco-German war, however, it was necessary for France to economize, on account of her great losses. Consequently, for a few years after the war, the Balance of Trade in France was favorable; but as she recovered from her loss the Balance again became unfavorable.

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Thus a favorable Balance of Trade may indicate exactly opposite conditions; increasing wealth or deepening poverty; and an unfavorable Balance of Trade may mean great wealth, or great extravagance, resulting conceivably in national bankruptcy. (1)

Illustrative statements will be found in *Martin's Statesman's Year Book* and official publications of our own and other governments.

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3. THE BALANCE OF TRADE.

(1) **Of the Balance of Trade.**—It is very usual, in nations ignorant of the nature of commerce, to prohibit the exportation of commodities, and to preserve among themselves whatever they think valuable and useful. They do not consider that in this prohibition they act directly contrary to their intention; and that the more is exported of any commodity, the more will be raised at home, of which they themselves will always have the first offer.

It is well known to the learned, that the ancient laws of Athens rendered the exportation of figs criminal, that being supposed a species of fruit so excellent in Attica that the Athenians deemed it too delicious for the palate of any foreigner; and in this ridiculous prohibition they were so much in earnest that informers were thence called *sycophants* among them, from two Greek words, which signify *figs* and *discoverer*. There are proofs in many old acts of parliament of the same ignorance in the nature of commerce, particularly in the reign of Edward III.; and to this day, in France, the exportation of corn is almost always prohibited, in order, as they say, to prevent famine; though it is evident that nothing contributes more to the frequent famines which so much distress that fertile country.

The same jealous fear with regard to money has also prevailed among several nations; and it required both reason and experience to convince any people that these prohibitions serve no other purpose than to raise the exchange against them, and produce a still greater exportation.

These errors, one may say, are gross and palpable; but there still prevails, even in nations well acquainted with commerce, a strong jealousy with regard to the balance of trade and a fear that all their gold and silver may be leaving them.

This seems to me, almost in every case, a groundless apprehension; and I should as soon dread that all our springs and rivers should be exhausted as that money should abandon a kingdom where there are people and industry. Let us carefully preserve these latter advantages, and we need never be apprehensive of losing the former.

It is easy to observe, that all calculations concerning the balance of trade are founded on very uncertain facts and suppositions. The custom house books are allowed to be an insufficient ground of reasoning; nor is the rate of exchange much better, unless we consider it with all nations and know also the proportions of the several sums remitted, which one may safely pronounce impossible. Every man, who has ever reasoned on this subject, has always proved his theory, whatever it was, by facts and calculations, and by an enumeration of all the commodities sent to all foreign kingdoms.

The writings of Mr. Gee struck the nation with an universal panic, when they saw it plainly demonstrated, by a detail of particulars, that the balance was against them for so considerable a sum, as must leave them without a single shilling in five or six years. But luckily, twenty years have since elapsed, with an expensive foreign war; yet it is commonly supposed that money is still more plentiful among us than in any former period.

Nothing can be more entertaining on this head than Dr. Swift, an author so quick in discerning the mistakes and absurdities of others. He says in his *Short View of the State of Ireland*, that the whole cash of that kingdom formerly amounted but to five hundred thousand pounds; that out of this the Irish remitted every year a neat million to England, and had scarcely any other source from which they could compensate themselves, and little other foreign trade than the importation of French wines, for which they paid ready money.

The consequence of this situation, which must be owned to be disadvantageous, was, that in the course of three years the current money of Ireland, from five hundred thousand pounds, was reduced to less than two. And at present, I suppose, in a course of thirty years, it is absolutely nothing. Yet I know not how that opinion of the advance of riches in Ireland, which gave the Doctor so much indignation, seems still to continue, and gain ground with everybody.

In short, this apprehension of the wrong balance of trade, appears of such a nature that it discovers itself wherever one is out of humor with the ministry, or is in low spirits; and as it can never be refuted by a particular detail of all the exports which counterbalance the imports, it may here be proper to form a general argument, that may prove the impossibility of this event, so long as we preserve our people and our industry.

Suppose four-fifths of all the money in Great Britain to be annihilated in one night, and the nation reduced to the same condition with regard to specie, as in the reigns of the Harrys and Edwards, what would be the consequence? Must not the price of all labor and commodities sink in proportion, and everything be sold as cheap as they were in those ages?

What nation could then dispute with us in any foreign market, or pretend to navigate or to sell manufactures at the same price, which to us would afford sufficient profit? In how little time, therefore, must this bring back the money which we had lost, and raise us to the level of all the neighboring nations? Where, after we have arrived, we immediately lose the advantage of the cheapness of labor and commodities, and the further flowing in of money is stopped by our fullness and repletion.

Again, suppose that all the money of Great Britain were multiplied five-fold in a night, must not the contrary effect follow? Must not all labor and commodities rise to such an exorbitant height that no neighboring nations could afford to buy from us.—"*The Philosophical Works of David Hume*," *Vol. III., Essay V.*

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4. THE REGULATION OF INTERNATIONAL TRADE.

We have attempted to explain the nature and purpose of international trade. While in its fundamental nature it is like the home trade, it has been subjected to special regulation in all ages and all lands, and this most significant fact merits our attention.

When we pass in review the various forms which the regulation of international trade has taken, we find at least four dominant underlying motives. First, one object of regulation has been to prevent intercourse with foreigners or to reduce it to a minimum. Ancient nations, like the Greeks and the Hebrews, dreaded contact of any sort with the outside world, and opposed foreign commerce because it established connections with foreigners. The purpose was the development of nationality, and the purpose was a good one; nor can we say that under the circumstances which actually existed there was not a large measure of justification for the policy of exclusion. That, however, is too large a subject for discussion in this connection. The second purpose of regulation was revenue. Sometimes exports and imports have been equally taxed. This was the case in Athens in classical antiquity. At present England regulates international trade by means of taxation for the sake of national revenues, carefully avoiding a taxation which would give home producers an advantage over foreign competitors. This policy is usually called free trade, but writers like Mr. Henry George and Mr. Thomas G. Shearman insist that it is not real free trade, which would interpose no obstacles between nations in their commercial dealings, but on the contrary make them as unobstructed as they are among the citizens of our various commonwealths in the United States. These writers distinguish between a tariff for revenue, and free trade.

A third object of regulation, one which was dominant in the later middle ages, was the accumulation of a supply of the precious metals by means of a possible balance of trade. This was the policy of the Mercantilists, a school of writers and statesmen of the sixteenth, seventeenth and eighteenth centuries.

The nations of the world were for the most part inadequately supplied with the precious metals, and the problem of countries like England, Prussia and France, having no mines of their own, was how to secure the gold and silver urgently needed for monetary purposes. There was a justification for the attempt of these nations to secure the needed supply of the precious metals, and the economic doctrines developed by the advocates of this policy of the regulation were in the main sound, although they included many exaggerations.

The fourth object sought to be achieved by the regulation of international trade is the protection of domestic producers against foreign competitors by taxes laid on imports, so as not to shut off importation altogether, but to render it more difficult and to afford an advantage to domestic capital and home labor, so as to build up manufactures in the protected country. This we call protectionism. It resembles the third object, and yet differs from it in important particulars. Mercantilism sought as an end the importation of the precious metals, and manufactures were encouraged as a means. Modern protectionism professes to have at heart the interests of agriculture and the interests of labor equally, whereas Mercantilism aimed to keep the price of agricultural products and labor low, in order thereby to cheapen manufactured articles and thus gain an advantage over other nations in international trade. (1)

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4. THE REGULATION OF INTERNATIONAL TRADE.

(1) **The Mercantile System.**—And yet, if we regard the question from the highest point of view of philosophic history, we must pronounce the universal enthusiasm of this second modern phase for manufactures and commerce to have been essentially just, as leading the nations into the main avenues of general social development. If the thought of the period, instead of being impelled by contemporary circumstances, could have been guided by sociological prevision, it must have entered with zeal upon the same path which it

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empirically selected. The organization of agricultural industry could not at that period make any marked progress, for the direction of its operations was still in the hands of the feudal class, which could not in general, really learn the habits of industrial life, or place itself in sufficient harmony with the workers on its domains. The industry of the towns had to precede that of the country, and the latter had to be developed mainly through the indirect action of the former. And it is plain that it was in the life of the manufacturing proletariat, whose labors are necessarily the most continuous and the most social, that a systematic discipline could at a later period be first applied, to be afterwards extended to the rural populations.

That the efforts of governments for the furtherance of manufactures and commerce were really effective towards that end is admitted by Adam Smith, and cannot reasonably be doubted, though



Sir Walter Raleigh.

free trade doctrinaires have often denied it. Technical skill must have been promoted by their encouragements, whilst new forms of national production were fostered by attracting workmen from other countries, and by lightening the burden of taxation on struggling industries. Communication and transport by land and sea were more rapidly improved with a view to facilitate traffic; and, not the least important effect, the social dignity of the industrial professions was enhanced relatively to that of the classes before exclusively dominant.

It has often been asked to whom the foundation of the mercantile system, in the region whether of thought or of practice, is to be attributed. But the question admits of no absolute answer. That mode of conceiving economic facts arises spontaneously in unscientific minds, and ideas suggested by it are to be found in the Greek and Latin writers. The policy which it dictates was, as we have shown, inspired by the situation of the European nations at the opening of the modern period.

Such a policy had been already in some degree practiced in the fourteenth and fifteenth centuries, thus preceding any formal exposition or defense of its speculative basis.

At the commencement of the sixteenth century it began to exercise a widely extended influence. Charles V. adopted it, and his example contributed much to its predominance. Henry VIII. and Elizabeth conformed their measures to it. The leading states soon entered on a universal competition, in which each power brought into play all its political and financial resources for the purpose of securing to itself manufacturing and commercial preponderance.

Through almost the whole of the seventeenth century the prize, so far as commerce was concerned, remained in the possession of Holland, Italy having lost her former ascendancy by the opening of the new maritime routes, and by her political misfortunes, and Spain and Germany being depressed by protracted wars and internal dissensions.

The admiring envy of Holland felt by English politicians and economists appears in such writers as Raleigh, Mun, Child, and Temple; and how strongly the same spectacle acted on French policy is shown by a well-known letter of Colbert to M. de Pomponne, ambassador to the Dutch States. Cromwell, by the Navigation Act, which destroyed the carrying trade of Holland and founded the English empire of the sea, and Colbert, by his whole economic policy, domestic and international, were the chief practical representatives of the mercantile system.

From the latter great statesman the Italian publicist Mengotti gave to that system the name of *Colbertismo;* but it would be an error to consider the French minister as having absolutely accepted its dogmas. He regarded his measures as temporary only, and spoke of protective duties as crutches by the help of which manufacturers might learn to walk and then throw them away.

The policy of exclusions had been previously pursued by Sully, partly with a view to the accumulation of a royal treasure, but chiefly from his special enthusiasm for agriculture, and his dislike of the introduction of foreign luxuries as detrimental to the national character.

Colbert's tariff of 1664 not merely simplified but considerably reduced the existing duties; the tariff of 1667 indeed increased them, but that was really a political measure directed against the Dutch. It seems certain that France owed in a large measure to his policy the vast development of trade and manufactures which so much impressed the imagination of contemporary Europe, and of which we hear so much from English writers of the time of Petty.

But this policy had also undeniably its dark side. Industry was forced by such systematic regulation to follow invariable courses, instead of adapting itself to changing tastes and popular demand. Nor was it free to simplify the processes of production, or to introduce increased division of labor and improved appliances. Spontaneity, initiation, and invention were repressed or discouraged, and thus ulterior, sacrificed in a great measure to immediate results.—"*History of Political Economy,*" *by John Kells Ingram, LL.D., pp. 39-42.*

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5. PROTECTIONISM.

The arguments advanced for protectionism in modern times are various, but the line of argumentation which appeals to the present author as the strongest is that which has been ably sketched by Frederick List, a German author and statesman of the middle of this century, who resided in our own country for several years, where, as he states, he learned his best lessons from the great book of life. List returned to Germany after his sojourn among us, and became the great German apostle of a protective tariff. It is thus that he unites in a striking way these two great nations.

List's thought was historical. He denied that any one policy could be a sound policy for all ages and all lands, and thus he at once attacked what is called absolutism of theory. Free trade was not always right, nor was it always wrong; similarly the doctrine of protectionism could not be advocated as a doctrine which would be desirable in every part of the world. Nations passed through various stages in their evolution, he claimed, and the national regulation of commerce on the frontiers should correspond with the stage of evolution actually attained. In the early agricultural stage of evolution, free trade was desirable on account of the stimulus afforded to a primitive people by contact with richer and more advanced peoples and the consumption of their products.

Later, however, a country with natural facilities for manufactures would evince a disposition itself to engage extensively in manufactures, and it should be encouraged therein by protection against the competition of the industries of more advanced countries. Finally, as time went on development would proceed and a stage of evolution be reached where free trade would again be the sound policy. Germany and the United States had, in the first half of this century, List maintained, reached the manufacturing stage in which a protective tariff was needed, whereas England had reached the manufacturing and commercial stage in which free trade was the best national policy, and ardent German protectionist as he was, he stoutly maintained that were he an Englishman he would be a free trader.(1)

Russia in her policy to-day affords a remarkable illustration of List's theory. Eastern Siberia is in a primitive condition, and in that part of Russia, free trade prevails, while in other parts of the empire, more advanced, a protective policy is pursued. The authority for this statement is Mr. Stephen Bonsal, who in an article on "Eastern Siberia," in *Harper's Monthly* for July, 1898, uses these words: "East of Irkutsk to-day Siberia is open to the trade of the world, with none, or next to none, of the tariff restrictions which are enforced in other portions of the empire. This freedom of trade is recognized by the government as more favorable to the development and growth of its new empire on the Pacific, and the protective system will not be introduced for many years to come."

Frederick List's idea of protection as an educational measure is one which has met with much favor from Americans, among whom the late President Garfield may be mentioned, and it is said that List himself owed much to our own Alexander Hamilton, who, in his great state paper on "Manufactures," worked out a system of protection, not for all lands and all ages, but for the United States in his own day.

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5. PROTECTIONISM.

(1) **Stages in Industrial Evolution and Protectionism.**—In the economical development of nations by means of external trade, four periods must be distinguished. In the first, agriculture is encouraged by the importation of manufactured articles, and by the exportation of its own products; in the second, manufactures begin to increase at home, whilst the importation of foreign manufacturers to some extent continues; in the third, home manufactures mainly supply domestic consumption and the internal markets; finally, in the fourth, we see the exportation upon a large scale of manufactured products, and the importation of raw materials and agricultural products.

The system of import duties being considered as a mode of assisting the economical development of a nation, by regulating its external trade, must constantly take as a rule the principle of the industrial education of the country.

To encourage agriculture by the aid of protect-

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ive duties is vicious policy; for agriculture can be encouraged only by promoting manufacturing industry; and the exclusion of raw materials and agricultural products from abroad, has no other result than to impede the rise of national manufactures.

The economical education of a country of inferior intelligence and culture, or one thinly populated, relatively to the extent and the fertility of its territory, is effected most certainly by free trade with more advanced, richer, and more industrious nations. Every commercial restriction in such a country aiming at the increase of manufactures, is premature, and will prove detrimental, not only to civilization in general, but the progress of the nation in particular. If its intellectual, political, and economical education, under the operation of free trade, has advanced so far that the importation of foreign manufactures and the want of markets for its own products has become an obstacle to its ulterior development, then only can protective measures be justified.

A nation without extensive territory and of otherwise limited resources, which does not control the mouths of its rivers, or which has not suitable boundaries, cannot resort to the protective system, or at least cannot employ it with full success. It must be first enlarged by way of conquest or negotiation.

Manufacturing industry is concerned with so many branches of science and art, it implies so much experience, practice and adaptation, that the industrial training and education of a country can proceed but slowly. All excessive or premature protection is expiated by a diminution of national prosperity.

No commercial policy is more dangerous and reprehensible than a sudden resort to absolute prohibition of foreign products. It may, however, be justified when a country, separated from others by a long war, finds itself almost in a compulsory state of prohibitions in regard to foreign products, and under the absolute necessity of offering a high premium to the industry which will enable it to supply its own wants.

The return from such a condition must be by gradual transition from the prohibitive to the protective system, and should be effected by means of duties fixed by anticipation and decreasing gradually. On the other hand, a nation which is to pass from free trade to the protective system should commence with low duties to be afterward raised by degrees according to a suitable scale.

Duties thus fixed by anticipation must be strictly maintained by the government; it must be careful not to diminish them before the appointed time, and equally careful to raise them if they should prove insufficient.

Duties upon imports so high as absolutely to exclude foreign competition are prejudicial to the country which adopts them; for they suppress all rivalry between domestic and foreign manufacturers, and encourage indolence among the former.

When, under the rule of suitable and progressive duties, the manufactures of a country do not thrive, it is an evidence that the country does not yet possess the conditions requisite to a manufacturing people.

Duties designed to favor an industry should never be put so low as to endanger the existence of the latter from foreign competition. It should be a rule to preserve what exists—to protect national industry in its trunk and in its roots.

Foreign competition should not have more than its share in the annual increase of consumption. Duties should be raised when foreign commodities supply the greatest part or the whole of the increased annual consumption.

A country like England, which is far in advance of all its competitors, cannot better maintain and extend its manufacturing and commercial industry than by a trade as free as possible from all restraints. For such a country the cosmopolitan and the national principle are one and the same thing.

This explains the favor with which the most enlightened economists of England regard free trade, and the reluctance of the wise and prudent of other countries to adopt this principle in the actual state of the world.

A quarter of a century since the prohibitive and protective system of England operated to her detriment and to the advantage of her rivals.

Nothing could be more prejudicial to England than her restrictions upon the importation of raw material and food.

Union of customs and commercial treaties are the most efficient means of facilitating national exchanges.

But treaties of commerce are legitimate and durable only when the advantages are reciprocal. They are fatal and illegitimate when they sacrifice one country to another; when one country, to purchase advantage for its agriculture, sacrifices a manufacturing industry already well advanced; such a treaty was that of Methuen, a compact in which one party took the lion's share.

The treaty concluded between England and France in 1786 was one of those leonine treaties. And all the propositions made since by England and France to other countries are of the same nature.

If protective duties enhance for a time the price of domestic manufactures, they secure afterwards lower prices by means of internal competition; for an industry that has reached its full development can safely reduce its prices far below those which were necessary to ensure its growth, and thus save to its consumers the whole expense of transportation and the whole profits of trade, which are consequent upon imports of the same articles from other countries.

The loss occasioned by protective duties consists, after all, only in values; whilst the country thus acquires a power by which it is enabled to produce a great mass of values. This loss in values must be considered as the price of the industrial training of the country.

Protective duties upon manufactured products do not press heavily upon the agriculture of a country. By the development of manufacturing industry, the wealth, population, consumption of agricultural products, rent, and exchangeable value of real estate are vastly increased, whilst the manufactured products consumed by farmers gradually fall in price. The gain, thus realized, exceeds, in the proportion of ten to one, the loss which agriculturalists incur by the transient rise of manufactured products.

Internal and external trade flourish alike under the protective system; these have no importance but among nations supplying their own wants by their own manufacturing industry, consuming their own agricultural products, and purchasing foreign raw materials and commodities with the surplus of their manufactured articles.—"*National System of Political Economy*," *by Frederick List, pp. 77-80.*

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6. PROTECTIONISM (Continued).

List placed the doctrine of protectionism on a scientific foundation which is approved by modern economics, and for this he deserves great credit. He recognized that the problem of a protective tariff could never be solved by a discussion of purely abstract principles alleged to be forever and everywhere valid. The entire question was not an absolute one, mathematical in nature, but an historical and relative one; in other words, a question of policy, for a particular nation at a particular period of its evolution. List thus anticipated much that we find in modern economic thought, as may be seen by a comparison of his views with those expressed in the "Statement of Principles" adopted by the American Economic Association at its first meeting at Saratoga in September, 1885, which included as No. 4 this declaration: "In the study of the industrial and commercial policy of governments we take no partisan attitude. We believe in a progressive development of economic conditions which must be met by a corresponding development of legislative policy." The association was composed of free-traders and protectionists and yet no objection was urged at the time against this statement. While for reasons which cannot now be considered, the entire Statement of Principles has since been dropped by the American Economic Association, it is probable that economists to-day would give a very general adhesion to the statement quoted as a practical policy. The discussion would largely turn upon what period in evolution had been reached and what step could be taken at a given moment.

One of the main points in List's argumentation relates to what we now call the protection of infant industries, the "protection-to-infant industries" argument. The kind of a tariff which has this in view we may call an educational tariff. The position taken as this: A country in an early stage of its development may have superior material advantages for various lines of industry, but the initial difficulties may be so great that the competing industries of older countries are able to crush attempts to develop these industries, thereby reserving for themselves exclusive economic privileges. In such cases the young industries may be protected by a tariff on foreign imports until they are fairly established. The tax paid is like that incurred in the education of the young. List objected to the cosmopolitan political economy of Adam Smith that account was taken of exchange values only while the significance of the education of national powers failed to secure appreciation. (1)

The importance of a diversified national industrial life is suggested by the discussion of an educational tariff. One object sought in the development of such industries as may be especially adapted to a country is in order to secure a desirable diversification of industry. It may be readily conceded, even by those who take the free-trade position for the United States at the present time, that a diversification of industries is important, although this must have its limits, for surely no one can claim that necessarily eleven thousand different pursuits will give us a really richer and higher form of civilization than ten thousand five hundred. What is wanted is sufficient diversity for the employment of all peculiar talents and for ample division of labor and coöperation. The point at a given moment for a definite country is this: Is a protective tariff requisite to secure desirable diversification of industry?

One point urged by List is of fundamental importance and it is this: Free-trade to secure its best results assumes peace between nations. List, indeed, goes so far as to assert plainly that could perpetual international peace among nations be guaranteed, the case of free-trade would have to be granted. These are his words: "If we assume . . . an universal association or federation of all nations as a guarantee of perpetual peace, the principle of free-trade among nations would be fully established. The less an individual is restricted in the pursuit of well-being, the richer and more numerous those with whom he is in relations, the wider is the

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scope of his activity, the easier and more effective will be the employment of the faculties with which nature has endowed him in the improvement of his condition, and the more available to the same end will be his acquired knowledge and talents, and all other powers which may be at his disposal. As with individuals, so with districts and provinces. It would be folly to maintain that commercial union is less advantageous than interior custom-houses would be to the United States of North America, to the provinces of France and to those of the German confederation. . . . . Suppose a similar association among all the nations of the world, and the liveliest imagination could not fancy the sum of human well-being and enjoyment which it would procure for the human family." *

6. PROTECTIONISM (Continued).

(1) **Protection to Infant Industries.**—The most important exceptional case is that—recognized by J. S. Mill—of "protecting duties imposed temporarily in hopes of naturalizing a foreign industry, in itself perfectly suitable to the circumstances of the country." Of course, such a duty, if needed and effective, imposes a tax on the consumers of the article protected. But it is quite possible that the cost thus incurred may be compensated to the community by the ultimate economic gain accruing from the domestic production of a commodity previously imported; while yet the initial outlay, that would be required to establish the industry without protection, could not be expected to be ultimately remunerative to any private capitalists who undertook it. This would be the case if the difficulties of introducing the industry were of such a kind that when once overcome by the original introducers, they would no longer exist for others, or would exist in a much smaller degree. since in that case, almost as soon as the industry began to be profitable, competition within the country would tend to bring down prices to a point at which they would be remunerative to the later comers, but not to the introducers of the industry who had borne the initial sacrifices.

It may be convenient to illustrate this by contemplating a particular hypothetical case. Suppose then that a trade is at present carried on between a mainly agricultural district (A) and a largely manufacturing district (M), in which M sends manufactures to A in exchange for corn: while yet A is in respect of natural resources not materially less adapted for the manufactures in question than M. And for simplicity, we will further suppose that there is no material difference in the average returns to labor (of the same quality) and capital in the two districts respectively; and that the new manufactures can be established in A by means of floating capital which would otherwise be mainly employed in corn-growing. It is evident, then, that the employment of this capital in manufactures rather than corn-growing will be economically advantageous to the two districts taken together if the saving it causes in the cost of carriage of corn and manufactures is not outweighed by a loss of some other kind. And it seems likely that this will be the case, provided (1) that the superiority of A over M in the production of corn falls decidedly short of the degree that would render it profitable for the latter to pay the whole expense of a trade in corn from the former; and (2) that no such advantages from division of labor would be gained by the aggregation of all the manufactures in M, as would materially outweigh the gain in effectiveness of A's labor, which may be expected to result from the new opportunities of producing profitably various kinds of agricultural produce, not well adapted for transportation, and generally from the greater variety of occupations opened by the change.

Supposing then that in this way there would be a net gain to the community in the long run, from the introduction of the manufacture into A, it is further apparent that the intervention of Government, by protective duties or otherwise, will be needed in order to realize this gain, if a private undertaker would have no prospect of securing a share of it sufficient to compensate him for the disadvantages against which he would have to struggle, under open competition, during the earlier years of his undertaking. Among such initial disadvantages the most important appear to be the following:

(1) The difficulty of obtaining the requisite skilled labor without paying an extra price for it.

(2) The difficulty of establishing a business connection; likely to be aggravated by

(3) The danger of a combination of manufacturers in M, who may lower their prices temporarily to ruin their rivals in A.

(4) The difficulty of effecting simultaneously all the industrial changes required for the commercial success of any one branch of manufacture; (*e.g.*) the manufacturers in A may lose by having to obtain instruments or materials from M, or some neighboring region, while yet A may be no less well fitted for the production of such instruments and materials.

If on these or other grounds the manufacturer in A would have to incur a considerable temporary loss, it is easy to show that he may not be able to obtain adequate compensation by the share he could secure of the subsequent gain to society, when the manufacture is firmly established. For this gain will consist chiefly in the saving of the cost of transport of manufactures; but of this he would be only likely to secure a portion for a short time; since, after he had overcome his initial disadvantages, he would probably have to transfer a part of the saved cost to the consumer in lowered prices, in order to drive the manufacturers of M out of his home market; and he would only enjoy his remaining extra profit for a short time, before it would begin to be reduced by the competition of new men free from the burden of the initial disadvantages.

Under these circumstances, the imposition of a protective duty on manufactures in A for a certain time, sufficient to induce private capitalists to undertake the manufacture, may be a profitable outlay for the community as a whole, resembling

* List's *System of National Economy*, Book ii., Chap. I.

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the payment of guaranteed interest on the capital of a new railway; except that in the case of a protective duty the outlay is defrayed by the consumers of the article protected, and ought to be considered, in the adjustment of taxation, as a special tax on this class of persons.

I have never seen any serious attempt to show by general economic reasoning that the case above analyzed, in which the most enlightened private enterprise would fail to turn to account an important opportunity of industrial improvement, is one that cannot occur; or to show that if it did occur, a "protecting duty continued for a reasonable time" would never be "the least inconvenient mode" in which a nation could "tax itself" to defray the cost of the improvement. What Free Traders usually urge against this as a practical conclusion is that experience shows that such a duty when once imposed is not likely to be taken off—that the protection designed to be temporary will practically become permanent. And I admit fully the force of this appeal to experience; but the consideration thus adduced does not strictly belong to economic theory: It is a political argument, the use of which tacitly concedes the economic correctness of the protectionists' reasoning.

So far we have been considering temporary protection as a means of introducing an advantageous change in industry. But it is theoretically possible that it may be similarly useful to prevent an inexpedient change. It is conceivable that under open competition a certain industry—*e.g.* wheat-growing—established in one district (A) may become temporarily so unprofitable as to be abandoned, in consequence of an important advantage enjoyed by the corresponding industry in another district (B); while at the same time this advantage may be so transient, as for instance if it consists in a natural fertility that tends to be rapidly exhausted—that after a very limited period the same industry will tend to be revived again in B. In this case it is manifestly possible that the loss on the whole through the waste of capital involved in the two changes may outweigh the gain from the greater cheapness of the products of the industry during the interval between the changes: so that it would be on the whole profitable to A and B together to maintain the industry by protection. It must, however, be admitted that, actually, the difficulty of definitely forecasting future changes of industry, would at best render this application of protection a highly speculative employment of social capital.—"*The Principles of Political Economy*," *by H. Sidgwick, Book III. Chap. V.*

FIRST WEEKLY REVIEW.

1. **THE NATURE AND PURPOSES OF INTERNATIONAL TRADE.**—The Advantages of International Trade Similar to Those Effected by Exchanges Within the Nation.
2. **THE NATURE AND PURPOSES OF INTERNATIONAL TRADE (Continued).**—The Purpose of International Trade Imports, not Exports.
3. **THE BALANCE OF TRADE.**—The Balance of Trade in Itself Indicative of Neither Prosperity nor Poverty.
4. **THE REGULATION OF INTERNATIONAL TRADE.**—Various Forms of Regulation.
5. **PROTECTIONISM.**—The Historical Argument.
6. **INFANT INDUSTRIES AND DIVERSIFICATION OF INDUSTRIAL LIFE.**

QUESTIONS.

1. *What do we understand by international trade? How does it resemble domestic trade? In what respects does it differ? What is it which determines exchanges?*
2. *What measures the gain of international trade? What is it which leads us so frequently to emphasize exports rather than imports?*
3. *How does it happen that the United States and Egypt both have large favorable balances of trade? Is there reason to think that as the wealth of the United States increases our balance of trade will become a permanently unfavorable balance of trade? If so, why? If not, why not?*
4. *What different objects have nations had in the regulation of international trade? What is the difference between free trade and a tariff for revenue only? Contrast mercantilism and modern protectionism.*
5. *Who was Frederick List? What was the nature of his argument in favor of protectionism? What American protectionists have had similar views? Have you observed any tendency recently to place protectionism upon a different basis? What modern country follows in a measure List's ideas?*
6. *What do you understand by an "educational" tariff? Is a protective tariff necessary to produce diversification in the industrial life of the United States? What is the bearing of war upon the tariff controversy?*

SUBJECTS FOR SPECIAL STUDY.

1. *An examination of the effects of cheap labor in Japan and China upon wages in the United States, first, under free trade; second, under protection.*
2. *The relation between imports and exports.*
3. *Significance of "the Balance of Trade."*
4. *Various methods of regulating international trade.*
5. *General arguments for and against protection.*
6. *Results of protection upon various industries.*

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7. PROTECTIONISM (Concluded).

We have already seen that nationality is of importance in the discussion of protectionism, because there is always the possibility of war between nations, and war means interference with international division of labor. International trade adjusts itself to conditions in time of peace which are disturbed in time of war, and this disturbance means painful disorganization of the forces of labor and capital. An illustration is afforded by the so-called "cotton famine" in the north of England during our Civil War. Previously to that event an international division of labor had been effected in such manner that our South grew raw cotton which was manufactured in England, but the war cut off the supply of raw material from the English mills and occasioned great distress among the English operatives, while the South found the absence of manufactures a source of weakness. About this disadvantage of war there can well be no doubt. It weakens by so much the argument for free trade. The question remains, however, whether or not the advantages of international trade nevertheless exceed its disadvantages. To this an affirmative answer is given alike by protectionists and free traders, because even the former do not desire an abolition of international trade but simply a regulation of it. Then this further question has to be answered: Is a protective tariff a remedy for the disturbances in international trade caused by war? Or to what extent is it a remedy? How, for example, would England have escaped her distress if she had a tariff on imported cotton? Would a different sort of protective tariff from that which we have actually had in this country have given the South manufactures previously to the Civil War? Or must an explanation of the absence of manufactures in that section be sought for in other causes? Slavery, for example? These questions our limited space will not allow us to consider in these pages, but it is hoped they will be pondered and discussed by the students of this course.

But more should be said about nationality, for even List did not put the case strongly enough. The human race advances through nations and this would seem to be the divine order. The cosmopolitan free trade argument must be rejected alike by protectionists and thoughtful free traders. The best thing we of the United States can do for the world is to build up the strongest nation possible, and by strongest is meant not merely in physical powers, but in intellectual and spiritual development. What we should strive to do is to cultivate most fully all our national powers, doing so, of course, with due regard to other nations and in order to benefit humanity. The true questions are these: Is protection ever a help in the development of nationality? If so, under what conditions? Is it a help under the circumstances which exist in the United States to-day?

Closely connected with the subject of nationality we have the argument for a protective tariff based on military grounds. We may call a tariff which has in view national defense against foreign foes, a *Military Defense Tariff*. It is admitted even by the great founder of the English school, Adam Smith, that military defense must take precedence of cheap goods and if a tariff is needed on any articles, important in war, in order to secure an ample supply in time of war, there is little room for discussion as to its advisability. Gunpowder, arms, sail cloth and articles of this kind have been mentioned in this connection. We have to ask whether or not in a concrete case a protective tariff is required on military grounds. And we cannot answer the question fully until we consider the advantages of government manufactures of the requisites of war, as compared with the advantages of a protective tariff to encourage private manufacturers to produce the commodities which may be needed in war. Our own government uses both methods.

Another kind of a tariff we may call a Social Tariff. It is a tariff designed to promote the interests of some class, the welfare of which is of special concern to society. Under this head we must consider especially the wage-earners. It is fre-

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quently held that high wages require us to give to our manufacturers an amount of protection sufficient to counterbalance the difference between American wages and European wages. This question will receive treatment later. Mr. W. E. H. Lecky in his important, even if one-sided work, "*Democracy and Liberty*" suggests that it might perhaps have been worth while to retain the protective tariff on agricultural products in England, in order to maintain the strong economic position of the land-owning classes upon which English political society largely rests. Precisely similar arguments have been urged in behalf of the tariff which Germany has laid upon imported agricultural products. This subject is further treated by the author in his "*Problems of To-day*" in which this last sort of protective tariff is designated as a Relief Tariff.

Another kind of tariff has been called by the author an *Historical Continuity Tariff*. This means that in our tariff policy we cannot neglect the past, but must have due regard to interests which have developed under the protection of our tariff taxes. This is both right and expedient. One of the most serious mistakes which can be made in national policy is to proceed without reference to the past out of which the present proceeds. However, the caution that we must proceed carefully does not mean that we must not move at all; nor are we to think that in changes we can altogether escape pain; progress implies suffering of the present for the future, but it is for us to reduce this suffering to its lowest terms. (1)

7. PROTECTIONISM (Concluded).

(1) **Nationality and Protection.** — Napoleon found France, Italy, Belgium, and Austria independent kingdoms, with custom-houses on their outposts. When they became component parts of his empire, he abolished these obstacles to internal commerce and introduced free trade throughout its limits. Now, the inquiry of the free-trader is, how can the advantage, the gain of exchanges, depend upon the accident whether the parties to it are or are not citizens of the same political entity?

The answer to the question is tolerably obvious. On the supposition that France, Italy, Belgium, and Austria could become a homogeneous people, with common laws, language, institutions, and aspirations, the only true marks of nationality (and which, of course, were not realized, but which Napoleon affected to assume would be realized, in order to give his conquest the appearance of rational statesmanship), there would then have been the economic conditions under which competition becomes effective, and labor and capital perfectly mobile.

In all the empire the laborer moves freely to his work, and his migration takes the place of an exchange of products. The parties to the exchange may move out of the lines of the old political entity. By the assumption, both labor and capital would be transferred to the localities and the industries within the empire—the new industrial entity which would have rendered them most efficient. There would, in due time, have been a *redistribution* of the population and a reorganization of industry. Taking the empire *as a whole*, there would have been the greatest annual product of the industry of its people. Without undertaking to forecast the changes in detail, it is evident that one or more of these states would have suffered a drainage of population and a diminution of capital which, *as a state*, might have crippled it and reduced its relative importance, but which, as a component part of the empire, was of no sort of consequence. These changes, when become permanent, would have given great and powerful strength to the empire. If, now, it is again broken up into separate kingdoms, it will be seen that this *régime* of free trade within the limits of the empire has degraded or ruined some of them.

In rearranging, for the best advantages, the industrial forces of the empire on new lines, some of the areas of territory which constituted the original states would have been denuded of portions of their money and men, drawn off into new fields. As parts of the empire, such inhabitants as remained in these areas of reduced production could recoup themselves by sentiments of pride and patriotism which terminated in the national prosperity. If they expected to reap economic results, they would have to move into some other part of the empire.

When the geographical subdivision again became a separate political entity, and the old political lines were restored, it might simply find itself hopelessly poor, and, to recover its *status quo*, be compelled to recall its men and money by imposing the old duties and setting up the old lines of custom-houses. All of which shows that free trade may be a good policy between the members of certain kinds of industrial groups, and bad policy between other kinds. The *group* may *gain*, but *a specific member* may *lose*. The very fact that the nations of the earth are of all sizes, shapes, physical resources, and ethnical characteristics, shows that they were not formed by economical or industrial but by political and social motives. Political motives dam up productive forces in certain pools; free trade, operating on industrial motives, draws them down to a certain water-level. It is manifest that the drainage may uncover one or more of them. The political motive fills them with men—the industrial motive may empty them. Non-competing nations will gain, because they need not occupy the same level; competing nations may be drained to the bottom and emptied of productive agencies—labor and capital, men and money.—*Henry M. Hoyt "Protection vs. Free Trade," pp. 375-377.*

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8. FREE TRADE.

We discuss under free trade a tariff for revenue for only. It is unfortunate that the limits of these articles preclude a treatment of absolute free trade, but as it is our readers must be referred for a presentation of the arguments in favor of an abolition of all duties on imported commodities to Henry George's book "*Protection or Free Trade*" and Mr. Thomas G. Shearman's article on "Free Trade" in the Bliss's *Encyclopædia of Social Reform.*

A tariff for revenue only is one which aims to leave home producers where they would be without any tariff so far as foreign competitors are concerned. As Mr. Shearman points out, it has its effect on home producers and it tends in the direction of monopoly, as the tax makes a larger capital than would otherwise be requisite, necessary in order to become a successful dealer in the tax imported commodities; nevertheless it is the sort of tariff which interfered least with international competition, and probably usage will long continue to designate such a tariff, free trade even if the term is not strictly applicable.



Prof. Simon N. Patten, University of Pennsylvania.

When we review the arguments in favor of free trade we find that the cause has been weakened by false arguments. Free traders in the past have been too much inclined to discuss the question on purely abstract grounds, and the abstract arguments advanced have in too many cases themselves been unsound. It is surely better to bring the discussion down out of the clouds to the solid earth. It must be discussed historically. List may have made many mistakes, but his main thought is correct.

Free trade has been too often urged on *laissez-faire* grounds. It is said that government should neither interfere nor participate in industrial affairs, and consequently it should not on these general grounds protect domestic manufactures. But this is pure dogmatism. If such protection promotes the general welfare, why should not government grant it? Why should it do a thousand and one other things which it does and leave this undone? No one has ever told us. The free trade argument for a passive policy of government tends to drive into the ranks of the protectionists, all those who, like Prof. Simon N. Patten of the University of Pennsylvania, adhere to an active policy. But there is no necessary connection between a passive policy of government and free trade, and praise must be accorded to Prof. Henry C. Adams for his effort to dissociate them. No country at the present time pursues a more active social policy than England, that one of the great nations which approximates most nearly to abstract free trade. Sometimes it is urged that a protective tariff is robbery, but does this deserve consideration? Is not then all taxation which is designed to promote the general welfare robbery?

Sometimes it is said that it is unconstitutional. If it were so, one could be a free trader and still say, it would be most unfortunate if nowhere in our country were lodged a power to adopt such regulation of international trade as we may deem desirable. But until it is so declared by a supreme court, this argument will not become one with which we need seriously concern ourselves in a discussion of this kind.

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One position taken by free traders at present is well stated by Prof. Henry Sidgwick in his *Principles of Political Economy.* (1) It is often said that free trade is sound in theory but bad in practice. Professor Sidgwick says that as an educational measure a protective tariff may be defended on theoretical grounds, but that the practical difficulties in the way of carrying out the idea are so great that the balance of the argument turns against protectionism. It is held by free traders generally that it is a scramble of special interests which gives form to a protective tariff and not a well digested policy in the general interest. If the reader follows up in detail the methods which have been adopted in the preparation of any one of our protective tariff acts, he may be helped in the formation of a sound judgment on this point. Let him examine, for example, the article on "The Tariff Act of 1897" by Prof. F. W. Taussig in the *Quarterly Journal of Economics* for October 1897. Is it, however, possible to appoint a tariff commission to formulate a tariff policy for us and take the whole question out of politics and the scramble of special interests.

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8. FREE TRADE.

(1) **Protectionism in Theory and in Practice.** —"Within each modern civilized community, freedom of transit and residence, freedom in choice of a calling, freedom in the management of property and business—except so far as considerations of health come in—are now generally established: not, indeed, with absolute completeness, as we have already observed, but to an extent that constitutes a substantial victory for the system of natural liberty. But though the triumph of the the new Political Economy of the eighteenth century has been so striking as regards the internal conditions of industry and trade, its failure to persuade the civilized world to remove similarly, barriers to international trade has been no less decided: not merely has universal free trade not yet arrived, but the most enthusiastic follower of Cobden can hardly persuade himself that the world is at present moving in that direction. Taking the world of West-European and American civilization as a whole, it is difficult to deny that the common sense of this civilized world has pronounced in favor of protection.

"Still, it may be said, this is not a matter in which much deference is due to common sense when opposed to the clear demonstrations of science. On a question of mathematics we do not make Common Sense the court of appeal: and, in the view of 'orthodox free-traders' the proof of the universal expediency of free trade is held to be as evident and cogent as a mathematical demonstration. 'When I was asked,' says Sir T. Farrer, 'to write something in defense of free trade, it seemed to me as if I had been asked to prove Euclid': and this utterance fairly represents the sentiments of the majority of educated Englishmen who regard themselves as competent to pronounce on economic questions. But such a statement strikingly illustrates the isolated position, at the present time, of free trade regarded from a theoretical point of view. For only a few fanatics would now use similar language in discussing any other particular application of the general doctrine of *laissez faire:* yet surely if the universal mischievousness, to the nations imposing them, of international barriers to trade is to be demonstrated like a conclusion of Euclid, it can only be by a method equally applicable to all cases of governmental interference for production. If we still held with the Physiocrats that the self-interest of individuals would always direct them to the industrial activities most conducive to the wealth and well-being of the community of which they are members, then, doubtless, the universal expediency of free trade might be simply demonstrated by mere deduction from this sweeping proposition. I conceive, however, that this old belief in the harmony of the interest of each industrial class with the interest of the whole community has lost its hold on the mind of our age: and that the need of governmental interference to promote production is admitted by economists generally in several at least of the cases discussed in the last chapter. And, if so, it appears to me that the foundation on which the old short and simple confutations of protection were once logically erected has now been knocked away: and that the fashion which still lingers of treating the protectionist as a fool who cannot see—if he is not a knave who will not see—what is as plain as a proof of Euclid, is really an illogical survival of a mere fragment of what was once a coherent doctrine.

"I do not mean to say that the broad general argument for industrial liberty has lost its force—and I have already expressed strongly the opposite opinion—but I think that in the natural development of economic theory it has come to be recognized as merely a first approximation to the truth, and its necessary theoretical limitations and exceptions have come to be more clearly distinguished, classified and systematized. And from the theoretical point of view thus attained, consistency (I think) requires us to meet the drift of the civilized world toward protection by something more relevant than an obstinate repetition of an essentially antiquated mode of refutation.

Practically I am myself decidedly opposed to this drift of popular opinion and governmental policy:—herein differing somewhat from several German writers by whom my general theoretical view of free trade has been anticipated, and from whom it has been largely derived. . . . . .

"Here, however, we are primarily called upon to consider how far abstract economic theory recognizes cases in which—taken by themselves—protective duties may be expedient: and I think it clear that the sweeping answer which orthodox free-traders give to this question is not justified. —"*The Principles of Political Economy,*" *by H. Sidgwick, Second Edition, Book III., Chap. V.*

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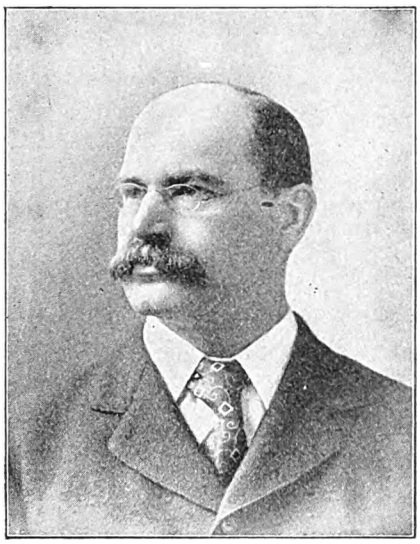
9. FREE TRADE (Continued.)

Free traders claim that a protective tariff is one of the chief causes of political corruption in the United States. A protective tariff necessarily carries with it an intimate connection between private business and public policy. Those who receive the benefits of a protective tariff and those who hope to receive these benefits have an interest in politics special and peculiar, and altogether apart from the general interest. The free traders allege that this connection is one which has bad results in two directions. First, it tempts private business men to shape government policy for their own ends, and taking men as they are it is asserted that this must necessarily result in the corruption of parties. Large contributions are made to campaign funds, it is said, in order that thereby the parties may be placed under obligations to those who make the contributions. It is also held that it is the persistent effort to place members of Congress under obligations to powerful private interests. On the other hand, members of Congress are tempted to use their power in such a way as to exact tribute from private industry. This can be accomplished in various ways. One way is to speculate in the shares of companies whose prosperity must be effected by tariff legislation. It is claimed that as a result of the condition of things which exists, it is not the weak industries needing fostering care which are so likely to receive protection as the powerful industries which, according to the theory of the great protectionist, List, no longer need protection. (1)



Prof. F. W. Taussig, Harvard University.
(*Cf.* 497.)

It is claimed, moreover, by free traders that the result of the tariff policy is to divert industry from more to less productive channels. We see a new industry started, and we are apt to think that this is a net gain. The question, however, is this: Had not this new industry been brought into existence by means of a protective tariff would not the labor and capital engaged therein have been otherwise employed, and employed in pursuits naturally more productive?

Attention is furthermore called to the fact that if we shut off imports we must thereby diminish exports, inasmuch as the one implies the other. A large export trade implies necessarily a large import trade. Foreigners cannot possibly buy our goods year after year if we make no purchases from them.

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9. FREE TRADE (Continued).

(1) **Protection and Political Corruption.**—A noticeable interest has arisen at times in regard to the practical means by which questions demanding impartial and expert judgment should be taken out of the political arena, and be handed over to a competent and judicial body for decision. That which has led to this suggestion has doubtless been the somewhat reluctant admission that a majority of inexperienced voters, swayed by political agitators, cannot reach an intelligent conclusion on technical questions; that a correct solution can be only a coincidence, or happy blunder; and that, although in the long run we may come out nearly right, we can reach the end only by a long and dangerous course of losses from which we ought to be saved.

The growing demand for taking matters which affect trade and industry, out of politics is not, I take it, the expression of any pessimism as to the ultimate value of our forms of government, but rather a desire to consider whether the general principles of republican government may not be more effectively carried out by better processes of practical administration.

It does not mean a confession of the failure of representative government, but it assumes the form of a demand for a purer method of administering the powers delegated by the sovereign people to its representatives. It is, in fact, an attempt to develop representative government in

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additional forms, shown to be necessary by experience, as a means of further protecting the general weal.

Certainly, it is patent to all observers that conditions have arisen indicating the insufficiency of present representative forms to meet all the emergencies of just government. The high-seeing moralist may reply with admonitions to select a higher quality of representatives, expecting the consequent removal of most of the evils now complained of. That would be desirable, doubtless; but while human beings remain as they are, it is not likely that political campaigns will always bring to Congress all-round students of government and economics, nor, if they did, that complex questions of money and tariff would be disposed of without partisan bargains.

The present times are full of movement and expansion. Never before in our history have we had so much wealth; never before have we had such large industrial operations undertaken under one management; never before has the power of great riches been so conspicuously borne in on the consciousness of the community; never before have we seen such attempts to use wealth for political influence; never before have municipal officers and State legislatures been so extensively controlled by Bosses who are the agents by whom wealth obtains its political ends; in brief, never has the highest legislative assembly in the nation had so little of public confidence and respect. To be a Senator of the United States is no longer a badge of honor. . . .

So firmly intrenched are the evils of the present situation that evidently they are not of recent origin. And worst of all, we have acquired the habit of regarding some of them as inevitable, largely because they have become familiar to us. In a way, we must be willing to break with some of our fixed habits of thinking and doing. The difficulties in the situation are great; indeed, unless the conditions which have given rise to the existing evils are eradicated, sporadic attempts at reform are likely to result in little of permanent value. If, for instance, our water supply is polluted, we ought not to go on forever filtering and boiling; sooner or later we must set to work to purify our sources of supply. And, in the case in hand, we must go far up the stream.

There can be little doubt that the magnitude of our present difficulties could not have been foreseen by those earlier Americans who began the system of establishing industries which owed their existence and their continuance to the protecting power of legislation. As things now stand, the enormous growth of industrial operations and the spread of great wealth has given an unprecedented power to the interests that go to legislatures for needed enactments. So long as the gains of capital can be affected favorably or unfavorably by legislation, just so long will there exist a reason why unscrupulous persons will try to bring all kinds of pressure, corrupt or criminal though it may be, upon members of those bodies which are empowered to grant such legislation. This is a situation which we ought to examine critically. Could there be an arrangement more calculated to produce a low character of men in public life—a degradation on which we hear lamentations on every side—than one that places the public servant in a position where he is certain to be bribed, corrupted, and bought for the advancement of private schemes for gain?

It is not intimated, of course, that all men are venal, or that all public men are venal; but it is certain that, wittingly or unwittingly, we have entered upon a system of political management of industry which tends increasingly to bring venal persons into public office. If the selling price of wool or woolens depends not upon the natural conditions of production, not upon natural resources, not upon the character of our laborers and the efficiency of machinery, or the organization of industry; but upon legislation which may raise or lower a customs tax, then it is inevitable—wholly irrespective of the economic justification of the protective policy—that business men, selling or producing these goods, should give effort and money to influencing the legislation which will obtain favorable conditions. Manufacturers come to regard Washington, during a session of Congress, quite as much the center of interest to them as the busy rooms of their own factories. A change of the law may mean more to their profits than a great invention in woolen machinery or the cheapening of running expenses. The change in law which brings to them their raw materials at one-half the former price, may revolutionize the whole industry. Hence enormous pecuniary interests will be at stake, so long as we continue the political management of industries; and, as a consequence, we are breeding the kind of man who fits into these conditions. His latest name is "The Boss." He is not an accident, but an evolution.

The naïve theory of representative government supposes that the elected legislator will represent the interests of all his constituents. In practice that is not what usually takes place. Inasmuch as enormous pecuniary results are at stake in legislative assemblies, the men who manage large industries necessarily take an interest in politics as a part of their counting-house methods. How much to subscribe to the campaign funds of the politicians who will pass, or who will maintain, legislation, is determined on the same general basis as the expenses for advertising or for the pay-roll.

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If legislation can make and unmake fortunes in industry, then, of course, in the making of that legislation the longest purse wins. You may call this cynicism, but it is only the cynicism of the facts. When did an industry get special privileges until it grew to such power that it could command what it required? When has a single small producer been able to appeal to economic laws, or to right and justice, to obtain favors, when large operators wished something else? The legislator's frequent question is: How will that vote affect my reëlection? And the influence that can in the largest measure aid in his reëlection is, in many cases, sure of a friendly vote on its own schemes.

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The extent to which this method has been already used in our national life is nothing short of appalling. The exploitation of the tax-payer by powerful interests, able to buy special privileges in national legislation, has never gone on more unblushingly and openly than now. When duties on sugar were being established in 1897, all readers of the press knew of the violent fluctuations in the prices of sugar securities; hundreds of thousands of dollars, if not millions, could have been made in stock speculations caused by these changes. It is not impossible that the impetus towards the policy of annexing the Philippines first came from large commercial interests ready to exploit these islands under special privileges.—*J. Laurence Laughlin, in "Self Culture," February, 1899.*

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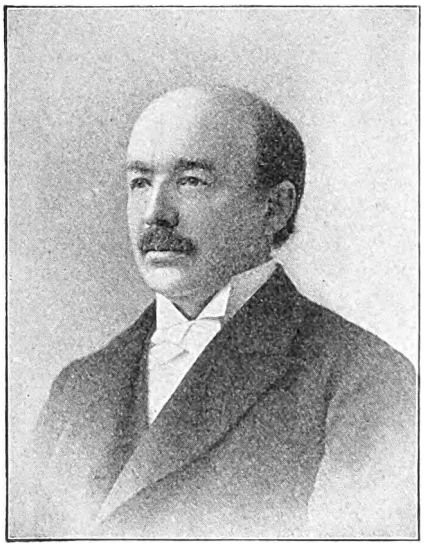
10. FREE TRADE (Continued).

It is asserted with a great deal of positiveness by free traders that we have passed beyond the stage in which protection is needed to infant industries. It is admitted by the more liberal free traders that in certain times and places a protective tariff may be useful in fostering industries for which a country has special aptitudes. Possibly one could be a free trader and still admit that at the present time something could be said in favor of a moderate protective tariff for Japan, provided such a tariff could be framed on scientific principles and gradually withdrawn.

Prof. Robert Ellis Thompson, in his little book called *Protection to Home Industry*, makes much of the case of Ireland, which he claims has been seriously injured by English free trade. Even a free trader like the Rt. Hon. Horace Plunkett, M.P., makes a claim that in that island, industries would have been aided by fostering care of some kind, inasmuch as the undeveloped industrial condition of the Irish people was such that without governmental aid or outside assistance of some sort, manufacturers could not get fairly on their feet. In our own country, however, we have already a high degree of industrial development, and we have large accumulated wealth enabling manufacturers to wait for years for returns on their investments.



Robert Ellis Thompson.

Probably the fair-minded protectionists in the United States would not wish to make much at the present time, of the argument that protectionism is with us necessary to develop nationality or to promote diversification of industries.

The national feeling is strong and there is no evidence that close international relations interfere with its development. Numerous industries are so firmly established and new industries spring up spontaneously with such rapidity that there would seem to be little reason to apprehend an insufficient diversification of industry.

The common argument advanced in favor of protectionism at the present time is that it keeps wages high. Free traders claim, on the other hand, that wages are high in this country because our industries are fruitful and there is, relatively speaking, a large demand for labor.

Our industries must be developed by the labor which, at a given moment, is in the country, and to secure the coöperation of this labor, employers are able to give high wages on account of the fruitfulness of industry, and they are obliged to give the rate of wages which actually exists in order to induce labor to do its part. In other words, free trade would not alter unfavorably to labor the conditions which determine wages.(1)

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10. FREE TRADE (Continued).

(1) **Second Argument for Protection.** — "*Our labor cannot compete with the low priced labor of Europe without the wages of our operatives being depressed to nearly the scale which prevails abroad. Since there cannot be two prices for the same commodity where free competition is allowed, the rate of wages in countries between which trade is free cannot differ by more than the cost of exchange and transportation.*

"*We may, therefore, lay it down as a general law that whatever free trade is permitted between two countries in which the scale of wages is decidedly different, the resulting competition will tend to the disadvantage of laborers in the country where the wages are the highest.*"

At first sight this argument might seem identical with the former one. The difference is this: In the first argument we are concerned only with industry and not with the rate of wages. *Wages* are different from *industry* in the abstract. Very low wages might promote industry by compelling men to labor more in order to make a living.

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One fallacy of this argument lies in its not taking account of the very different circumstances of different countries. To those who will not accept any proofs except of fact, the fact that in England, which is the typical free trade country of the world, wages have long been much higher than in the neighboring countries of Europe, where protective tariffs are in vogue, ought to be a sufficient proof.

But the use of this particular method of proof is quite beneath the economist, for the simple reason that it proves nothing except that free competition does not necessarily depress wages in the country where they are the highest.

There may be great numbers of reasons for the causes of this difference besides free trade, so that we are not justified in attributing it to the latter. The only satisfactory proof of the fallacy is shown by the reason of the thing.

We have shown in Book IV., Chap. VIII. that no cheapening of products can lessen the sum total of the demand for labor in the country because the money saved on any product goes into the market for the purchase of labor on some other product. Thus the only effect which can be produced by free trade is an increase of wages for one class of laborers, with a corresponding diminution for another class.

Should we introduce free trade, and, in consequence should there be an importation of X dollars' worth of goods which we had been making for ourselves, there would be a falling off of X in the demand for labor to make these goods. But there would be an increased demand Y for labor to make the goods we should have to give in exchange. If Y were less than X, the people who have been paying X dollars would save the difference and have it to spend for labor of some other kind.

The two demands Y and X Y would exactly compensate the loss X.

The equilibrium is restored by a gradual change in the direction of labor from the production of X dollars' worth of goods of one kind to X dollars' worth of some other kind. Such a change as we have already shown, can nearly always be made faster than any change in the demand.

To the cry: "We cannot compete with the pauper labor of Europe," the answer is, Why do you want to compete? And this brings us to the question, Why are wages higher here than in Europe?

The answer is, Because we have a larger and more profitable field for labor in developing the resources of our country. Erecting houses, building railways, cutting down the forests, digging ore from our mines, and raising wheat from our prairies afford a more remunerative employment for labor than can be obtained in densely populated countries where the railways are already built and the fields of wheat are limited.

Our laborer compares with him of Europe in a small degree as the successful lawyer does with the bootblack.

The lawyer cannot compete with the bootblack in the art of the latter. Does he therefore desire the price of blacking boots to be raised lest his professional income shall be reduced? Not at all. He simply does not compete, but employs himself more profitably in other directions.

To look at the matter from a different point of view, let us consider the case of some great glass factory.

Here we have an industry employing, we may suppose, a thousand men and a large amount of capital, consisting of buildings, furnaces, and raw materials. Under free trade this factory would perhaps never have existed, and if free trade were permitted, it would perhaps have to stop. Now what does all this mean? It means that one thousand men who, had there been no protective tariff, would have been at work building railways, erecting houses, digging in the silver mines, raising wool, or raising cattle have been turned from their employments into building chimneys and making glass.

Instead of making things to give foreigners in exchange for glass, they are making the glass itself.

Now the question whether this change is advantageous depends very largely upon whether we are to assign any special value to the work of making glass rather than to the other work which we have described.

By fostering the glass industry we have diversified employment. But is this diversity of any general advantage?

Is this country any better off because a thousand men spend their lives in inhaling noxious fumes from furnaces rather than working in the open air? These are questions for every one to consider for himself.

Another consideration which may be adduced is that of the possible amount of foreign competition were all restrictions removed.

Mr. Edward Atkinson estimates the value of the total products of industry in the United States during the year 1884 at ten billion dollars. During the same year the total value of imported merchandise was six hundred and sixty-eight million dollars, or less than seven per cent of our home production.

Were the tariff abolished, it is hardly possible that our imports could be doubled; indeed it would take a long time to build the ships necessary to bring in the double quantity.

It is, therefore, hardly possible that seven per cent more of our labor would meet with foreign competition. And if it did we should have to produce seven hundred million dollars more of goods to export in payment. We should also have to build railways and rolling stock to transport the goods to the sea coast and bring back those received in exchange. Thus altogether, even the small percentage in which the competition was felt, would be balanced by new demands incident to the change.

To completely understand the workings of a protective tariff it is necessary to see that it is reciprocal in its action. The reason of this is that trade is mutual, and will not go on unless each country receives an equivalent for what it exports. A stream of values is constantly flowing in each direction, and the two streams being equal, an obstruction produces the same effect, whether at one point of the stream or another. One example of this is seen in the effect of an export duty.

Suppose that the English nation should require all cotton goods exported to America to pay a tax of fifty per cent, while no duty was levied in America. It would make no difference either to the exporter or importer whether this tax was paid on sailing from Liverpool or on arriving at New York.—"*Principles of Political Economy*," *by Simon Newcomb, Ph.D. LL.D., Professor of Mathematics in U. S. Navy, Professor in Johns Hopkins University, pp. 468, 469.*

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11. TRUE PROTECTION TO LABOR.

There is another way in which we may look at this subject of the interests of labor. Without entering upon any theory of wages at the present time, we may say that wages are determined by a bargaining process, and that the terms of the bargain will depend upon the fruitfulness of industry on the one hand, and on the other upon the number of competitors for opportunities to labor together with the vigor and capacity which these competitors display in the bargaining process. It is directly and immediately, labor which competes with labor, and it is only indirectly that commodities compete with labor. On the other hand, it is commodities which labor seeks. The wage-earner puts forth his efforts in order to secure commodities. It has, therefore, been claimed that true protection to labor would be afforded by a tax on importations of labor; that is to say, on the wage-earners coming into this country and seeking employment in competition with those already here. But what labor wants is cheap commodities, in order that the wages of labor may purchase an abundant supply of the things needful. The question then suggests itself, Would not a true tariff policy be one admitting free of duty commodities and taxing heavily the wage-earners coming into this country? (1)

No one would claim that this argument is complete, but it may be asserted that it has within it a large kernel of truth. The limits of space will not permit the writer to attempt to separate out what is true in this, from the exaggerations of truth. That must be left to the reader.

It may, however, be safely asserted that, whatever a tariff policy may or may not accomplish for labor, those who desire to protect labor and to secure for labor the largest opportunities must favor at least, in addition to the protective tariff, other important protective measures. The word "education" suggests one of these, and education must be understood in its broadest sense. Education must be directed to the development not only of the mind, but of the body; not only of the intellect, but of character. We have made scarcely more than a beginning in education. The evils which some superficial persons attribute to the education of the masses are really to be attributed to insufficient or poorly directed education. When we devote as much mental energy and as large resources to training the American youth for industrial and civic life as Germany does to training her boys for the army, the wage-earners will not only be more productive in their efforts, but they will be able to make better bargains with their employers, and we shall have a higher range of real wages and altogether better social conditions.

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11. TRUE PROTECTION TO LABOR.

(1) **Displacement of American Labor.** — No amount of foreign production can displace American labor. Every ounce of foreign goods must be paid for in American goods, produced from American materials on American soil by American labor. For every dollar's worth of imported goods a dollar's worth of American-made goods must be exported.

Therefore, precisely as much employment is given to American labor by the purchase of imported goods as by the purchase of home-made goods.

But it is said the foreigner will demand payment in gold or silver. Let him demand; he cannot get either to the value of more than one-tenth of what he sends to us, for the conclusive reason that we produce no more. And to that extent gold and silver are our natural productions, which we are fully as anxious to sell as we are our wheat or pork.

Indeed, after abusing the foreigner for fifty years, because he *would* buy our silver at higher prices than we were willing to give for it, we now abuse him because he *will not* buy it fast enough; and it is solemnly proposed in Massachusetts to cut off trade with England unless she will agree to buy silver instead of wheat.

The Pauper Labor of Europe. — If there is any such thing as the imported product of "pauper labor" (which is a contradiction of terms, since paupers necessarily do not produce enough by their labor to support themselves, much less to send abroad), the only effect of its exclusion must be to put a premium upon the importation of the paupers themselves, bringing their labor into direct competition with American labor and reducing American wages.

For paupers are, as a matter of course, at the lowest point at which life can be sustained. If they are dependent for even this subsistence upon the American market for their productions, and they are shut out of that market by an increase of the tariff, they must and will carry their hands to that market. For many years it was the avowed

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purpose of the protectionists to produce this result; and Henry C. Carey pointed to the increase of immigration as a proof of the beneficent effects of protection; while in 1864 a strong protectionist Congress enacted a law giving to the importers of pauper laborers a lien upon their earnings and land for the cost of such importation, and enforcing contracts for service made abroad at less than American prices. This law was not repealed until 1884, after immense numbers of laborers had been imported under such contracts.

Duties to Equalize Wages.—This is the most plausible protectionist argument. But, in fact, nine-tenths at least of American workmen receive *less* wages, *in proportion to the value of their production*, than do workmen in any other part of the world. They receive a larger sum *per day*, but a much smaller sum *per piece*.

All over the world high wages mean, as a rule, cheap labor. American wages are the highest, and therefore American labor is the most productive and the cheapest.

In a very few lines of production it may be true that American labor costs more per piece than does foreign labor. A "duty to equalize the difference in wages." in such cases, means that the whole mass of American laborers are taxed to repay to the employers of a very few, this difference in cost.

The workmen thus employed are not benefited, because they could earn just as good wages at some different work; and if the goods which they now make were imported, they would be employed in making some other article to be exported in payment for those goods at the same or better wages.

The whole benefit of such a tax goes into the pockets of the protected employers. Moreover, such "compensating duties" are never confined to the limits of compensation. They are always made so high as to exceed the whole wages paid. Thus the protective duties levied upon coal and iron are, have been for many years, seventy-five cents per ton, while the whole amount of wages paid for the production of either has always been less than fifty cents, and often less than twenty-five cents per ton.

The protective duty on steel rails, down to 1894, was never less than $13.44 per ton, and was for many years twenty-eight dollars, while the excess of labor cost in America over that of Europe has not for many years amounted to three dollars per ton, and for the last five years has not exceeded fifty cents.

The labor cost in steel rails is now *less* in America than in any part of Europe.

Heavy duties are imposed upon cotton goods of all kinds, although it has been conclusively proved that the labor cost in most of such goods is much less in America than in any part of Europe, or, indeed, the world, and has been so for more than fifteen years.

A "protective duty" of sixty per cent is maintained "solely to enable American employers to pay to their workmen" *less* wages than are paid in Europe for the same work.

Diversifying Industries.—Prof. R. G. Thompson declares that the fundamental idea of the protective system is to divert industry by artificial means into channels through which it would not otherwise flow.

This is undoubtedly a correct statement of the philosophy of protection, as held by all its intelligent and disinterested advocates. It is usually expressed as the "diversification of industries" and it is earnestly insisted, that a multitude of different new industries are so necessary to the prosperity of every nation that they must be forced into existence, by taxing all the old industries for their support. But diversity of industries is neither a cause nor a condition of prosperity.

The mass of the people in California and Australia were never so prosperous as when they had practically only one industry—the digging of gold. Their industries diversified fast enough when no more gold could be scraped up by hand, because they no longer had the means of paying other people to supply them with other articles. Nothing ever induces men to diversify their industries except the pressure of comparative poverty caused usually by the decreasing returns from those industries in which they were previously engaged.

So far as the protective tariff really does diversify industries, it must do so by impoverishing the people, because it can be done in no other way. This would be true even if a bounty was paid to those entering upon a new industry, because while it might make them rich, it must be taken out of the pockets of the people at large, by making them poorer by the amount of the bounty and the expense of its collection and distribution.

A protective tariff does not have even the questionable merit of a direct bounty. It gives nothing, confers no benefits, creates no industry. All that it does or ever can do is to *kill* some existing industry, to ruin some persons who are earning an honest living by providing useful things for their fellow men—to destroy, never to build up. Its work is purely destructive. It develops nothing.

After a new tariff tax has destroyed one or more domestic industries by preventing the importation of the materials which are essential to them, those who are thus deprived of their usual employment and income look round for some work which the tariff has not destroyed: and thus production in that particular line is increased.

For example, before 1883 the duty upon both rufflings and the material out of which they were made, was thirty per cent. Somebody thought he could make the materials in America, although they were then all imported, and he persuaded Congress to put a duty of about one hundred and twenty-five per cent on them, leaving the duty on the finished manufacture unchanged.

The result was that the manufacture of the ruffling here was totally destroyed and thousands of work people discharged. They could not get employment in making the materials, for they did not know how to do it. Nobody in America succeeded in making them, so the rufflings were imported instead of the materials for rufflings.

In other cases Americans do succeed in making the materials after being "protected" out of the manufacture of the finished article: and then it is proclaimed that the tariff has "created a new industry" when all that it has done, has been to kill an old one.

A new industry is not necessarily any addition to national wealth, and certainly a new industry "created" only by the destruction of an old one, which was more profitable to the community (as must needs be the case where a heavy tax is required to induce men to abandon it for the new) is a positive national loss.—*Thomas B. Shearman in Bliss's "Encyclopedia of Social Reforms."*

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12. CONCLUDING REMARKS ON THE PROTECTIVE TARIFF (1).

The impartial student who examines critically the entire subject of a protective tariff, and the way the protective policy and free trade have worked themselves out historically in our own and other countries, will doubtless reach the conclusion that the importance of the subject has been unduly magnified. It may be that one cause of the violence of the controversy concerning protectionism and free trade has been the exaggerated hopes on one side and the exaggerated fears on the other. Certainly it is possible for a modern nation to be prosperous under almost any kind of a tariff policy which has in recent years been brought into discussion. There is, however, one thing which experience amply demonstrates, and that thing is the tremendous evils of uncertainty. Uncertainty in regard to the future tariff policy is most demoralizing to business and is sufficient if very great and long continued, to produce an industrial paralysis. Quite possibly one might think that free trade would be desirable in the United States and yet hold that our present protective policy, if it could be accepted as something not to be changed for a generation, would be better than continuous uncertainty in regard to the future tariff policy. One clear conclusion from our experience in the United States is, that when changes are made they should be made with discretion and that they should be made in such a manner as to make the period of uncertainty as short as possible. Moreover, in making changes the question must be asked, not what kind of a policy is ideally best, but what kind of a policy will be accepted as in the main satisfactory to the American people for a considerable future period.

The subject of a protective tariff cannot be dismissed without a word concerning trusts. A few years ago many free traders were inclined to look to the protective tariff as an explanation of trusts. The discussions of the principles of monopoly, however, within the past few years have make it perfectly clear that the tariff is at most only a minor cause. There can be controversy in regard to the magnitude of the tariff as a cause of trusts, but it cannot be rationally claimed that it is even a principal cause of the monopolies which exist among us. In so far, however, as trusts find shelter behind a protective tariff it is extremely difficult to find a defense for protectionism. The idea of protectionism is not the abolition of competition among producers. On the contrary, the protective tariff is based upon the hypothesis of real and effective competition on the part of producers at home while foreign producers are placed at a disadvantage, not, however, great enough to render their competition ineffective. When home producers unite in combinations the purpose of which is to bring about a cessation of competition the arguments for protective tariff are not applicable to them.

Any one who will discuss the subject of our tariff policy rationally must take account of the immense strides which our manufacturers have made in recent years whether or not this has been due to a protective tariff. We find large exports of manufactured products of almost every description, and in the most important lines of manufactures, our manufacturers are able to hold their own in international competition. Is it possibly true that the time has come when even from the standpoint of protectionism free trade is demanded; that is to say, protectionism of the sort advocated by Frederick List and many early American protectionists? Is it possibly true that if we cannot have free trade at once we should begin to cast about and devise measures whereby with the least pain we may reach a free trade condition in the near future? The answer to this question implies a careful consideration of our expanding commerce and colonial possessions. Are we reaching a position in which unfettered and unhampered trade will give us the leading industrial position among the nations of the world? No discussion of this entire subject can be satisfactory which fails to take into account the expansion of our political and economic interests brought about by the events of the wonderful year 1898.

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When it is said that we must move carefully we must always bear in mind that careful movement does not mean standing still. We have also to ask ourselves in any given case whether the ultimate gains of a proposed policy may not outweigh temporary evils.

In conclusion, it must be borne in mind that a reform of the tariff is always possible from the protectionists' standpoint as well as from the free trade standpoint. Undoubtedly much could be said in favor of committing the reform of the tariff to the protectionists if they should evince a disposition to deal with the subject in a broad and progressive spirit. This brings us back again to the suggestion of a permanent tariff commission composed of experts. Professor Laughlin has an interesting article on this subject in the magazine called *Self-Culture* for February, 1899. In this article the thought is expressed and utterance given to the hope that such a commission may be appointed and that thus the whole subject of the tariff may be taken out of politics and settled scientifically.

12. CONCLUDING REMARKS ON THE PROTECTIVE TARIFF.

(1) **Further Educational Effects of the Industrial Protective System.**—The sacrifices which the protective system directly imposes on the national wealth consist in products, fewer of which with an equal straining (*Anstrengung*) of the productive forces of the country, are produced and enjoyed, than free trade would procure. But it is possible by its means to build up (*bilden*) new productive forces, to awaken slumbering ones from their sleep, which, in the long run, may be of much greater value than those sacrifices. Who would say that the cheapest education is always the most advantageous? Only by the development of industry also, does the nation's economy become mature. The merely agricultural state can attain neither to the same population nor the same energy of capital, to say nothing of the same skillfulness of labor, as the mixed agricultural and industrial state; nor can it employ its natural forces so completely to advantage. How many beds of coal, water-falls, hours of leisure, and how much aptitude for the arts of industry can be turned to scarcely any account in a merely agricultural state? If, therefore, the protective system could materially promote a national industry, or if it made such industry possible, for the first time, the sacrifice connected therewith, in the beginning, should be considered like the sacrifice of seed made by the sower; but this can be justified only on the three following conditions: that the seed is capable of germination; that the soil be fertile and properly cultivated, and the season favorable.

So long as a nation is, indeed, politically independent, but economically in a very low stage, it is best served by entire freedom of trade with the outside world; because such freedom causes the influences of the incentives, wants, and the means of satisfaction of a higher civilization to be soonest felt in the country.

The further advance which consists in the development of home industries by the country itself, may, indeed, be rendered exceedingly difficult by the unrestricted competition of foreign industries, which are already developed. The carriers on of industry in an old industrial country have a superiority over those in the new, in the amount of capital, the lowness of the rate of interest, the skill of undertakers (*Unternehmer*) and workmen, generally, also in the consideration in which the whole country hold industry, and the interest they take in it; while in the country which has hitherto been merely agricultural, it happens only too frequently that industry is undervalued, and that young industrial talent is, as a consequence, forced to emigrate. How frequently it has happened that England by keeping down her prices for a time has strangled her foreign rivals.

Even on the supposition of equal natural capacity, the struggle between the two industries would come to a close similar to that between a boy of buoyant spirits and an athletically developed man. What then is to be said of the cases in which the more highly developed nation is at the same time possessed of the more favorable advantages; such, for instance, as England possesses over Russia in her incomparable situation in relation to the trade of the world, and which gives her for all distant countries, without any active commerce, a monopoly-like advantage; further, her magnificent harbors, streams, her well-situated wealth in iron and coal, etc. The advantages of mere priority weigh most heavily, when the great development of all means of transportation almost does away with the natural protection afforded by remoteness; and when, at the same time, a certain universality of fashion, which, as a rule, is governed by the most highly developed nations, causes national and local differences of taste, which could be satisfied only by national or local production, to become obsolete. Under such circumstances, it would be possible, that a whole nation might be made continually to act the part of an agricultural district (*plattes Land*), to one earlier developed, leaving to the latter, almost exclusively, the life of the city and of industry.

A wisely conducted protective system might act as a preventive against this evil, the temporary sacrifices which such a system necessitates being justifiable where some of the factors of industrial production unquestionably exist but remain unused, because others, on account of the mere posteriority of the nation, cannot be built up. The abusive term "hot-house plant" should not be used where there is question only of transitory protection, and where there is the full intention to surrender the grown tree to all the wind, rain and sunshine of free competition, and where it is foreseen that it shall be so surrendered. The want of a certain economic many-sidedness which must be given to a nation manifests itself in a particularly urgent manner in times of protracted war. Here the error of so many free-traders, that different states should comport themselves towards one

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another as the different provinces of the same state do, is most clearly refuted.

No less important is the political side of the question. Since the protective system forces capital and labor away from the production of raw material and into industry, it exerts a great influence on the relations of the classes or estates of a country to one another. The immense preponderance possessed in medieval times by the nobility, agriculture, the country in general as contradistinguished from the city, by the aristocratic and conservative elements, is curtailed in favor of the bourgeoisie, of industry, of the cities generally, and of the democratic and progressive elements. If when the history of a nation is at its highest point, there is supposed a certain equilibrium of the different elements, all of which are equally necessary to the prime of a nation's life, this height is now attained sooner than it would otherwise be.

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However, such an education of industry can be attempted with proper success only on a large scale, that is, on a national basis. The least hazardous (*unbedenklich*) measure of the system, import-duties, supposes a relatively short boundary line, such as only a great country, even where its formation is the most favorable imaginable, can possess. The greater the tariff territory (*Zollgebiet,*) the less one-sided is its natural capacity wont to be, the sooner may an active competition in its interior be built up, while the foreign market always suffers from uncertainty. Hence all tariff-unions (*Zollverein*) between related states are to be recommended not only as financially but also as economically advantageous. Between states not related and of equal power, so far-reaching a reciprocity, embracing nearly the whole of economic policy, can scarcely be established; and it would be still harder for it to continue long. If the states not related are of very unequal power, the probable consequence would be the early absorption of the weaker by the stronger.—"*Political Economy*," *by William Roscher, Vol. II., pp. 432, 440.*

SECOND WEEKLY REVIEW.

7. **PROTECTIONISM (Continued).**—Protectionism and War. The Close Connection Between Past and Present, and the Significance of this Connection in a Rational Tariff Policy.
8. **FREE TRADE.**—False Arguments for Free Trade. The Allegation that Protectionism is Sound in Theory but Weak in Practice.
9. **FREE TRADE (Continued).**—The Allegation that the Protective Tariff is One Chief Cause of Political Corruption.
10. **FREE TRADE (Concluded).**—Free Trade and Nationality. Free Trade and Wages.
11. **TRUE PROTECTION TO LABOR.**
12. **CONCLUDING REMARKS ON THE PROTECTIVE TARIFF.**—Exaggeration of the Importance of the Tariff Policy. The Evils of Uncertainty. The Advisability of a Permanent Tariff Commission.

QUESTIONS.

7. *What reasons have you for thinking that the advantages of international trade outweigh the evils resulting from disturbances in international trade caused by war? What has the subject of nationality to do with this discussion? What do you understand by a "military defense" tariff? What by a "social" tariff? What by an "historical continuity" tariff?*

8. *What disadvantage is there in associating free trade with a passive policy of government? What reason have you to think that such association is not necessary? What reason have you for thinking that free trade may be stronger in practice than in theory? Have you any reason for thinking the opposite?*

9. *Explain the alleged connection between a protective tariff and political corruption. What do you mean by diverting industry from a more to a less productive channel?*

10. *Discuss the allegation that a protective tariff makes wages high. Could a protective tariff cause high wages in the Desert of Sahara? If not, why not? Why is it that generally speaking it is the countries with low wages which demand protection against countries with high wages?*

11. *Discuss true protection to labor?*

12. *What reason have you to think that the importance of the free trade and protective tariff controversy has been exaggerated? Are there other more important questions from which this controversy has diverted attention? What reform of the protective tariff is possible from the standpoint of protectionism?*

SUBJECTS FOR SPECIAL STUDY.

1. *The influence of colonial expansion upon a rational tariff policy.*
2. *The bearings of the fact that American manufactures are so generally able to compete with foreign manufactures upon the question of free trade.*
3. *Questions concerning the tariff in their relation to political corruption.*
4. *Relation of protective tariff to wages.*
5. *The true protection of labor.*
6. *The advisability of a permanent tariff commission.*

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COÖPERATION IN THE DEMOCRATIC STATE.

BY

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13. CÖOPERATIVE EDUCATION.

IN previous chapters we have seen that the thing which has been effective in the binding together of the people into States has been a habit of united action. The primitive village State was founded upon a common ownership of land and coöperative farming. This was followed by coöperative fighting against a common enemy. In so far as there was a binding force in a feudal State, it rested chiefly upon these two forms of associated effort. In the towns and cities municipal corporations were in their origin industrial coöperative societies. There were long centuries of training in coöperative industries before there were individual industries. With the advent of democracy there is a marked tendency to enlarge the coöperative functions of the State. This is what democracy means. It is a conscious organizing for the more perfect accomplishment of a common purpose. In no business is this more manifest than in that of education.

In former chapters education has been discussed with reference to its effect on the citizen. We now discuss the business of education as a coöperative function of the democratic State. It is assumed that a successful democracy involves continuous training of all the people. By simply narrating the facts respecting what has already been accomplished by one democratic community or another, the scope of this work may be apprehended.

At the age of three the child enters the kindergarten. The teacher has been trained through the agency of the State. In a sense the teacher of the kindergarten may be said to be divinely appointed, as the work rests upon her natural gifts. In a sense she is self-appointed, since the teacher recognizes and cultivates natural faculties. In a sense the children choose their teachers, since one not suited to their need would not be retained. The mothers choose the teacher because they are first to recognize and voice the needs of the children. The adult male voter simply accepts and gives legal effect to these previously determined facts. In an ideal system of education similar principles are operative in all its parts. The professor in the university has the native gift of teaching. This gift he recognizes and cultivates. His pupils recognize and approve. The public gives to the facts legal

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status. As in kindergarten and university, so in all intervening stages in the process of education.

The kindergarten teacher reaches all the people. Through the mothers' meeting her influence extends not only to the three-year-old, but to the beginning of life. Thus the agency of the State begins when life begins. An ideal already realized in the best democratic communities furnishes continuous education of all the people to the age of sixteen—not the same training for all, but a continuous training in State schools for the whole people. From the public school the pupil graduates into the public library. The very object of the school is to cultivate a habit of intellectual and moral growth which will continue to the end of life. All teachers in such a community would be *ex officio* librarians. The city, the township, the county and the State would furnish reading matter for all the people. In the democratic State no youth should be sent adrift at the perilous age of sixteen. His education should be continued through the librarian. Through a system of circulating libraries our States and counties may easily furnish reading matter suited to the needs of all the people. (1) These may be supplemented by the great metropolitan and national libraries, so that no one will lack for means of intellectual growth in whatever line he may choose. Thus, through school and library, the State becomes a coöperative society for the continuous training of all the people. (2)

The truly democratic State abhors a dead level of uniformity. The age of sixteen may be fixed upon as a limit for the continuous training of all, because so many years are required for the insurance of a well-developed physical constitution. But at this age there is no break in education. Those who do not graduate into the library and into business life go on with free tuition through the high school and through the university. In the higher grades greater diversity is offered in the lines of study. Then special schools are maintained by the State for meeting special needs. There are schools for the training of teachers, for the education of seamen and soldiers, for the training of officers in the civil service, as well as an endless variety of schools for industrial training. Some of these schools are deemed so important that the pupils receive a generous support while undergoing training.

Other features of coöperative education in the democratic State are illustrated by the collection and dissemination of information on a great variety of subjects of common interest, by the establishment of museums and the display of works of art, by the maintenance of men and institutions devoted to the advancement of the bounds of knowledge. The State also furnishes special education for the defective, the blind, the mute, the feeble-minded, the juvenile criminal. And in the hands of the fully developed democracy the penitentiary becomes a training school whereby the State attempts the difficult task of the restoration of lapsed manhood.

The school for children is necessarily a local institution. It unites the people of the entire neighborhood in a most interesting and exacting coöperative enterprise. The school is an enlarged communal family. The public school compels the people to gain experience in local government. The library is a scarcely less important agency in the accumulation of valuable coöperative experience. But a library for all the people involves a larger area than the school district. For village and country the county is a convenient area, and by the library freely circulating to every part the county becomes united and instinct with civic life. But the perfect library system would involve a free interchange between counties; it would involve the coöperation of State governments, the United States government, and all the great libraries; and the common school as well as the library involves this same comprehensive coöperation on the part of all our governmental areas.

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13. COÖPERATIVE EDUCATION.

(1) **A New Aid to Popular Education: Free Traveling Libraries.**—The New York State traveling library system is a direct development of the work of the public library. The local library lends one book; the traveling library lends a hundred. The local library lends to one person, the

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other to a community. One lends for two weeks, the other for six months. In this way the State library becomes the parent of libraries.

This system was made possible by the legislation of the State of New York in 1892. The university law of that year authorized the Regents to lend for a limited time selections of books from the duplicate department of the State library or from books specially given or bought for this purpose, to public libraries under State supervision, or to communities meeting required conditions. Out of $25,000 appropriated for free libraries, a portion was at once set apart for the Regents to buy and prepare books to be lent under their rules.

The rules then adopted provide that a selection of one hundred books may be lent for six months to the trustees of any public library in the State under Regents' visitation on payment of a fee of five dollars to cover the expense of cases, catalogues, record blanks, and transportation both ways. Where no such library exists, the books will be lent on the petition of any twenty-five resident taxpayers. In their petition an owner of real estate must be named as trustee, who would be personally responsible for the books. Libraries may be lent to the officers of a university-extension center, reading course, or study club, if registered by the Regents. A later rule offers selections of fifty volumes for a fee of three dollars.

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We may say that 25,000 books have been read as a result of these traveling libraries. They have been good books and have left their mark on a multitude of minds. These libraries have everywhere promoted an interest in good reading, and have already led to the establishment of some important local libraries. They have been cordially received and are more in demand now than ever before. As a public investment they have fully vindicated the wisdom of their projectors and have proved worthy of the continued interest of the State. The system admits, too, of indefinite enlargement. Special-subject libraries may be multiplied as fast as they are wanted, and the addition of general libraries can keep pace with the publication of good books. The State of New York can well afford this offer of books to her citizens, which is at once generous and, in the highest sense, profitable; and the plan is confidently commended to the consideration of other States. —*William R. Eastman*, "*The Forum*," *Vol. XVIII, p. 616, 671.*

(2) **The Traveling Library.**—Since Carlyle laid down the proposition that "the true university is a collection of books," there have been many attempts to popularize this means of education. The growth of great public libraries in our cities has been full of significance as a phase of our higher social endeavor. Outside the great centers of population this development of library centers has been less noticeable, but perhaps not less continuous, and certainly not less deserving of attention.

At first Carlyle's university was an exclusive institution. Only the aristocracy had access to it. Then came the era of subscription libraries in the larger towns, and then the founding of libraries for the free use of the people, to be maintained by general tax.

Massachusetts has always been foremost among our States in the diffusion of library privileges among her citizens, and it is probably true to-day that no other like community in the world is so well supplied with books, or at least with the opportunity to use and read books. But for various reasons the Massachusetts system of town libraries, excellent as it is, cannot be successfully adapted to the conditions of every State in the Union. At any rate, the fact is that there are many communities, even in States that have adequate laws permitting taxation for library purposes, still destitute of the advantages which so large a proportion of the rural population of Massachusetts now enjoys.

There are towns, villages and cities still in this country that will not tax themselves to secure for their citizens an entrance into Carlyle's university.

The problem thus becomes, not merely how many towns can be induced to start free libraries, but how can the people, particularly the growing children and youth, in towns and country districts where no public libraries exist, be helped to share in library privileges at once, without waiting for the communities themselves to take the initiative?

In some States much has already been done in this direction through "traveling libraries."

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Finally, to all who are studying the advantages of the traveling library for country places we commend the summary of those advantages made by the Wisconsin Commission after an experience of nearly two years in the backwoods of their State.

1. It makes good literature accessible, and often a constant temptation, in communities where there are few distractions and no other similar educational forces for any but the younger children.

2. It puts the control of the reading of numbers of people in the hands of persons who have the library experience of the world at their command, while the literary tastes of the readers are forming.

3. It is economical. There is no expense for local rent, for fuel, light, or librarian's salary. Books are bought at the lowest prices; there is no wastage from worthless books or shoddy editions, and the volumes are worn out by use, and not by mere shelf-wear.

4. It keeps up a continual interest in the books by frequent exchanges, and the prospect of a near exchange keeps each family alert to learn about the best books and to get them promptly.

5. The responsibility of caring for a library and extending its usefulness makes a common bond for a high purpose, and a new basis of union for the best citizens in small neighborhoods.

6. The library stations form new centers for the upbuilding of a better social and intellectual life.

To sum up briefly, the traveling library gives an abundant supply of wholesome literature to the people of small communities at a slight cost, and not only excites their interest in such literature, but confines their reading to it until their tastes are formed.

It is a free day and night school, which does not close on Saturdays or Sundays or for long vacations. It instructs, inspires and amuses the old as well as the young, and its curriculum is so broad that it helps the housewife in the kitchen, the husbandman in the field, the mechanic in his shop, the teacher in her school, the invalid in the sick-room, the boy in his play, and the citizen in his civic duties.

It leaves no room for bad literature and keeps it from circulating, without resort to threats, by the most natural and wholesome methods.—*William B. Shaw in "American Review of Reviews," Vol. XVII., p. 165.*

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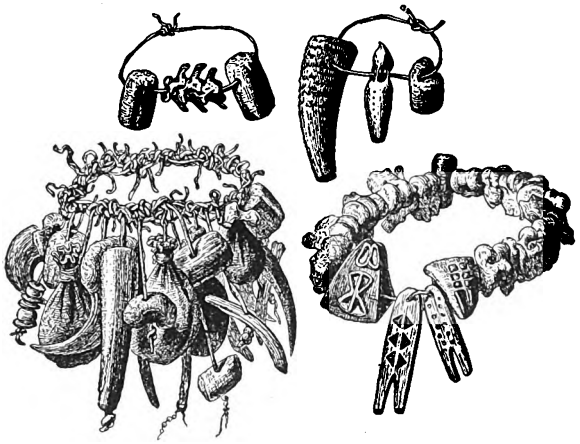
14. PUBLIC SANITATION.

The medical profession has followed pretty closely the development of the State. While the State was despotic the practice of medicine was made a part of the tyranny. In early times the medicine-man was a wonder-worker. With the priest he was a most efficient agency for the enslavement of the minds of the people. In the more enlightened tyrannies of modern times medicine has followed the analogy of the government. It has been imposed upon the people. The doctor assumed all knowledge while the people were kept in ignorance. Familiar diseases and symptoms were disguised by unfamiliar names. It was accounted unprofessional for the patients to be enlightened as to their real condition. It was likewise unprofessional to enlighten the people as to the nature of the remedies used and the effects they were expected to produce. Long after the Reformation even in the most enlightened nations, the insane were accounted victims of evil spirits. Flogging of the insane was a common method of inducing the evil spirit to withdraw. This practice continued after the belief in the possession of devils was much weakened. George III., it is said, commended his physician for his faithfulness in administering the rod to his royal back during his fits of derangement. Not until the democratic State had become well developed, that is, in the latter part of the nineteenth century, did the treatment of the insane become an important coöperative social function administered by the State.



Magic-Implements, Amulets, etc., used by a Kaffir Medicine-man.

The entire medical profession and practice is being revolutionized. No longer does it inflict occult treatment upon an ignorant people. On the contrary the people are taken into the confidence of the physician and instructed in the laws of health. In all enlightened countries the medical profession is doing pioneer work towards the perfecting of the democratic State. Everywhere the profession is enforcing the doctrine that health can be maintained only by the training of all the people in the observance of sanitary laws.

There is high authority for saying that it is man's duty to rule over the beasts of the field and the fowls of the air. In the light of medical science this means not so much the rattle-snake, the tiger, and the hawk. It means rather the Asiatic cholera, the plague, diphtheria, and typhoid. These are, one and all, beasts of the sewer or fowls of the air which have served notice upon the peoples, if you do not rule us, we will kill you. In the light of medical science there is no longer any disguise about this issue. A brood of typhoid microbes, propagated, probably, in the sweat-shops of London, effected a lodgment in the veins of Prince Albert, and the beloved Prince succumbed. These enemies of human life respect not persons. The English are learning that the plague has no regard for hoary caste in India; and what is more important, they are learning that effective sanitation involves the breaking up of caste distinctions, or such a training of the people as will result in true democratic coöperation. These Asiatic plagues which at one time laid low the half of both man and beast in England, we now see are calls from the victims of tyranny in the old home upon the freer and more privileged West to come and deliver them.

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Public sanitation in our cities has tended greatly to the promotion of civic righteousness. Almost every conceivable abomination affecting the property and the convenience of the people is committed by bosses and factions in our cities. But no boss, no faction, no soulless corporation, has ever taken a stand in favor of diphtheria or the typhoid. The typhoid gets a grip upon the civic conscience which Doctor Parkhurst cannot attain. In the light of modern science the prevalence of many contagious diseases means murder. And the man who is responsible for city sanitation can have no assurance that the victim may not be a member of his own family. The hardened sinner who may have lived upon blackmail and extortion, who may without remorse have bargained away the people's franchises, will not look lightly upon the spread of a preventable disease. In such a case the consciousness of guilt fastens itself upon the whole city and the demand for righteous and efficient action becomes irresistible. Righteousness, like disease, is contagious. It is not possible to maintain honesty and efficiency in one department of civic life without developing a tendency for the same to spread to other departments.

Effective sanitation involves, in the first place, effective education and training of all the people. The State, through the school, and the library; through the board of health and the medical profession, must become argus-eyed, alert and intelligent. All this may be attained and yet sanitation may entirely fail. There must be an added consciousness, a feeling of responsibility resting upon the people, a sense of guilt in the presence of preventable disease, a continued repentance and a disposition to bring forth fruits meet for repentance. This may be attained even, and yet there may not be effective sanitation. There must be in addition efficient agencies for administering the public conscience. So long as the voter tolerates the spoilsman, the briber, and the franchise grabber, the body politic will carry the guilt of the murder of the innocents.

In former chapters three pretty clearly marked stages have been noticed in the evolution of the State. In the first, force is pitted against the organizing ability of the people; government is simply imposed. In the second the so-called rights of the people are exalted above the State, and government is tolerated as a necessary evil. In the ideal democracy repressive government is confined to the abnormal individual, and the State becomes an organism for enlarging the sphere of the normal man. There are three corresponding stages in the profession of medicine. In the first, occult forces are imposed upon the people. Then medicine becomes chiefly occupied with the negative work of preventing diseases. In its final stage the profession will be occupied chiefly in the discovery and promulgation of laws for the improvement and perfection of the race. (1)

14. PUBLIC SANITATION.

(1) **Victorian Medicine.**—It is notorious, however, that the State medicine is as yet but the infant Hercules in the cradle, although it has really shown its prowess in the strangling of serpents which have come within its grasp. Even now, if it were allowed freely to exercise its powers, it could practically extinguish the large class of infectious and contagious disorders which spread like bush-fires in our midst. The whole group of "filth-diseases" could be virtually wiped out. Nor can it be doubted that it could immensely diminish the dire mass of hereditary disease which now bears its doom of life-weakness and premature death. And from this point of view it is not too much to say that as a simple matter of course it should be consulted upon the primary question of choice in marriage. It has often been pointed out that if a *genus homo* were cultivated as are the domestic animals, a large amount of the disease of the nation would be speedily bred out of the blood, and a high physique readily attained. But as this can hardly be, man's own intelligence instructed by medicine, should take the place of the skill of the stock-owner. So that with this growing consciousness of its power gradually to abolish in these classes the great bulk of the disease of mankind, the medicine of the best and highest type, looks forward confidently to a future in which its remedial faculty shall decline both in relative scope and importance, and when its chief function will be the care and nurture of the whole physical existence of man. For it is to be particularly noticed that hitherto State medicine has been developed on its prophylactic side only, which is, after all but its *negative* power. It has been strictly "preventive medicine;" and its *positive* function of cultivating the best, and eradicating the worst physical tendencies of the race, of watching over all the springs of health, has been hardly thought of as within its effective range.—*H. Baptist Crofts, in "The Westminster Review," Nov. 1897, p. 572.*

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15. SANITATION (Continued).

In an informal talk with a company of clergymen, I referred to the share which kindergarten pupils have in choosing their teachers, and one of the company remarked that if there was a way whereby they could choose their parents the chief difficulty would be solved. The remark was intended to be facetious, but it suggests the profoundest of human problems. There may be a difficulty in a merely potential human being signifying a choice; but if there is an entity in this universe which possesses unqualified rights, it is that same potential human being. There will not be a just State until the normal citizens who have incurred the experience of being born and brought up see to it that the not yet existing citizen shall begin his existence under such conditions as he would choose if he already possessed the accumulated wisdom of the generation which he succeeds. On this subject the expositors of a more perfect society, from Aristotle (1) to Herbert Spencer, have been agreed.

The stress of attention in recent years in the medical profession has been upon surgery and contagious diseases, and in both lines the remarkable advance in the science grows out of the germ theory of disease. Thus far the work is largely repressive and preventive. Yet scientific prevention soon reaches its limits in the work of destroying noxious germs and becomes increasingly occupied with the creation of vital conditions and vital powers which resist disease. But along with the marvelous advance in surgery and public sanitation, there has been a positive increase in the diseases which most directly affect the well-being of the race. No one has yet discovered the microbe which produces an unsound nervous condition. This disease will not be discovered by the microscope. It will not be removed by antiseptic surgery. Does any respectable medical authority put confidence in *materia medica* for the treatment of nervous diseases? In the presence of nervous disease science can simply give good advice and recommend the improvement of social conditions. The most learned doctor is forced to rely upon "the foolishness of preaching."(2) Nervous disease is social in its nature. It grows out of adverse social, industrial and political conditions. It is maintained upon high medical authority that the modern assassin of emperors and presidents is the victim of a clearly defined nervous disease, generated under social conditions equally well defined. The victim of the disease is ready to commit suicide, and he prefers to do it in a spectacular way. Guiteau's last utterances were words of exultation, in view of the thought that his name "would go thundering down the ages."

In the treatment of nervous diseases the medical profession is forced to take its place along with the teacher, the preacher, the prophet, the philosopher, and the statesman in striving for the creation of a righteous State. A sound mind in a sound body involves a just State.

But there are types of nervous disease in respect to which the physician is coming to have something very specific and conclusive to say to statesmen. The germ theory of disease seems to demonstrate that some diseases formerly thought to be hereditary cannot be inherited. Yet the same practical result may be reached through the inheritance of a vital condition which results in peculiarly vulnerable tissue. As to nervous diseases, the evidence accumulates that many well-defined types are hereditary.(3) It is upon the basis of this evidence that the State is enabled to take the first definite step in guarding the rights of the potential human being. The first step will be in the orthodox line of repression and negation. The State will see to it that its citizens shall not be born feebleminded, or with a nervous organization which entails a life-long dread of insanity. The State-Church has already done a good deal of forbidding to marry; often, no doubt, upon inadequate grounds. But here is ground for repression which will commend itself to every sound-minded citizen. Such action on the part of the State will be of immense educational value.

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There will arise a sense of moral obligation to apply the principle far more extensively than can be attained through the crude agencies of repression. From the moral obligation not to produce certain well-defined types of deformed human beings there will arise naturally a sense of obligation to produce the highest and the best.

It is said that the Norsemen worshiped the reindeer because they perceived that it manifested a superhuman wisdom in the generation of its species. This seems to be a confession of the doctrine that man is, in a sense, a fallen animal. Unless by his rational and social powers he rises above the reindeer, the perversion of his superior gifts dooms him to a lower place in the animal economy.

Sanitation as well as education favorably illustrates the coöperative character of the democratic State. It is through the State that progress becomes possible. A learned jurist in England told me that when he had the fever he was taken to the common public hospital. He counted it an honor to be a member of the board for the management of that institution. Said he: "I advise my friends to become patients in the public hospitals when they are sick. The care given them is superior to that which they are likely to receive at home." The rich and the poor thus meet before the grave. A physician in a Western State had his wife treated in a State asylum for the insane. He became aware of many defects in the institution, and he initiated reforms which were extended to all similar institutions in the State.

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15. SANITATION (Continued).

(1) **Matrimonial Regulations.**—If, then, the legislator ought to take care that the bodies of the children are as perfect as possible, his first attention ought to be given to matrimony; at what time and in what situation it is proper that the citizens should engage in the nuptial contract. Now, with respect to this alliance, the legislator ought both to consider the parties and their time of life, that they may grow old at the same part of time, and that their bodily powers may not be different.—"*Aristotle on Government*" (*Morley's Universal Library*), *p. 261.*

(2) **Nervous Patients.**—I sincerely advise nervous patients to avoid, as much as possible, all drug remedies. Especially would I warn them against habitual use of benumbing narcotics, however seductively they may operate at first. In my opinion, all these means ultimately do more harm than good. Of immensely greater value than drugs to nervous patients are the natural factors of healing—air, light, water, quiet, exercise, etc.

The first thing required is, of course, to remove the fundamental causes of the disease. As much rest as possible should be given from without as well as from within; a true religious condition, which a sure faith gives, is, therefore, of inestimable value to patients. It is self-evident that they must try to be, as much as possible, in the open air, and mountain air is particularly advantageous to them.—*Herr Dr. Bilsinger, in "Popular Science Monthly," November, 1892.*

(3) **Neurasthenia.**—The term neurasthenia does not so much signify a special affection of the nervous system as it is a fittingly chosen general name for a whole group of disorders, the character of which consists in the nervous system failing to act properly, on account of a deficiency of normal nerve substance.

Such a condition, or at least a pronounced tendency to it, is, in many cases, inherited from parents, and only slightly unfavorable circumstances are required in children thus hereditarily tainted for the development of pronounced neurasthenia.

There is, besides the hereditary form, an acquired weakness of the nerves, which may be produced by a considerable variety of causes. The blame for the present condition of our society undoubtedly lies in the haste and pressure of the age, with its battle for existence, driving us into morbidity.

The increase and crowded condition of lunatic asylums speaks with admonitory plainness in this matter, and it is time the right meaning was attached to the momentous phenomenon.

Even in the country, where the hygienic conditions are relatively favorable, the evil of nervous weakness is gradually making itself more plain. It is conspicuous in the larger cities, where, with the meeting of great masses of men, the clatter of railroads and the driving of factories, excitement prevails through day and night, under which the afflicted nerves with great difficulty obtain the rest they need.

To this haste and excitement in social life are added the schools with their augmented demands, and the trial of examinations. * * *

On the other hand, it cannot be too impressively insisted upon that the individual has the means to a certain degree in his own hands of alleviating by a rational mode of life, the general harm to which modern man is exposed.

But it has to be remarked that the greater number of us, in spite of all the instructions we get, remain in incredibly dense ignorance of matters of personal hygiene.

It thus occurs that many allow themselves to be guilty of sins against their own personality by which the health of their nerves is broken to the very marrow.

Besides overwork, on the one side, there are certain special indulgencies, abuse of spirits and other stimulants, the early and excessive tobacco smoking, and in the majority of cases all together, by which the nervous system is at last disordered and severely injured in its vigor.—*Ibid.*

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16. THE STATE AND VOLUNTARY ASSOCIATIONS.

The despotic State does not resemble a voluntary organization. It is of the very essence of such a State that its power be imposed upon unwilling subjects. The democratic State tends more and more to approach the type of a voluntary association. Any sort of society which becomes organic and fulfills a purpose common to the body, carries in itself the elements of, or at least the suggestion of, sovereign power. A sewing society may exist without any organization. It may have no common will. The members may meet at stated times, simply to enlarge their individual spheres. But if the society develops a common purpose, if it proposes to do something as a society, especially if it proposes to do something which shall affect the conduct of each member in a definite way, then it must organize; it must create agencies for the accomplishment of its will. For the time being, the society becomes master of its members in respect to the matter in hand. By as much as the society fails to thus control its membership, by so much it fails to become a perfect organism.

The people of these United States are making up their minds that every child of every race born in our midst shall be given the rudiments of an education, and that every adult shall be furnished with wholesome reading matter in the lines of art, literature, poetry, history, religion, science, philosophy, sufficient in quantity for a life course in learning. To accomplish this end the people are making use of organs, some of them very old, and created and used for a very different purpose. They are using the township, the county, the state, and the United States government. For the sake of the argument, we may assume that when the people became possessed of this laudable purpose they were anarchists and did not believe in State education; that they determined to accomplish the same end through voluntary association. But a voluntary association accomplishing such a purpose would have organs corresponding to the township, county, state, and national government, and such an organization would be, in effect, an agency of the State, to which we are all subject.(1)

A voluntary association may compel or induce the individual member to do a thing which he would prefer not to do, as effectively as the government. There is almost as much compulsion in efficient voluntary schools as in schools belonging to the State organism. A mere isolated human being is an idiot, or he lacks essential qualities of manhood. To be rational, to be a man, one must unite his will with the will of others. He must plan and act for and with other rational beings. Man multiplies his individual powers by becoming a part of organized society. Each individual in the Swiss commune counted for a hundred-fold more than so many unorganized men. When the communes projected their wills into the Cantons each individual became correspondingly more important. In recent years the importance of the citizen is greatly augmented by the organization of the Swiss State. By being a member of such a State the power to know, to do, and to be, is greatly enlarged.

The will of a society is something quite different from the aggregate wills of the individuals composing it. Reduce the society to discrete individuals and deprive them of all societary experience and they are idiots, one and all. Rational individual willing is learned through the process of uniting with others in the formation of a common will. The individual will can be trained and exercised in the conscious effort to modify or change the common will. The individual submits to the common will as a necessary condition for the more effective projection of his own will and plans. These principles hold in all sorts of societies, in the sewing circle, in the club, in the athletic union, or in any human society.

The State, however, differs in some respects from all other societies. The State is a society of societies. The State includes all the people within a given area, and

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hence in that area the subjects of every other society are likewise subjects of the State. If there are bands of thieves and robbers, the State seeks to destroy them. If there are societies for the advancement of science, the State may aid or encourage them. The State includes all other societies or organizations, and it is itself subject to no other organization or power.

The one radical difference between the State and a mere voluntary association is found in the fact that membership in the State is not a matter of choice.(2) One becomes subject to the State by birth or by entering its territory. The democratic State aims to secure the hearty coöperation of all its subjects; yet it will not permit an individual subject to withhold his support. It is in this quality that the democratic State vindicates its superiority to a mere voluntary coöperative society. A community of farmers may wish to rid themselves of the pest of Canada thistles. or of the spread of pleuro-pneumonia among their cattle. To this end they might form a voluntary association including all their number. In such a case one disaffected individual might balk the will of the entire community. He might refuse to coöperate or he might withdraw from the society. If, in such an emergency, such an organization creates agencies to compel membership and to compel the obedience of all, then it becomes the State, or for the time being it usurps its functions. The democratic State, therefore, has all the virtues of a mere voluntary society with this one virtue added. It enforces the will of the society against the disaffected individual. All societies attempt this; it is the peculiar mission of the State to do it.

16. THE STATE AND VOLUNTARY ASSOCIATIONS.

(1) **Functions of the State Touching Education.**—The State has educational functions beyond the maintenance of the schools. It is bound to help on whatever contributes to the sound information and promotes the culture of the people. Voluntary assemblages are to be encouraged. Discussion and publicity are the safety valves of democratic society. Home study is to be aided and guided. Local libraries may well be subsidized, if need be—at least up to the point where they can stand alone.

The State which can put a mark upon its map wherever there is a town or village library, and find its map well covered will take care of itself.

Art collections are upon the same footing as libraries. That State is a great State whose leading public men give genuine support—not a support born of ignorance and the lack of courage to refuse—but a sympathetic support to scientific research in the hope of hastening the time when the truth shall make the whole world free.

That State will outrun its neighbors which will give a strong and willing hand to the good cause of industrial and decorative art. It is peculiarly within the functions of the State to aid and promote architecture. Public buildings are worth more than they cost, jobbery and all, if they are architecturally effective. What could not a State do for the common culture by making sure that every school-house is erected upon artistic lines? All this, and more, is clearly within the province of the self-governing State.

One may ask if this does not savor too strongly of paternalism, and leave little or nothing to the initiative of the people. It has no flavor of paternal government about it. There is no element of it which contributes to the support of the people in any instance. It does not trench so much as the hair's breadth upon the sound doctrine that the people must support the government and not count on the government to support the people. It leaves everything to the initiative of the people. It interdicts nothing. Every man is free to do what he will, if it is not inconsistent with the common rights and opposed to the common weal.

Indeed, all acts of the democratic government are upon the initiation of the people. It inspires individual initiative and encourages every individual impulse toward the promotion of the common good. It stands in the way of nothing but ignorance and selfishness, and it stops nothing but interference with the common interests of overgrown local officialism. There is little danger that it will do that as completely as may be desired.—*Dr. Andrew S. Draper, "Educational Review," New York, February, 1898, p. 118.*

(2) **Political Unity.**—It thus frequently happens that there exists in the minds of a community of people a desire for a political unity of a particular sort, and that this desire is of sufficient strength to maintain the unity of a State, were it once established and organized, but that objective conditions prevent for many years the realization of such an end. It is only when this pent-up flood of feeling rises to sufficient height and strength to burst the existing political barriers that hold it in, that a new State is created.

As has been said, the natural tendency of the feeling of Nationality is to find expression in political unity. The two sentiments, then, that lie at the basis of the Nation and of the State are largely similar. The same conditions that tend to create the feeling of Nationality tend also, in most cases, to demand the establishment of the State. Absolute identity of these two sentiments, however, cannot be affirmed. It is possible, in other words, to have present a well-developed feeling of Nationality, with but slight desire for political unity.—*"The Nature of the State," by Westel Woodbury Willoughby, Ph.D., p. 120.*

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17. INDUSTRIAL MONOPOLIES.

The democratic State is the perfected voluntary coöperative organization. It surpasses the mere voluntary association in efficiency in that, without departing from its essential voluntary character, it carries in itself the means of preventing its will from being thwarted by its disaffected members. A voluntary society which should attempt to educate all the youth of the land and to continuously provide reading matter for all adults would find its will thwarted and prevented in a thousand ways. The State can do this because it has many ways for removing individual obstruction. The State can do this because the activity of the State is not subject to the capricious will of one generation of men; it embodies and seeks to express the wisdom and experience of former generations. The State can do this because it furnishes the highest possible incentive to the enlightened individual to labor for the enlightenment of public functionaries. If a policy is in itself reasonable and commends itself to the intelligent conscience, the individual has the highest assurance that whatever of enlightenment he may contribute will be conserved. The democratic State will become an organ for the education of all peoples because to this end Hebrew patriarchs and prophets labored and prayed; to this end Greek philosophers penetrated the mysteries of life; to this end preachers and reformers have given their lives. The democratic State can fulfill all these desires and aspirations as no other agency can do it. By the very law of its being the democratic State must seek to educate, to enlighten, to humanize all people of all lands.

The principle of coöperation holds in the matter of sanitation. It is the democratic State, and the democratic State alone, that furnishes any rational prospect for so conserving and expressing the wisdom of the ages as to rid mankind of many of the most deadly diseases. Neither voluntary association nor the despotic State furnish any rational ground of hope for pervasive and efficient sanitation.

Besides education and sanitation, along with the growth of democracy there have arisen other coöperative enterprises which give increased importance to the coöperative State. Not until the age of democracy did the world know an efficient postal system. The telegraph, in nearly all lands, is made a part of the postal system. To this is now being added telephonic service. These enterprises are by nature suited to the coöperative State.

In all sorts of States the maintenance of highways has for long ages been made a part of the State's functions. In recent times the railway has supplanted in large part the highway. And the function of the railway is in its nature a State function. The State may neglect education; it may disregard sanitation; it cannot ignore the railway. In England as soon as there were competing lines between London and Edinburgh the government interfered to prevent railway wars and to establish rates. The State not only recognized pooling contracts, but it compelled agreement and enforced pooling contracts. In England, therefore, the railway business was made from the beginning a function of the State. The companies became agencies of the State. The State-controlled railways in England have not become the owners of the coal, the iron, the oil, and the staple products generally. They have not been made an agency for the monopolization of all sorts of business in which freightage was a considerable item of expense. In America, on the other hand, the railways have been treated largely, as private enterprises. They have not been effectively controlled by the State. The result is that in America the railways have been working out their proper nature, and have been moving in the direction of becoming one vast coöperative organism controlling not only transportation, but more and more determining the metes and bounds of every industry which is dependent upon transportation. The railway business being a State function, if the State fails to recognize this fact, the railway and its allied industries will in time become the State. The form of such a State would be a centralized despotic, or paternal, government in

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which the people would live by the permission of the despotic rulers. The railway business will lend itself as readily to the strengthening of tyranny as of democracy. The railway adds infinitively to the organic character of the State. If democracy courageously attacks the problems connected with it and makes the new public highway an integral part of the democratic State, as the Swiss have done, then the railway will add strength and coherence to the State. In default of this, the system will strengthen despotic tendencies. (1)

The modern city is in part a creation of the railway. The democratic city becomes more and more an industrial coöperative association. Sanitation and sewerage call for unlimited supplies of pure water. The democratic city by its own agents supplies itself with water. There is need of light in street and dwelling, and the supply of this through city agencies gives additional valuable experience to the coöperative society. Then there is the street-car service, which is by nature a public city function. All these agencies managed directly by the city tend greatly to simplify and strengthen the government of the city. But if they are allowed to drift into separate hands then the city government becomes divided and confused. There are divided interests, divided and conflicting authorities. The natural result is corruption, inefficiency, bribery and all manner of evil.

These industrial monopolies have grown up in recent years and they threaten the very life of the democratic State. In dealing with them the democratic State is left without choice. It must take charge of them upon the principles of coöperation for the advantage of the entire community, or the owners of these monopolies will be forced into a conspiracy against the people.

17. INDUSTRIAL MONOPOLIES.

(1) **The Relation of the Modern Municipality to the Gas Supply.**—One of the most interesting phenomena connected with our modern political developments in general, is the slowly but ever-changing attitude of the government toward the industry of society. When Adam Smith published his immortal work on the "Wealth of Nations," a little more than a hundred years ago, the industry of the world was bound by a set of governmental restrictions which were slowly but surely crushing out the life which they were intended to nourish and regulate. Laws and regulations which, in their inception had, perhaps, been fully justifiable, had so far outlived their usefulness, that they were doing enormous harm and injury by their continuance. It was the great and unperishable service of Smith that he sounded the war cry of death to these old obstructions which formed an impassable barrier to future industrial progress, and secured to the immediately following, and to all future generations the great advantage of an enormously increased production.

But, like all great revolutions, this movement also rushed into an untenable extreme.

The argument of Smith for a greater freedom from the governmental restrictions of his time—unanswerable as against certain abuses which he had in mind—was used by his successors to prove that government could best protect the interests of society by a policy of do-nothingism. This purely negative theory of government functions became at one time so prevalent, that it led our modern governments to adopt what relatively speaking, may be called a system of *laissez-faire*—of letting everything take care of itself, which has resulted disastrously in a thousand ways. Under the immense impetus of new discoveries in industrial processes and of relative freedom of action, so far as the restraining influence of government is concerned, private enterprise went forth into every field. Not content with developing new wealth by which it should be enriched, it sought out and set in order many ways of establishing artificial monopolies by which it might absorb a large portion of existing wealth. So successfully has this system been followed, that the great problem before the modern world is again the same which presented itself to the mind and time of Adam Smith, viz.: How shall we set our industry free from the bonds which bind and cramp it—only in our time the bonds are those which have been made and applied, and are all the while being drawn more tightly by private enterprise and ingenuity, while in Smith's time they were the bonds of government interference and restriction. Smith called upon private enterprise to check and circumscribe government activity; we are forced to call upon government to circumscribe and regulate private enterprise.

Our railroads, our telegraphs, our express companies, our telephone companies, our oil companies, our coal companies, our gas and water companies, all taking their start under the domain of free competition, and growing into strength and vigor under its influence have come to rely for their prosperity and increased earnings not only on the actual increment of wealth which they contribute to the world's stock, but also on the absorption of a larger part of existing wealth by means of artificial monopolies, a state of things which will continually grow worse unless it be made to grow better. . . . . The remedies proposed for this disease, have been legion in number and infinitely various in character. The one which is most popular with a certain class of extreme optimists and also with their near connections, the extreme pessimists, is that of letting everything alone."—*Prof. E. J. James, in "Publications of the American Economic Association," Vol. I.*

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18. CONFLICT BETWEEN DESPOTISM AND COÖPERATION.

Modern invention applied to industry is creating both a new industrial world and a new political world. There has always been the closest relation between the organization of the State and the organization of industry. The primitive village State was an organization based upon the common ownership of land and upon coöperative farming. The feudal State was based upon coöperative farming and coöperative fighting. The democratic State has grown up through coöperative resistance to tyranny. But this is a mere negation. No enduring State can be founded upon a negation. So long as the people are held together only by acts of resistance to tyrants they will be governed by tyrants. The positive element in the building of the democratic State has been coöperative education. The invention of printing was a mighty coöperative agency whereby the learning, the experience of the past became more and more the property of all. The book and the newspaper became instruments for coöperative learning. Through these instruments the Church became a coöperative teaching agency a thousand fold more effective than before. The post-office became a public necessity; likewise the school and the library for the training of all the people. It is especially through post-office and school that the democratic State has taken positive organic form. The organic democracy may be indefinitely strengthened by the assumption of a few well-defined industrial monopolies mentioned above. For the democratic State to assume control of the city monopolies and of the railways is not necessarily a step in the direction of socialism. (1) There is no more reason in calling this a step towards socialism than in calling it a step to prevent socialism. If the State were to take complete control of the industrial monopolies already formed, then there would be entire freedom to adopt or reject the rest of the socialistic program. The chief industries would still be outside of State control. As to the monopolies already established the State is not free. A monopoly involves State action. If the democratic State neglects or refuses to control the industrial monopolies, then the owners of the monopolies must control the State. To enable them to do this they naturally draw to themselves other industries and organize them as monopolies. This tends directly to create a socialistic State organized as a despotism. Hence the failure of the democratic State to grapple effectively with monopoly is a step towards a despotic form of socialism. If the city cannot control the city monopolies and franchises on democratic principles then it must be governed despotically. After the fact has been thoroughly demonstrated that the democratic State can successfully manage existing industrial monopolies, then the people may decide for themselves whether they wish to still further extend the activities of the State and add State mining, State farming, State factories and State distribution of goods. It may easily happen that from this vantage ground of freedom with comparative experience, individual initiative and purely voluntary association may be preferred. There might even ensue a tendency for some of the operations already taken over by the State to revert back into private hands. If, on the other hand, State coöperation were preferred, the form of socialism which would ensue would be democratic, it would be the free and voluntary expression of the wishes of the people. In any event the tendency would be to break down and obscure the distinction between voluntary association and State action.

With the advent of steam and electricity the States have become organic as never before. The people are driven to closer interdependence. Every part of the world is coming into vital relation to every other part. It is still an unsettled question whether the world empire is to be dominated by brute force and despotic power, or whether it is to be organized upon the basis of friendly coöperation and mutual helpfulness. Steam and electricity belong naturally to the economy of force. They may as readily be appropriated to strengthen despotism as to strengthen

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democracy. The only reliable support for democracy is in moral teaching and a passion for righteousness.

The Russian autocracy may take advantage of every contribution of science, every increase in the material strength of the State as effectively as may any democratic State. The Russian State can build railroads, it can work mines, it can annex Asiatic peoples and organize them into faithful and effective subjects. No democratic State nor combination of democratic States is in a condition to withstand Russia on the basis of force. If China and India are to be ruled despotically, Russia is the one State capable of doing it. England is becoming less and less capable of playing the despot over subject peoples. The United States can take no step in that direction without at the same time taking steps in the direction of fastening a despotic government upon American citizens. The weapons of a democracy are not carnal, they are spiritual. They are the weapons of brotherly kindness and friendly coöperation. Doctor Gladden showed himself a true Christian statesman when, in an article in the *New York Independent* for January 12, 1899, he proposed that the United States government send to the Philippines a thousand teachers to live among the people and do the part of friends and guides, and thus relieve the army of occupation.(2) We can rule the Filipenos by teaching them to rule themselves. We can keep the despot out of China by acting the part of a brother, by filling the empire with missionaries and teachers, by enabling the Chinese to follow in the footsteps of the Japanese. Russian despotism may be cut off at its sources by teaching the Russian peasant to read the New Testament. Already one-sixth of the peasantry refuse to bow to the despotic Church. If the Anglo-Saxon race is to rule the world it can only accomplish the task by a successful policy of training all people of all lands to govern themselves, to live together in peace and harmony under customs and rules of their own choice. If the Anglo-Saxon race has to-day any special preëminence it is because it is losing its power to play the part of a tyrant. In the line of despotic rule the Slav and the Mongol are infinitely superior to the Saxon.

18. CONFLICT BETWEEN DESPOTISM AND COÖPERATION.

(1) **Socialism.**—The word socialism is used with a variety of meanings. In a recent editorial the *New York Independent*, referring to the rapid multiplication of trusts and monopolies, said that this is not an unmixed evil, since by organization there are immense savings. But the editor remarked, "Of course this means socialism." The democratic State, by giving free play to the building up of monopolies around the railways, directly dependent upon the railway and, in the end, controlled by them, is forming a socialistic State in which the people are not represented. Such a socialistic State would be despotic or oligarchic in form. It would be composed of the few who controlled the means of subsistence in conspiracy against the many who lived by the permission of the few. If, then, a democracy wishes to escape the formation of a socialistic State organized as a despotism, it must administer every monopoly, every franchise, in the interest of all the people. This is the only way whereby the democracy may keep itself free to adopt or reject a complete socialistic organization of the State.

All who are in favor of socialism define the term as a complete elimination of competition from the industrial world by the substitution of democratic coöperation. The enemies of socialism may be sharply divided into two classes. One class is wholly ignorant of the meaning of the term. They call it anarchy, communism, an equal distribution of property, or anything that is bad or unreasonable. The other class look upon socialism as a means of enslaving the masses of the people. In their view, a socialistic State would be a despotic State. It is impossible for such men as Herbert Spencer and Sir Henry Maine, who believe that government is in its very nature repressive and founded on force, to favor the socialistic State. In their view, the only hope for retaining any tolerable degree of freedom on the part of the people is to retain the largest possible field of industry for free competition and voluntary association. All who believe that government is by nature despotic must oppose socialism. There is still a third class who are of the opinion that, if the democratic State would do well the work of education and sanitation, if it would take effective possession of the few natural industrial monopolies, it would not be found necessary or desirable to organize the whole people into one industrial coöperative society.

(2) **Civilizing Influences.**—We hear much about the cost of maintaining armies in these territories. Doubtless armies will be wanted, if our business there is mainly plunder. But if our first question as a nation is, how much we can give these people, how much good we can do them, the military and naval estimates can be divided by ten.

Perhaps no nation has ever tried this policy of giving all it could to a people brought under its

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power. Suppose we try it! A thousand school masters—industrial teachers—would do a hundred times more to keep the peace in the Philippines than a hundred thousand soldiers, and they would cost a hundred times less. Suppose we try what can be done in such populations by weapons that are not carnal. A peaceful invasion of arts and industries would greatly lessen the cost of armaments, and this is the way to get speedy and splendid returns. If we wish to extend our markets then we must civilize these people and thus multiply their wants.

This is what we *can* do. Let every man and woman of us assume that this is what we *will* do. Let us demand in the solution of this problem, the most enlightened, the most Christian policy. Let us call upon the President and our Congress to form such methods as shall permit us to give to these peoples promptly and freely the best things we have to give. Let us insist that none but men of conscience and good will be intrusted with the great responsibilities of leadership among them.

To our President, especially on whom the great business mainly rests, let us lift up our voice. This job, Mr. President, is not for spoilsmen. The kind of men who are now clamoring to have the civil service rules relaxed are not the men for work like this. It would be better to recommend an appropriation for an almshouse in Washington in which to feed them. It would be better still to pen them into a reservation somewhere and let Indian agents minister unto them.

They are not the kind of men to send to these islands. We want honest men, broad-minded men, kind-hearted men—men who can comprehend that a nation may have a philanthropic purpose. Such men can be found, and with such men this nation can do a kind of work not often done as yet on the face of the earth. Something of the sort she has done of late with the weapons of war. She can do it better yet, in the days before us with the arts of peace. The people have the true purpose; let them not be misrepresented. Give us the right leaders and we will prove to the cynics at home and the carpers abroad that this nation is not only great to plant and build, to forge and fight, but that she is greatest when she bends to the work of succoring the poor and leading the benighted into light and liberty. —*Washington Gladden, N. Y. "Independent," Jan. 12, 1899, p. 106.*

THIRD WEEKLY REVIEW.

13. **COÖPERATIVE EDUCATION.**—The Training of all the People through School and Library from Birth to Death.
14. **PUBLIC SANITATION.**—Sanitation as a Teacher of Righteousness in City and State.
15. **SANITATION (Continued).**—Heredity. Coöperation for the Perfection of the Race.
16. **THE STATE AND VOLUNTARY ASSOCIATION.**—The Democratic State is a Voluntary Association with Added Powers for Enforcing its Own Will. A Perfected, Self-Conscious Organism.
17. **INDUSTRIAL MONOPOLY.**—Requires an Enlargement of the Functions of the State.
18. **DESPOTISM OR COÖPERATION.**—Natural Monopolies, if not Controlled by the Democratic State, will Add Strength to Despotic Tendencies.

QUESTIONS.

13. *How are kindergarten teachers chosen? Why should required education extend to the age of sixteen? What is the chief agency for the education of the whole adult population? Besides school and library, what agencies may the State employ in the work of education?*

14. *What are the various stages in the development of the medical profession? Can contagious disease be stayed without State action? How does public sanitation tend to promote civic righteousness?*

15. *Must the just State care for the rights of the unborn citizen? Why do nervous diseases increase? How may nervous diseases be lessened?*

16. *Must a voluntary organization control its individuals? Would a system of schools and libraries reaching all the people become a part of the State? Must the individual submit to organized society in order to extend his individual importance? How does the will of a society differ from the wills of the individuals composing it? Is membership in the State a matter of choice?*

17. *In what respect does the democratic State surpass all other voluntary organizations? Is the postal system a necessary part of the democratic State? Do the telegraph and railway belong to State coöperation? If the State does not control the railway, must the railway control the State? What city monopolies are in their nature public?*

18. *If the State assume control of the present industrial monopolies does it of necessity follow that it assume other industries? Is the democratic State free to leave the railways and city monopolies outside of its control? Do industrial monopolies left to themselves tend to monopolize all industries? May steam and electricity strengthen despotism as readily as democracy? What is the chief dependence for the support of democracy?*

SUBJECTS FOR SPECIAL STUDY.

1. *The growth of State education in the last half century.*
2. *Sanitation during the last century.*
3. *Heredity and nervous diseases.*
4. *The will of the people in the making of the United States, Switzerland and England.*
5. *The growth of monopoly.*
6. *Wealth against Commonwealth. Lloyd.*

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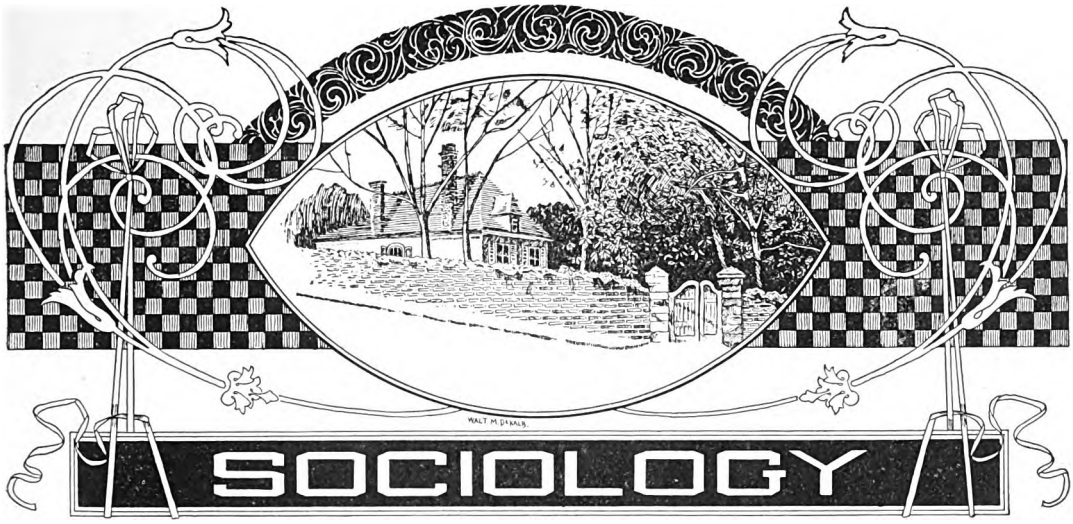

RELIGION AS A SOCIAL FACTOR.

BY

H. H. POWERS, Ph.D., Ex-Professor of Economics and Sociology, Leland Stanford Jr. University, Cal.

19. RELIGION AS DISTINGUISHED FROM MORALS.

THE subject of religion is one which the sociologist can not possibly ignore or even pass over lightly, because whatever may be our sympathies toward it we must all agree that it has had an enormous influence on the development of society. Some will regard that influence as good, others as bad; some as temporary, others as permanent; some as increasing, others as diminishing; but all will acknowledge it to be a fact. But while the sociologist must not neglect so important a factor, he may well be excused for approaching the subject with hesitation, for experience convinces him that it is well nigh impossible to make himself understood. The reason is, that the great majority of his readers are religious people, who have not only opinions about religion but strong feelings toward it. The things that we love very much we do not like to analyze. We are accustomed to guard their interest and watch jealously for any sign of disloyalty to them.

Following in the line of this devotion, there is a strong tendency to attribute everything that is good to religion and make it a part of it. Patriotism, parental affection, and every form of wholesome sentiment and laudable action have been at one time or another made a part of religion.(1) No one will deny that they have a certain connection with religion, but to define religion in this inclusive way simply spoils the term for purposes of accurate statement.(2) The first thing the scientist has to do is to give the term a fairly definite and manageable meaning. But the moment he begins to detach from the real conception of religion these numerous other good things which it seems necessary to him to give names of their own, a great many people begin to feel that he is tearing religion all to pieces and forthwith they rise in protest.

Still another difficulty confronts the sociologist, which is perhaps the most serious of all. He cannot consider religion as a whole, but only as a factor in social development. Now it is well known that most religions have proposed as their principal task to prepare men for the *future life*, and only incidentally for the

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life in actual society. Sometimes these two ends have been regarded as directly opposed, and men have "renounced the world," that is, abandoned society in order to assure their eternal salvation. In other cases the two have seemed quite unrelated and religion has developed rites and precepts for each purpose.(3) Still again, and especially of late, the two ends have been regarded as more or less identical and a united effort has been made to secure them.(4)

Now with this first purpose sociology has nothing to do. The science has not considered, and probably never can consider, any other life than this. So far, at least, we have no knowledge of any other than terrestrial society, which could possibly be made the basis of a science. This being the case, the only questions which sociology has any right to ask concerning religion are those which concern human society. It should not be resented, that he stops with these inquiries, nor should it be imagined that he thinks there are no others. He simply sticks to his own business.(5)



Terror in Passing a Place of Execution. (From Mitford's "Tales of Old Japan.")

It is of the utmost importance, therefore, that those who read a sociological discussion of religion should understand the limitations imposed upon the sociologist and approach the subject without prejudice or fear. Above all, they should be on their guard against drawing unwarrantable conclusions from the sociologist's silence.

Religion may be defined as the activities which spring from a belief in supernatural beings.(6) If men do not have any belief in supernatural beings, they may believe in goodness and friendship, in duty and self-sacrifice, and in all manner of things usually associated with religion, (of course, whether they *will* believe in these things without religion is another question) but they cannot be said to have a religion. Or, on the other hand, if we could imagine men believing in the existence of supernatural beings and yet feeling nothing and doing nothing about it, we would still have to say that they had no religion.

But what is more important for us to remember is, that men may have a great deal of religion, may believe in supernatural beings, and be much exercised by their belief, without having any corresponding notions of right or virtue. Such a separation between religion and morals has unfortunately been very common, however inseparable the two may seem to us to be.(7) The present close union of religion and morals is the result of a very long development, a laborious achievement, and not at all a necessary and natural condition of things.

In the following lessons, therefore, we have to do only with religion, not with morality except so far as it is the product of religion or dependent upon it for support. Moreover, we have to do with religion only as affecting human society, neither affirming nor denying its efficacy as a preparation for life under other conditions. If we are able to approach such an inquiry without prepossession or anxiety it will profitable ; otherwise not.

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19. RELIGION AS DISTINGUISHED FROM MORALS.

(1) **Childish Comments.**—For instance, the writer has heard commentaries on the text, "Pray without ceasing," something to this effect: that every act of our daily lives if done in a proper spirit might be regarded as a prayer. Such interpretations, designed of course to offset a needless literalism regarding the last word, by an extravagant liberalism regarding the first, play havoc with language. When we make words mean everything they soon cease to mean anything.

The word religion and all its kindred have suffered sadly from this benevolent mutilation. The necessity for defining them anew when we begin

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to study carefully is well illustrated by the above. Suppose a man should write a book on prayer and define it as "every act of our lives done in a proper spirit," what would the book come to?

(2) **Various Definitions.**—The nebulousness of thought on the subject of religion is well illustrated by the fifteen definitions collected by Benjamin Kidd. Of these only four even allude to that which has in all ages been the characteristic of religion, the recognition of supernatural beings. Most of them are arguments in disguise, that is, they lay all stress on what the writer thinks is most valuable, and utterly disregard what has really been most prominent in religion. Such a definition as that of Dr. Martineau, while recognizing the supernatural as the essence of religion, qualifies it by the addition of an element which has been more the exception than the rule in religion. Only in the highest religions, and especially in the purer forms of Christianity, have men conceived of their relation to God as essentially a moral relation. Even in these cases the moral element in religious belief by no means maintains constant supremacy.

Forms of theology are still current which depict this relation as most arbitrary, capricious and selfish. All honor to Dr. Martineau and others for endeavoring to elevate and ennoble that conception, but to attempt to do this by a definition simply spoils the definition for purposes of scientific statement.

Ruskin's definition is a caricature, a fling at a feature of the established church, which he dislikes and wishes to disparage. It is not a definition.

(3) **Influence of Ceremonies.**—Probably most religious rites, like baptism, extreme unction, etc., were established without reference to their effect on society, but once established, they have none the less exerted a profound influence. On the other hand, such rites as those connected with marriage or absolution have an obvious origin in the necessities of society.

(4) **Love to God and Love to Man.**—It is a common sentiment now that he is best prepared to die who has best learned how to live, and that our duty to God is identical with our duty to our fellow men, a doctrine which, in spite of numerous utterances of Scripture to that effect, is a very modern doctrine, and one by no means universally accepted.

(5) **Basis of Society.**—That is what the true sociologist does, but writers who have written on sociology have not always resisted the temptation to make interesting excursions into this as into other fields. Thus Bascom makes a powerful plea for religion as the basis of society, and Ward goes out of his way to attack it. A large number of writers have inextricably mixed up the two subjects.

(6) **True and False.**—Tylor says there have been religions without gods, but never without ghosts, which is only another way of saying that the supernatural beings which are the objects of religious veneration, are of the most diverse character, according to the development of the people and its capacity for higher conceptions. All these religions, whether high or low, "true" or "false," have a claim upon our attention, because they all have an influence upon society.

(7) **Most of the Primitive Religions.**—This is true of primitive religions generally, and was pretty much true of the Greek religion. Perhaps it would be more exact to say that whatever notions of right and virtue they have, they do not connect them with their religion.—*Powers.*

Greek Religion.—In the first place, Greek religion furnished a spiritual interpretation of nature. The nature side of most of the greater gods has been so obscured that we cannot be confident what it was; indeed, in many instances, we cannot be quite sure that they ever did represent powers of nature. We do know, however, that the Greek peopled all nature with spiritual beings; the hills and the woods, the rivers, the sea, the winds he regarded as the expression, in each instance, of a life like his own, only superior. Thus he felt a kinship between all that was useful, beautiful, wonderful, terrible, in nature and his own spirit. The world was made intelligible and human by religion; to use the happy phrase of a recent writer, religion made man at home in the world. In such a world not only could his mind work freely and use the objects of nature with confidence, but the spiritual side of his nature could also expand. For the Greek gods were not merely personified powers of nature, but full and complete persons, with the emotions and passions of man, so that a broad, spiritual relation connected them with man. Man felt himself also to be a part of nature, and the deification of his own powers—his love in *Aphrodite*, his intellect in *Athena*, his warlike impetuosity in *Ares*—contributed farther "to make him at home in the world."

Secondly, Greek religion met man's needs directly by creating beings which watched over particular phases of his life and activity. And these gods, like the divinities of nature; furnished an environment for the development of man's spiritual nature.

Thirdly, the social order was reflected in the world of the gods. All the elements of civilization and of culture were taken up into the Greek gods, so that they became the embodiment of all that was truly Greek, the concrete expression of the excellencies, and the faults also, of Greek life. The gods were so closely connected with the state that patriotism received the sanction of religion: art and literature became all but religious modes of expression; and at length philosophy made the daring attempt to re-create the gods—an attempt that was logical enough, for the gods were what man had made them, but yet it was necessarily all-destructive. The result of the intimate relation between Greek culture and the Greek gods was a peculiar sympathy between god and worshiper Greek religion was not only conducive to order, but this order was along the lines of every-day Greek life, and it responded to every act of the individual, intellectual, aesthetic, or distinctly religious. As the natural world developed the body and the senses, so the divine world was a home for man's spirit.

With all its beauty and all its harmony with Greek culture, Greek religion had many weaknesses. In fact, its chief weakness lay along the very line of its strength. The gods were so truly Greek that they copied the frailties of the Greek nature all too well; these ideals of generous, beautiful life lacked the moral fiber of a sterner race; moreover, Greek religion was rooted in the past, so that popular worship, holding to traditional rites, could not rise to the idea of the gods which it had itself suggested. At length it could no longer satisfy religious thought and the needs of the religious life, so that the time was fully ripe for the introduction of Christianity.

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20. RELIGIOUS BELIEFS AS A UNIFYING FORCE.

We have seen that the most important problem which confronts society is how to hold together. It seems to us who have never known life outside of society that we naturally gravitate together. As a matter of fact men naturally gravitate apart and are at last bound permanently together only after endless failures to make fast the bonds of sympathy. The anti-social forces in human life, the clash of opposing interests, and the collisions even between unharmonized efforts of kindness are ever threatening the social peace. And the very development of society, bringing with it diversities and widely sundered classes, adds to the disruptive forces which are ever tugging at the bonds that hold us together.

Every social development is, therefore, primarily a development of unifying forces. These forces, if they are to be permanent, must rest on common interests, and end in common feelings. (1) There must be many things about which men think alike and which appeal strongly to their feelings if they are to cling together in spite of mutual wrongs and misunderstandings.

It may seem at first that the general fact of society itself would furnish a sufficient basis for these common beliefs and feelings, that all can see that society is a blessing and feel like preserving it at any cost to their lesser personal interests. Unfortunately this is far from being the case. (2) The majority of men do not even know that there is any such thing as society, being conscious only of the existence of other men whose occasional interference with their will is far more present to their thoughts than the fundamental benefits derived from their coöperation. Even of the few who realize that there is such a thing as society only a very few appreciate its importance and see in it an object of love and reverence. Only in a very advanced stage of social development can society as such be the rallying point for social unity in belief and sentiment.

Religious belief is in its nature peculiarly fitted to serve as such a unifying force. In the first place there is a degree of uniformity in the belief itself from necessity, as a result both of its origin and its development. Whatever may be the origin of religious belief, whether in experience or in revelation, the presumption is very great that a certain unity will characterize it in its original form. It can hardly be supposed that conflicting revelations should emanate from a single source, or that persons similarly situated should draw from their experience conflicting conclusions. Minor differences there may be and that increasingly as ideas develop and individual caprice comes more fully into play, but underneath it all we ought to find a substantial unity. And this we find in all primitive religions and in the relics of primitivism in those that are more developed. (3)

This primary unity, however, is vastly increased by the moulding influence of society as it reacts upon these primary beliefs. We have said that religions become more diverse as they develop, but this is only because societies are diverse and each tends to develop a religion after its own type. But within a given society there are powerful influences at work tending to unify opinions, especially during the earlier period of social development. (4) These may mostly be summed up under the head of suggestion enforced by fear. In its simplest form this acts simply as an interchange of impressions. Men see visions and dream dreams and tell their experiences and their theories about them. The more vivid impressions become common, the more plausible theories prevail. A powerful mind gifted with unusual perception or imagination and a rare magnetism may acquire complete ascendency over whole communities or societies. But whether through rare or common-place personalities, the unifying influence of suggestion works on.

A belief thus unified and elaborated is transmitted by a higher form of suggestion known as tradition. The individual is born into an environment so saturated with the prevailing belief that he absorbs it as he learns to breathe. The Buddhist,

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or Mohammedan, regarding his religion as a part of the constitution of the universe, is quite unable to distinguish between the ideas derived from tradition and the evidence of his senses.

To this unity, which religious beliefs everywhere tend to acquire, is added the fact that they appeal powerfully to the feelings of men. Mere agreement does not unite men unless it be agreement about matters of supreme concern. We can understand how agreement in religious belief may become the nearest of all kinships and disagreement the most insuperable of all barriers.(5)

Thus while sociology can not concern itself with the spirit world or the eternal destiny of man as such, there are few questions that concern it more deeply than man's agreements regarding these same things. For sociology is interested primarily in the agreements and disagreements of men.

20. RELIGIOUS BELIEFS AS A UNIFYING FORCE.

(1) **Relative Results of Sympathy and Force.**—Not simply by fraternal sympathy and good will, of course. Indeed it may seem as if one aspect of association, government, was the product of force rather than of sympathy.

In extreme cases individuals, and even whole classes, are held in place by the harshest means and in complete disregard of their sympathies and preferences. Such cases, however, can only be temporary.

Either the antipathies thus disregarded will eventually destroy the union or the parties will become reconciled to the situation and the organization is sanctioned by their sympathy.

Conquered provinces become patriotic or free; subject races grow loyal or disappear. Government, like all other phases of association, must ultimately depend on common feeling. And after all, government is not all of society, nor even its most important part.

(2) **Illustration From Government.**—To take another illustration from government, it is noteworthy that men, even in their heroism for country, seldom seem to have in mind the really essential things. They will fight for one set of rulers, or for certain political forms not a particle better than those they are fighting against, or even for a mere symbol like a flag with no thought of what it stands for, moved by the contagion of example and the habit of obedience.

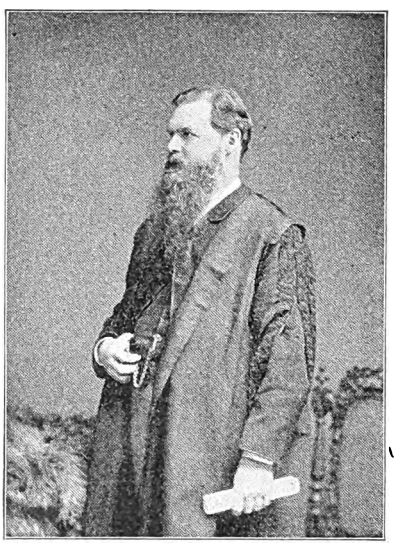
How often, too, is a person's interest in religion all expressed in devotion to a particular church, and in its accidents rather than its essentials at that. But both these seem to be changing. Nations can not now successfully wage war without showing substantial reason and the mere contagion of sectarian enthusiasm is visibly paling before larger interests.

(3) **Spencer and Tylor.**—Spencer in *Principles of Sociology*, part first, and Tylor in his *Primitive Culture* have collected the most overwhelming proof of this essential unity in religious beliefs, a unity which they explain as due to certain uniform phenomena in nature, the interpretation of which has given rise to religious beliefs.

It is quite impossible to give any idea of their argument or conclusions by a quotation, and the readers who are interested in the subject are referred to the works themselves. Regarding the origin of religious beliefs, a different view is held by numerous authors, among the rest by Max Müller in his *Introduction to the Science of Religion*.

(4) **Unity of Thought.**—It will occur to all that in recent times the tendency has been the other way. There can be very little doubt that uniformity of belief (on minor points) is much less now than formerly and is constantly decreasing.

Few problems are more interesting to the student of society than this. Why has the tendency to the unification of religious belief so suddenly ceased, and what will be the result to society? While reserving for another place such discussion of the question as is appropriate, we may note now that such a change is possible only in a very different society from that which made religious unity its corner-stone.



E. B. Tylor, Author of "Primitive Culture."

(5) **Religious Wars.**—Perhaps it is due to this fact that religious wars have always been so terrible. To men who utterly believe in a certain creed to which they attach the most fearful importance, the denial of this creed seems to be the most heinous of all offenses, and one which sinks the offender to the lowest depths of infamy. To purge the earth of such miscreants is a task that stifles all humane instincts and excuses all excesses.

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21. RELIGIOUS RITUAL AS A UNIFYING FORCE.

Under religious ritual are included all those exercises of religion which are of a social character, that is, are participated in by a number of persons acting in unison. It would thus include public prayer as being a joint exercise of devotion whose form is determined by social forces. More remotely it would include private prayer, so far as its form and spirit are determined by these same forces rather than original with the individual.(1)

To this simplest religious exercise of prayer is usually added a more or less complicated system of religious observances—sacrifices, processions, chants, ablutions, annointings, benedictions, oracles, divinations, etc.,—whose purpose is to maintain or modify the relation existing between God and man.

The goal of all such efforts is, of course, to improve the condition of the worshiper, or of those in whose behalf the worship is undertaken (2), a result to be secured either by inclining the Divine Mind favorably toward the worshiper or unfavorably toward his enemies.(3) With regard to the efficacy of such efforts, we have here nothing to do. The question which concerns us is simply what is the reaction of religious ritual or social religious exercise upon society?

It may be laid down as a general principal that the doing of anything in common, exercises men in the art of coöperation. In all social relations it is impossible to overestimate the influence of habit and association. It is of very little use to argue that men are brothers, and that it for their interest to recognize the relationship. There is no brotherhood till men feel it in their hearts, and that feeling can only come from actual contact and coöperation.

Men may be argued into convictions, but not into feelings. It may safely be said, however, that even the most ordinary feelings of companionship have more power to hold men together than the strongest convictions unsupported by feeling. Just to the extent, therefore, that society is active in the collective exercise of religion will it find the religious bond strong about it.

But the exercises of religion have in addition to this common unifying tendency, a peculiar character which greatly enhances this effect. They are specially adapted to excite the emotions of those who participate in them. This is due, in the first place, to the nature of the relation with which they are concerned. Supernatural beings are naturally objects of awe and even of terror, and the coöperation of men in an effort to propitiate them or divine their will is a coöperation under circumstances of exceptional solemnity and reverence. At such times men are not only in an impressible mood, but in the presence of a Being so much greater than themselves there is a partial effacement of their own differences and their sense of personal importance which makes them seem more nearly equal, and is most favorable to the growth of social sentiment. Countless cases are on record of reconciliations effected and friendships furthered under the contagion of religious feeling. Ritual, therefore, involves not only coöperation, but coöperation in an emotional exercise which is of exceptional efficacy.

All rituals involve certain concrete instruments or symbols which become objects of feeling. Those religions which have most dreaded this tendency to idolatry or dependence upon the material adjuncts of religion have not altogether avoided it. The Quaker has his garb and his meeting-house, around which his affections gather, despite himself, and the Puritan had similar feelings toward the scanty emblems of his own severe devotion. In other cases this factor is much more important. A vast accumulation of sacred furniture, regarded with various degrees of veneration and culminating in the revered image or the hallowed sanctuary, characterizes all religions which have taken strong and enduring hold upon the masses of men. These give definiteness to men's joint efforts as well as ever-increasing occasion for them.

Each visit to a sanctuary or genuflexion before an image or an altar, is a visible

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and intelligible reminder to all who see it, of their common faith and common possession. One of the most potent forces in unifying a people is the acknowledgment of some single sanctuary or object of worship as peculiarly sacred and entitled to recognition throughout a given territory.(4)

In the growth of ritual we may easily trace a change from the propitiatory to the social. There is less thought of how it will affect God and more thought of how it will affect man, a growing appeal to man's imagination and sympathy. In this we see the recognition of its function as a social force.

21. RELIGIOUS RITUAL AS A UNIFYING FORCE.

(1) **Public Prayer.**—Notice the set forms and highly conventional character of most prayer, public and private. This is frequently the subject of criticism, as not being the spontaneous expression of one's own thought and feeling, which is certainly true.

On the other hand, if these forms are abandoned and the individual prays in a truly individual way the impression is usually most unfavorable, as the writer can testify from frequent observation. Such a prayer is startlingly impressive, but it disturbs the comfortable sense of unity of feeling which has come to be so important to us as to seem the essence of reverence.

Public prayer may legitimately seek to impress the hearer, but this must be by an unusual exaltation of feeling rather than by unusual forms of expression, if the sense of community of feeling is to be left undisturbed.

(2) **Value of Christianity.**—The immense value of Christianity in this connection is that it insists pretty effectually on the general fatherhood of God as compared with the earlier religions, including the Jewish, which have all regarded their gods as interested in a limited circle.

The Christian worshiper, therefore, is constrained to identify himself more or less with the whole race in any approach to God. At least he has small countenance in an attempt to enlist Him in the cause of one part as opposed to another part of the human race. Of course the attempt is often made, but it cannot be doubted that the general tendency of Christian worship has been to develop the sense of human rather than of local brotherhood.

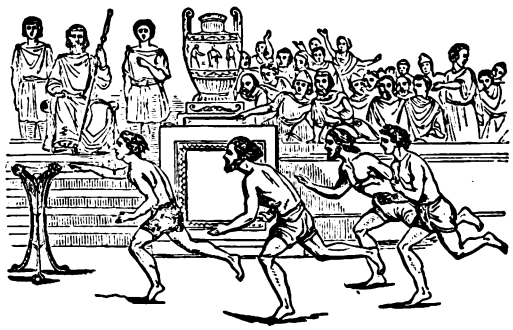
(3) **Human Perversity.**—This latter line of effort, though discredited in more enlightened times, is exceedingly common in earlier religions. Savages seek the aid of the unseen powers in designs of the most incredible infamy. The crusaders and the ancient Jews asked the divine aid in cases of doubtful righteousness, to say the least. The writer has heard a most intelligent French lady insist that the sufferings and death of the German Emperor Frederic were a divine judgment upon him for his part in the siege of Paris, as though God were a Frenchman.

(4) **National Unity.**—Among the numerous illustrations which will occur to every one, none is more striking than that of the Jews. Their national worship was peculiarly adapted to develop that feeling of national unity which has ever since characterized them. The ark was an object which was regarded with extreme veneration. The temple not only gave to their religion "a local habitation and a name," but it had an exceptional monopoly of this sacred character as being the only recognized sanctuary of the people.

Finally, the ritual of the national religion was not only highly developed, but by an unusual provision every male was required at least once a year to be present at the national sanctuary and participate in its most solemn exercises.

The institution of the Sabbath, with its regular worship, still further intensified this centralization of influence. It is not at all strange that the people developed a national feeling which all subsequent disintegrating influences have failed to destroy.

The very efforts which have been made to break up this national feeling furnish another illustration of the principal in question. When the population of central Palestine was replaced by foreigners, as explained in a former lesson, a rival religion



A Greek Race. One of the sports of Olympia.

was established, closely resembling the Jewish, and with a sanctuary on Mount Gerizim. The result was that which was intended, an intense antipathy between the two sections, so that "Jews have no dealings with the Samaritans," and the essential loss of Gallilee, the northern section, to the national religion on account of its isolation. Henceforth the Jews were reduced to insignificance.

Greece affords another example. Every country had its own sanctuary, and in spite of the unity of blood and language tended toward isolation in action and feeling. The great national sanctuary at Olympia did something by its worship and its games to counteract this influence, but it had rivals which not unsuccessfully disputed its supremacy.

It was a part of the astute policy of Pericles, after having secured the political supremacy of Athens, to make Athens also the center of the Greek religion. To this end the Parthenon was built and the ritual of its service elaborated with all possible solemnity and magnificence. But his untimely death and the disastrous campaign against Syracuse frustrated his design and left Greece as he found it, jealous and divided, quarreling over its scattered temples and its rival rituals and gods.

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22. RELIGIOUS SPECULATION, SCHISM AND SECTS.

We have seen how powerful are the tendencies to uniformity in religious belief and ritual, or the social expression of that belief, in a body of persons closely associated in those experiences out of which belief and ritual arise. The power of mind over mind, the instinct which impels us to follow leaders, all operates with exceptional force in matters in which men are led into reverence, humility and fear. We have seen farther how powerful is the reaction which this unified belief and worship exercises upon society. At an earlier stage of evolution a united society is impossible without a united religion. Even when other social forces have developed much additional power, religious diversities are a great weakener of social cohesion; and, on the other hand, the religious bond is often visibly operative across national boundaries. (1)

The inevitable result of tolerance is diversity of opinion. While men fear to think, they follow authority, and uniformity results under the guidance of tradition. But when individuality becomes permissible and even fashionable, (2) the differences in men manifest themselves in their religion.

When these differences have once won a scanty tolerance, though still regarded with dislike and anxiety, they produce certain broad lines of cleavage in religious society. Only a few men have the independence to form and the courage to maintain new opinions, the rest being still docile and timorous. But people who can not be persuaded to think for themselves can easily be induced to follow another, even though he be an innovator. (3) Hence there arise sects, each believing its creed both right and essential, and anticipating the worst consequences for those who differ with them. (4) Hence, within the sect, creed and ritual are guarded as before with jealous care.

But the tendencies that produce sects, produce schism and heresy in the sects in turn. The heretics are admonished, punished and expelled, for a time successfully repressed, but eventually they win the day. Sects multiply till the theory that any one monopolizes sound doctrine or right practice becomes untenable. They are recognized as the products of local and temporary conditions and as adaptations to particular temperaments, matters in which individual taste has a perfect right to express itself. (5)

As soon as this point is reached, men cease to take to heart these differences of opinion. Instead of shaking off the dust of their feet against their old associates, they quietly keep their place, and all thought of uniformity of opinion disappears. Sects persist by simple inertia, separated by accidents of feeling and material interests rather than by vital differences of opinion or practice. (6)

What does this mean to society? Simply that religion ceases to be a social, and becomes an individual force. The formation of sects is the signal for political and social dissensions, often bitter and exhausting. (7) With fuller tolerance these disappear, but the old sense of unity in the presence of the same dangers, and in the performance of the same solemn rites, does not return. This is not necessarily a loss. Religion, in becoming a problem of the individual soul, finds a new function, the importance of which may easily exceed the other. For it must be remembered that individuality is quite as important as sociability, and it is the very goal of social evolution to ultimately restore to man a larger freedom than that which at first he had to resign in its behalf. It is no misfortune that men are held together by other bonds than fear of excommunication, and that they feel a deeper unity than that of creed and ritual.

But the question of most importance is this, Do they possess the other bonds and feel the deeper unity? If not, the weakening of the religious bond will weaken society, perhaps destroy it. The premature gift of religious liberty, however desirable as an ultimate achievement, may be the prelude to social collapse. It is doubt-

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ful whether more than one people exists who can safely dispense with religious unity as a factor in social organization. (8)

22. RELIGIOUS SPECULATION, SCHISM AND SECTS.

(1) **Political Sympathy.**—Europe has had its protestant and its catholic leagues, which often made strange bedfellows. In our recent war with Spain it is noteworthy that sympathies followed somewhat along the same lines, although the futility of the appeal to "Christian Europe" in the Armenian outrages shows how subordinate this consideration has become as compared with six centuries ago.

(2) **The Renaissance.**—Speaking broadly, that is the true significance of that change in human thought and action which characterizes the period known as the Renaissance. This name, the rebirth, refers to a conspicuous accident of the period rather than to its essence, namely, to the revival of classic culture. But this revival of classic culture, as well as the vast creative activity which followed it, may be summed up as an achievement of individual independence, a change in the prevailing temper of society from superstitious fear to one of confidence and inquiry. Columbus discovered that the earth was round, Galileo that it revolved around the sun, two very dreadful and subversive ideas, they seemed; but as they brought no disaster, they paved the way for the endless series which has followed and which has robbed nature of her terrors.

It is said that literature before this period expresses only social or prevalent ideas, the writers being all run in a social mold. Since then it is characterized by individuality—that is, by diversity of personal character in the writers. The wonderful thing about it all is that society should have found itself able to tolerate all this diversity without falling to pieces, for conscious diversity of opinion, tastes and sympathies is unfavorable to social cohesion.

(3) **Personal Influence.**—It is simply a question of which kind of leadership is the stronger—that of a magnetic and powerful personality with new but plausible ideas, or that of tradition as represented by commonplace and perhaps odious representatives. The former may easily prevail, especially after a start has once been made.

(4) **Sectarianism.**—Blackmore in *Lorna Doone* tells how the hero of the story, Jack Ridd, went to the funeral of the Doone chieftain, a catholic, despite the warning of several of his neighbors that he would certainly be damned if he went to a papist funeral. This is fiction, but it probably does not exaggerate the intense feeling of antipathy and superstitious horror which separated religious sects in the seventeenth century.

(5) **Essentials and Non-Essentials.**—Of course, this change is gradual. For a long time a distinction is made between essentials and non-essentials in doctrine, bnt there is a steady transfer of doctrines from the one list to the other as the change goes on. In some cases the creed is the principal thing, in others the ritual. Thus protestant denominations in general have given prominence to theology as the basis of unity, while the church of England has always sought unity primarily in its ritual, troubling itself far less about diversities of belief than about differences of practice between high church and low church. Those whose temperaments have impelled them to lay more emphasis on beliefs have tended toward the less ecclesiastical or dissenting bodies.

(6) **Sectarian Differences.**—If we could imagine the various denominations of Christians quite obliterated from existence and memory, it is hardly conceivable that a single one of them could come into existence under present conditions. Individual congregations would organize as now with many local differences, but we should hunt in vain in present conditions for any substantial ground of distinction between many of our denominations. Yet distinctions which are mere survivals of a dead past have expressed themselves in such a mass of details that they are now projected into missionary fields, no doubt to the edification of the wondering heathen.

(7) **Transition Period.**—Of course, this is during the transition period, while men regard agreement as important. Bnt this is, of course, the time when denominations are formed. The sixteenth and seventeenth centuries were marked by constant and serious dissensions attributable to this cause, as in France from the massacre of St. Bartholomew to the revocation of the Edict of Nantes; in Germany, the thirty years war, etc.

Probably not a country in Europe to-day would be seriously influenced by religious considerations to undertake a war, not even Turkey. As a common Christianity can no longer unite a distracted Europe in crusades against the infidel, so in turn the time is past when hostile sects can set an even passably harmonious Europe at variance. For both we should be thankful. The world is becoming politically secularized, and both government and religion are better and freer for the change.

(8) **Church and State.**—The United States can gain nothing from religious unity, partly because this is impossible, partly because, having never had it, a state church of any sort whatever would have no prestige or authority.

Some think England is in no need of this as a social bond. It is quite probable that the other social bonds are quite as strong there as with us, but the state church has a history and a prestige which gives it still a tremendous hold on English sympathies and a steadying influence on social development.

England could get along without it, but it is doubtful if she could get along better without it. So it seems at least to one who is not a member of that church. France has outgrown the possibility of a state religion, but perhaps not the need of it.

The decline of state religion and religious unity has caused frequent alarm and reaction. Such was the famous Oxford movement of fifty years ago, led by Cardinal Newman, of whom McCarthy says: "Newman lived in the past. His spirit was with mediæval England. His thoughts were of a time when one church took charge of the souls of a whole united devout people, and stood as the guide and authority appointed for them by heaven. He thought of such a time until at first he believed in it as a thing of the past, and next came to have faith in the possibility of its restoration as a thing of the present and the future."—"*History of Our Own Times*," *Vol. I., p. 144.*

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23. RELIGIOUS ORGANIZATION AND SOCIETY.(1)

In the three preceding lessons we have considered the unifying influence of religion on society as manifested in belief and ritual. We have seen that the religious emotions are unified under powerful pressure when men are associated and thus come under the influence of mutual suggestion and tradition, and that when thus unified they act as strong bonds to hold men together; further, that when intellectual development at last destroys this religious unity, society is at first divided into hostile camps and ultimately quite deprived of this unifying force.

But society is an organization as well as a unity. If the formation of society requires the elimination of many differences which only disturb its harmony, it in turn requires that certain useful differences should be created and recognized. This is what we mean by specialization, the development of useful differences, differences that fit into one another and increase the efficiency of the whole.

Different degrees of susceptibility to religious impressions and capacity for personal influence naturally divide men religiously into leaders and led. We have already seen that the power of men to agree on certain beliefs and certain rites depends largely on this spontaneous leadership, unification and specialization, thus going hand in hand. (2)

But the appearance of spontaneous leadership of this sort is only the beginning. In all times the man of special gifts who bases his claim to authority on no human appointment has exercised tremendous influence, (3) but most religious leaders are not of that kind. They are appointed by established ecclesiastical authorities which grade them, assign them special duties, and prescribe their authority and their relations to all other factors. The individual still counts partly according to his worth, but only partly. He becomes the symbol and agent of a vast organization whose extent, complexity, splendor of equipment, and venerable age powerfully appeal to the imagination and lend credence to its claim of divine authority. The sporadic manifestations of religious leadership thus develop into a compact and stable ecclesiastical system. (4) This vast engine by its imposing character and its ordered traditions has tremendous power to crush out individual diversities of thought and practice, but it is itself a maze of organized diversity.

But religious interests are not the only ones that require such an organization. There must be an army to repel organized attack, a state to regulate the control of wealth and other interests, a family to regulate the relation of the sexes, etc. Now it so happens that these interests, though vital, are for the most part not very apparent to primitive men. A sudden war will call forth an impromptu organization, (5) but it will with difficulty maintain a permanent one, while the interests of property are too insignificant and those of purity too obscure to appeal to the savage.

Hence it is long impossible to organize men for the avowed protection of these interests. Strange as it may seem, the vaguest terrors are the most potent. In whose name shall the judge pronounce judgment? In the name of society? The word has no meaning. In the name of common interest? That interest is not perceived. In his own name? That is more potent, but finite and precarious. But there is one name that has authority. "Thus saith the Lord."

It thus comes about naturally that the religious organization for a time assumes the general functions of social control. The state is ruled by the priesthood as a theocracy. Marriage is a sacrament and political functions are exercised "by divine right."

But such a government is a makeshift of nature (6) and normally disappears by displacement. The military captains of the theocratic state become kings and gradually emancipate themselves from priestly control. One by one the various social interests become realities and are considered in their direct relations to man and not merely as items in religious observance.

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23. RELIGIOUS ORGANIZATION AND SOCIETY.

(1) **Development.**—No attempt is made in these brief lessons to trace the gradual development of religious organization. It is like all such organizations, a slow growth with many experiments and vicissitudes. As we are studying religion only as a social factor, these details concern us only remotely. Those who are interested in the subject will find that part of Spencer's *Principles of Sociology* dealing with *Ecclesiastical Institutions* interesting and important, though needing to be taken with some reserve. Chapters in Tylor's *Primitive Culture* also deal with the subject, though less systematically.

(2) **Superficial Conclusions.**—We must avoid the superficial conclusion that priests and other religious leaders, especially in other religions than our own, manipulate the people by conscious imposture and fraud. In most such systems there is much that is irrational and inconsistent, much of unconscious self-seeking, but men have a strange power of being devout and sincere in all these things, a power of deceiving themselves quite as effectually as they do any one else.

Something of conscious imposture to be sure usually creeps into developed religious systems charged with heavy social responsibilities. Thus Cicero praises a certain Roman patriot who did not scruple to interpret the auspices (as inferred from entrails of sacrifices, etc.), in such manner as was most advantageous to the state, quite irrespective of what the signs actually were. This may have been a patriotic thing to do, but when such things become common they soon become known and the authority of religion is at an end.

This is precisely what happened in Rome about that time. A given religious rite may rest on a delusion, but its efficacy in controlling the people usually depends on all parties sharing the delusion. In the long run sincerity is the only passport to confidence.

(3) **The Mahdis.**—Such men are the Mahdis who periodically appear in the East, often founding states and dynasties on the strength of their religious influence.

(According to Mohammedan belief the Mahdi is a spiritual and temporal ruler destined to appear on earth during the last days. Some sects hold that the Mahdi has appeared and in concealment awaits the time of his manifestation.

There have been a number of pretended Mahdis of whom the latest of importance was the chief whose armed followers resisted the advance of the British troops into the Sudan in 1884-85, and overthrew the Egyptian power in that region which they continued to hold. The belief apparently grew out of the Jewish belief in the coming of the Messiah.

It is from the descendants of Alee that the more devout Moslems expect the Mahdi, who is to reappear on earth in company with the prophet Elias at the second coming of Christ.—"*The Dervishes*," *by J. P. Brown, p. 74.*

Mahdi, or the "well guided," is the name given by the Shi'ites to that member of the family of Ali who, according to their belief, is one day to gain possession of the whole world and set up the reign of righteousness in it.—"*Encyclo. Brit.*" *XVI., p. 507.*)

(4) **Development of Organization.**—Fully to understand this development of ecclesiastical organization it is needful to glance at the process by which it was effected and to observe how the increasing integration necessitated the increasing differentiation.

"During a great part of this (the second century) the Christian churches were independent of each other, nor were they joined together by association, confederacy, or any other bonds, but those of charity. . . . But in process of time all the Christian churches of a province were formed into one large ecclesiastical body, which like Confederate states, assembled at certain times in order to deliberate about the common interests of the whole. . . . These councils. . . . changed the whole force of the church, and gave it a new form; for by them the ancient privileges of the people were considerably diminished, and the power and authority of the bishops greatly augmented. The humility, indeed, and prudence of these pious prelates prevented them assuming all at once the power with which they were afterward invested. . . . But they soon changed this humble tone, inperceptibly extended the limits of their authority, turned their influence into dominion, and their counsels into laws. . . . Another effect of these councils was, the gradual abolition of that perfect equality, which reigned among all bishops in primitive times. For the order and decency of these assemblies required, that some one of the provincial bishops met in council, should be invested with a superior degree of power and authority; and hence the rights of Metropolitans derive their origin. . . . The universal church had now the appearance of one vast republic formed by a combination of a great number of little states. This occasioned the creation of a new order of ecclesiastics, who were appointed in different parts of the world as heads of the church. . . . Such was the nature and office of *patriarchs* among whom at length, ambition, being arrived at its most insolent period, formed a new dignity, investing the bishop of *Rome* and his successors with the title and authority of prince of Patriarchs."

To complete the conception, it needs only to add that, while there was going on this centralization of the higher offices, there was going on a minute differentiation of the lower.

Says Lingard, speaking of the Anglo-Saxon clergy.

"These ministers were at first confined to the three orders of bishops, priests, and deacons. But in proportion as the numbers of proselytes increased, the services of additional but subordinate offices were required, and we soon meet, in the more celebrated churches, with subdeacons, lictors or cantors, exorcists, acolythists, and ostiarii or door keepers. . . . All these were ordained with appropriate forms by the bishop.—"*Principles of Sociology*," *by Herbert Spencer, Vol. III., p. 89.*

(5) **Early Roman Government.**—The early Roman government was a miserably contrived affair without a central authority and with a divided responsibility which put a premium on dissension. It was able to accomplish so much as it did, partly by reason of the virtue of its citizens, and partly by boldly setting the consular authority aside and appointing a dictator when the danger became serious. Finally the dictatorship became perpetual and Rome, after a hundred years of almost uninterrupted revolution, became an empire.

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24. ANTI-SOCIAL FORMS OF RELIGION.

There has been much discussion as to whether religion as such, that is, the recognition and worship of supernatural beings, naturally tends to make men social or not. On the one hand it is easy to show that the noblest forms of religion inculcate the social virtues and lend their unqualified support to society, while on the other it is undeniable that horrible crimes have been committed(1) and whole societies destroyed(2) in the sincere service of religion. Religious rites, too, have often been infamously degrading.(3) The truth seems to be, that the belief in supernatural beings is in general slightly social in tendency, as reënforcing authority and inspiring sentiments of awe and mystery which tend to repress the arrogance and violence of men in their dealings with one another. But aside from this general tendency, there are special influences of great importance which may be good or bad, according to the conception entertained of God and the means used to propitiate him.

These, again, are apt to be determined pretty much by the social development of the people, a refined and humane people having higher conceptions, and a low and gross people low conceptions of God, so that religion, in a sense, follows society quite as much as it leads it.(4)

But there can be no doubt that it leads it too, strengthening in men the instincts which it seems to approve. In this secondary but most important aspect, religion seems to act as a simple intensifier of the social character, which it both reflects and reënforces. A base people makes a base religion, and a base religion makes a base people. And thus it tends to separate the sheep from the goats.

But we have now to consider certain forms of religion which are immediately anti-social in their influence. One such case has already been noticed, namely, that which encourages sectionalism, or divisions not based on social interests. This may be quite inevitable, and may lead to better things; indeed, it ordinarily does so; but while it lasts it is anti-social. When men separate over polygamy or slavery the quarrel is unfortunate, but it is in regard to social interests and is apt to lead to a settled policy that is beneficial to society.(5) But when men separate over baptism, society suffers as before while the quarrel lasts, and gains nothing when it is settled. For, whatever importance baptism may have to the spiritual welfare and ultimate salvation of the individual, it has no obvious bearing on the development of society. All religious controversies and contentions, therefore, which do not concern social interests, whatever their importance in other respects, are, *from the standpoint of society*, regrettable as hindering the cohesion of men. Taken all together, these anti-social conflicts form a very large item in the religious experience of the world. The cases just mentioned may be called socially irrelevant and objectionable merely incidentally, but there are cases in which religion is directly pernicious by the very nature of the practices which it enjoins and the ideals which it exalts. This is the case when, for instance, obsolete customs, which were once suitable to society but now hinder it, are perpetuated by religion. Mormon polygamy and American slavery are examples.(6) Slavery, and probably polygamy also, once had a justification in the necessities of society. But they are now, beyond question, perversive of social relations. Yet both would have disappeared far sooner than they did if they had not been countenanced by the religion of many sincere men.

Still worse are the cases in which religion sanctions practices which never had a place in human society and represent only its disorder and corruption. Such cases are numerous. The Greek worship of Aphrodite sometimes degenerated into the most abominable debauchery, which became the more enticing because sanctioned by religion. Paul tells us that the Christians of Corinth had degraded their communion service into unseemly revels, a proceeding probably easily explained by

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their former religious practices. The list might be extended indefinitely, but it would not be edifying.

24. ANTI-SOCIAL FORMS OF RELIGION.

(1) **Crimes Against God's Law.**—The number and variety of such crimes is appalling. All readers will recall the case of Saul, who verily thought he was doing God's service in persecuting the church and haling men to prison and death, and this suggests the long list of such services which men have willingly or unwillingly performed. But it is unfair to found much of an argument on these aberrations of the religious impulse.

(2) **Political and Religious Prejudices.**—The history of Greece gives terrible examples of the annihilation of whole communities supposed to have been guilty of sacrilege, and such instances are met with everywhere. Even so late as the seventeenth century, a society as developed and powerful as that of Germany was well-nigh destroyed by the thirty years war, a war which had its political incentives but which would not have been possible on any such scale if it had not been for religious prejudices.

(3) **Human Sacrifices.**—Here again the list is sickening. Human sacrifices seem to have been universal. Among the Aztecs they attained monstrous proportions. Mutilations have been equally widespread, and have displayed a wonderful ingenuity, and to these must be added the countless forms of mortification of the flesh. But these often have the redeeming feature that they involve something of fortitude. Not so the numberless gratifications of lust which have from time to time found countenance under the name of religion.

(Among the Assyrians and Babylonians, the system of human sacrifice seem to have centered in the rites of the god Baal and Ashtoreth who was his female counterpart. The statue of Bel, or Baal, was placed upon a bull, the symbol of generative power, and he was represented with bunches of grapes and pomegranates in his hands. His cult, like that of Ashtoreth, was attended with wild and licentious orgies. The horrors attendant upon the golden couch of Baal are indescribable. Young men were either burned (Jer. xix. 4, 5, 6) or they were mutilated upon his altars.

Among the Canaanites, Baal was worshiped as the sun-god under the name of Molech. This deity represented the sun in his fierce and destructive aspect. His worship was associated with the offering of human sacrifices. The god was represented with a bull's head and with long arms to receive the victims, which were lifted up to an opening in the breast of the brass statue, and rolled into the furnace blazing inside.

In the Assyrian-Babylonian inscriptions, which have lately been discovered, there is a very significant statement concerning Molech to the effect that "*he took the children.*"

It was because Israel was surrounded by nations who offered their bloody sacrifices, and sometimes lapsed into the worship of Baal that the Mosaic law was made exceedingly strict against human sacrifices, and a crime of this sort was denounced in the strongest terms (see Lev. xiii. 21), not only this, but the death penalty was pronounced upon the criminal.

"*Whosoever, he be of the children of Israel, or of the strangers that sojourn in Israel, that giveth any of his seed unto Molech he shall surely be put to death.*" (Lev. xx. 2-5).

Scholars claim that Jephtha did not violate this law, as the Hebrew text of Judges xi. 31 reads that "Whatsoever cometh forth of the doors of my house to meet me . . . *shall surely be the Lord's or* I will offer it up for a burnt offering."

The context seems to justify their supposition that the daughter was dedicated to the Lord in her virginity, and was assigned to service in the temple. In verse forty, where it is said: "The daughters of Israel went yearly to lament the daughter of Jephtha," the marginal reading is: "they went *to talk with her.*"—EDITOR.)

(4) **Reproof.**—Thou therefore that teachest another, teachest thou not thyself? Thou that preachest a man should not steal, dost thou steal? Thou that sayest a man should not commit adultery, dost thou commit adultery? Thou that abhorrest idols, dost thou rob temples? *Rom. i., 21-23.*

"Crown thyself, worm, and worship thine own lusts!—
No coarse and blackish god of acreage
Stands at thy gate for thee to grovel to—
Thy god is far diffused in noble groves
And princely halls, and farms, and flowing lawns,
And heaps of living gold that daily grows
And title-scrolls and gorgeous heraldries,
In such a shape dost thou behold thy God
Thou wilt not gash thyself for *him;* for thine
Fares richly, in fine linen, not a hair
Ruffled upon the scarf skin, even while
The deathless ruler of thy dying house
Is wounded to the death that cannot die;
And tho' thou numberest with the followers
Of one who cried 'Leave all and follow me.'
Thee therefore with His light about thy feet,
Thee with his message ringing in thine ears,
Thee shall thy brother man, the Lord from Heaven,
Born of a village girl, carpenter's son,
Wonderful, Prince of Peace, the mighty God,
Count the more base idolatries of the two."
—"*Aylmer's Field,*" *by Tennyson.*

(5) **Contests Over Social Interests.**—Not certainly so. It is possible for a contest over social interests to be so bitter, prolonged and exhausting; so prematurely forced upon the community at a time when the spirit of dissension is so rife and the necessity for harmony so great that the victory, even if won for the social principle, may cost too dear, that is, may cost dearer than it would at another time. Some memorable historic struggles seem to be open to this objection.

(6) **Claims of Polygamists.**—The rôle of polygamy in social development is still a matter of dispute. It has been claimed that at a time when war depleted the ranks of the male sex to a great extent the maintenance of the population necessitated polygamy, but it seems uncertain whether polygamy has ever served just that purpose and has not rather been always something of an abnormality. Certainly it is so now. The case of slavery is clearer and will be discussed later.

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FOURTH WEEKLY REVIEW.

19. **RELIGION AS A SOCIAL FACTOR.**—True and False Relationships.
20. **A COMMON FAITH.**—Its Unifying Power.
21. **RELIGIOUS RITUAL.**—A Bond of Union.
22. **SPECULATION IN THE REALM OF RELIGIOUS THOUGHT.**—Schism and Sects.
23. **ORGANIZATIONS.**—Their Effect upon Society.
24. **ANTI-SOCIAL FORMS.**—Developed by Difference of Opinion.

QUESTIONS.

19. *What is the influence of religion upon social relations? Why does religion intensify wholesome sentiments of patriotism? What is the meaning of the term religion? What is its derivation and definition as given by Webster? What is the difference between religion and theology? In what way does it become a powerful factor in social development? If the teachings of Christ were lived out in the lives of men, what bearing would it have upon social problems? What effect would the Golden Rule have upon trusts and monopolies? What effect would it have upon the relations of labor and capital? What effect upon the quality of goods produced? What effect upon exchange and barter? What effect upon the valuation which men place upon each other? What effect upon friendship, loyalty and all social relations?*

20. *Why is a common cause, or a common purpose, a great unifying force? Why does Christian sympathy draw people closer to each other? How is social development affected by the influence of faith? How are schisms developed by personal peculiarities and individual caprice? Why do men come nearer to each other in proportion as they come nearer to the cardinal principles of Christianity?*

21. *Why is a common ritual a common bond? Under what circumstances does public prayer result in a joint exercise of devotion? What instances of public prayer do you find in the scriptures? Why is the great burden of Biblical teaching in the direction of private devotions? What is the admonition of Christ in relation to the closet prayer? Upon what occasion did he pray in public? What was the object of this public prayer? What do all rituals involve? What elements may be traced in the growth of a ritual?*

22. *How are men led into feelings of reverence and Godly fear? What effect should the wonders of nature have upon the mind of man? How should they affect his self-esteem? Why is a common faith one of the strongest bonds toward a united society? Of what are sectarian divisions the product? Why does genuine Christianity rise above the sectarian lines? Why should Church and State always be separate? In what way has the Church always suffered when it became allied to the State? In what way was the espousal of Christianity as a State religion by Constantine an injury to it?*

23. *What are some of the various differences which the formation of society requires? What do we mean by specialization? Define a specialist. What can you say of the development of useful differences? In what way do they increase the efficiency of the whole? What are the results of different degrees of susceptibility to religious impressions and capacity of personal influence? Define the principal elements necessary for spontaneous leadership. Mention some of the various interests which require organization. What will a sudden war among primitive men call forth? What do the military captains of a theocratic state eventually become?*

24. *Why is it that the greatest races have been developed under the influence of Christianity? What form of religious thought encourages sectionalism or divisions not based on social interests? Why is a perversion of Biblical teaching injurious in its results upon society? Mention a few instances. Why is a pernicious religion injurious in its practical workings? Mention a few instances. What can you say of the Greek worship of Aphrodite? Why was it necessary for the Mosaic law to strictly forbid all human sacrifices?*

SUBJECTS FOR SPECIAL STUDY.

1. *Religion as a social factor.*
2. *The unifying influences of a common faith.*
3. *Religious ritual as a bond of union.*
4. *The principal reasons for the existence of various schisms and sects.*
5. *The effect of religious organization upon society.*
6. *Forms of denominational thought resulting in anti-social tendencies.*

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GAZETTEER AND GLOSSARY.

Australasia (âs-tra-lā'-shă).—A division of Oceanica, comprising Australia, Papua, Tasmania, New Zealand, New Caledonia, Bismarck Archipelago, and some lesser islands. It is often regarded as comprising only the Australian colonies of Great Britain, including New Zealand, Tasmania, and Fiji—sometimes the term Australasia is used as being equivalent to Oceanica.

Australia.—The political divisions of Australia are Victoria, New South Wales, Queensland, South Australia and Western Australia. Its chief cities are Melbourne and Sydney.

The first settlement was at Port Jackson in 1788. Gold was discovered in 1851.

The natives of Australia were all, when discovered, on a low level of civilization, and in localities which have not been influenced by missionaries the same condition still prevails.

Galilee.—In the Roman period, the northernmost division of Palestine. It comprised Upper Galilee (in the north) and Lower Galilee (in the south), and corresponded to the ancient territories of Asher, Naphtali, Zebulon, and part of Issachar. It now belongs to Turkey.

Gerizim (ger'-i-zim).—In scriptural geography a mountain of Samaria, in Palestine. It is two thousand eight hundred and forty-eight feet high, and is situated opposite Mount Ebal, twenty-seven miles north of Jerusalem. From Ebal the curse for disobedience to the law was pronounced, the blessing for obedience being given from Mount Gerizim, standing opposite and on the southern side of the valley.

Kingsley, Charles.—A noted English clergyman and author, who was born at Holne, Devonshire, June 12, 1819, and died at Eversley, Hampshire, Jan. 23, 1875.

He studied at King's College, London, and then at Magdalene College, Cambridge.

He became curate and later rector of Eversley Hampshire, and in 1845 was made canon of Middleham.

Lecky, William Edward Hartpole.—A noted British historian, who was born near Dublin, March 26, 1838.

In 1886, he became an opponent of home rule, to which he been supposed favorable.

His works include "The Leaders of Public Opinion in Ireland" (1861), "History of the Rise and Influence of the Spirit of Rationalism in Europe" (1865), "History of European Morals, from Augustus to Charlemagne" (1869), "History of England in the Eighteenth Century" (1878-1890).

Maoris (mä'-ō-riz).—The primitive inhabitants of New Zealand, a Polynesian race of the Malay family, distinguished for their natural capacity and vigor.

When first discovered by Europeans they were in a comparatively advanced stage of barbarism: now, however, the most of them profess Christianity.

Matile, G. A.—Doctor of Civil Law. Late Professor of Law at Neufchatel. Member of the American Philosophical Society, etc.

Müller, Max (Frederick Maximilian).—Born at Dessau, Germany, December 6, 1823. A German-English Sanskrit scholar and comparative philologist. He is the son of Wilhelm Müller. He was educated at Leipsic, Berlin, and Paris, and in 1846 he went to England, and four years later settled at Oxford. He became professor of modern languages and literature there in 1854, and since 1868 has been professor of comparative philology.

In 1856 he became curator of the Bodleian Library. He has copied and translated the Rig-veda, and upon this work he spent a goodly portion of the best twenty years of his life. He has also edited and translated the "Hitopadisha," and many other works, besides editing "The Sacred Books of the East," in forty-nine volumes. He has also done the work of translation on five of these large volumes. Besides this colossal life work he is the author of "Ancient History of Sanskrit Literature" (1859), "India: What Can It Teach Us?" (1892), "Origin and Growth of Religion" (1882), "Chips from a German Workshop" (1867-75), "Lectures on the Science of Language" (1891), four volumes of "Gifford's Lectures," and several other works.

Newman, John Henry.—Born in London Feb. 21, 1801: died at Edgbaston, Aug. 11, 1890.

An English Roman Catholic prelate. He was the son of John Newman, banker.

He took his degree at Oxford (Trinity College) in 1820 and was elected fellow of Oriel in 1822.

In 1833 he published "The Arians of the Fourth Century." Many of his shorter poems including "Lead, Kindly Light" also belong to this period.

In 1833 he joined the Oxford movement and wrote many of the "Tracts for the Times."

For a time he held to the possibility of a middle ground between the Roman church and Protestantism, but in 1843 he formally withdrew from the Anglican church and about two years later, formally entered the Roman Catholic church.

Olympia.—In ancient geography a valley in Elis, Peloponnesus, Greece. It is famous as the seat of a celebrated sanctuary of Zeus and of the Olympic games, the most important of the great public games of classical antiquity. There is no authentic history as to the origin of the sanctuary or the games. The list of Olympic victors goes back to 776 B.C., which is the first year of the first Olympiad, but the Olympiads did not come into accepted use in chronology until much later. The sanctuary was situated in the valley at the foot of the hill of Cronus. The Olympic games were abolished by Theodosius in 394 A.D.

Samaritans.—A religious community which originated after the fall of the northern kingdom. In place of the Israelites who had been killed and transported, Sargon brought to the territory of Samaria a colony from Babylon and Cuthah, and this was increased by contingents from the Assyrian provinces (Ezra iv. 2-10).

Although priests were sent to instruct these foreigners in the worship of Jehoveh, the population had a mixed belief and practice. After the return from captivity the Jews declined the aid of the Samaritans in restoring the walls and temple of Jerusalem and the Samaritans founded a sanctuary of their own on Mount Gerizim.

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AUSTRALASIAN DEMOCRACY.

BY

W. P. REEVES, M. P., Ex-Minister of Education, Ex-Minister of Labor of New Zealand, and Agent-General at London.

DEMOCRACY in Australasia has set up a remarkable laboratory for experiments in quasi-Socialism. Compared with this the trend of the Anglo-Saxon race in America seems to be to Individualism and the Mother-country appears merely conservative. With what some will call daring, others rashness, the colonists by the South Pacific have addressed themselves to the task of seeing what practical use can be made of widened State functions. The explanation of this marked divergence of theirs from other branches of their race is, I think, plain enough.

In the first place, their days of self-government did not begin till some seventy years after the Declaration of American Independence. Individualism had flowered, and the doctrines of a more or less vague Socialism as expounded by Ruskin, Charles Kingsley and Maurice were beginning to come home to the classes from which most of the colonists sprang. Then it must be remembered that their politics are the least national in the world. By the constitution granted to them by the English Parliament they are debarred from having any voice in England's foreign policy. They are given the complete management of their own affairs provided they do not attempt to meddle with the currency or interfere with mercantile or shipping laws in a way hurtful to English interests. They are even allowed to put protective duties on British goods, a power which most of them use freely. But their whole attention is devoted to their own affairs.

Moreover, since the Maori wars in New Zealand ended thirty years ago there has been virtually neither fighting nor any acute race question to distract the politics of their seven colonies, for the increase of their small Chinese element has been promptly checked by exclusion laws. The result is that they are as much able to give their attention to internal peaceful experiments in labor and agrarian reform as the people of the United States would be were they without a foreign policy, a negro element, a silver question, or any possible friction between the respective powers of States and Federal government. Moreover, the constitutions of these colonies are not rigid but are elastic copies of that of Great Britain.

In the United Kingdom experience has shown the British Constitution to be consistent with the maintenance of enormous vested interests and class privileges and powers. Democracy in Australasia, starting under constitutions very like the British, was yet without a Court, a House of Lords, an Established Church, a network of clerical schools, a society dominated by clerical and military feeling, or, what is a still greater force on the side of Conservatism in Britain, an immense mass of accumulated wealth in the hands of the people who, being wealthy, are therefore timid. The British Constitution divested of these offers very few obstacles to democratic experiments.

There is almost nothing in Australasia to prevent public opinion if it is strongly roused in favor of any definite reform from insisting on that reform being carried into effect. It is true that there are in Australia and New Zealand, Second Chambers and that these bodies frequently delay and amend measures. But they never persevere in doing so when they have been made to know that a majority of the public demands the passing of such measures. Inasmuch as the franchise is universal, registration the simplest and speediest of processes, the secrecy of the ballot trusted in, and the elections in no way complicated, a majority of the colonies means a majority of the adult male population. In South Australia and New Zealand all adult women may vote, and a large majority do without fear or hindrance. None of the complications which interfere with appeals to the people in Great Britain and the United States are to be found.

Yet when all these causes are taken into account, the foreign enquirer might still think them insufficient to explain the colonial passion for extending the functions of the State, and think that they show *how* this is done rather than *why*. The origin of colonial quasi-Socialism is perhaps found in the position in which the colonists were forty years ago as owners of vast undeveloped landed estates. These had to be opened up by means of railways, roads, bridges, harbors and telegraphs. Moreover, Australasia is far from the centers of the civilized world and it was felt that this distance ought to be reduced by quickened steam service. There were two ways

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of doing these things. Either great syndicates of English capitalists could be tempted by concessions to construct public works, or the colonial governments could themselves undertake these works with the aid of borrowed money. Private colonial enterprise was hopelessly handicapped by the enormous rates charged then, and long afterwards for money. The governments alone could borrow in London at rates not hopelessly high. So by the governments all kinds of public works were undertaken and the Democracies became owners of railways, telegraphs and telephones, as well as harbor works, lighthouses and water-races.

From the first they had been great land-owners and—owing to the system of State pastoral leases, under which so much of the grazing and wool-growing in Australasia is done—were used to the position and duties of landlord and rent-collector. Apart from this a keenly fought agrarian conflict was always being carried on under different phases in every colony. In the earliest days land was parted with lavishly, was indeed given away. Then it was sold for a more or less substantial cash price but without limit as to area. Then, when this had its natural result in building up immense estates, limits were placed on the amount of land that each man might acquire from the State. When these limits were evaded by elaborate fraud and perjury, known in Australasia by the nickname of "dummyism," restrictions were made more complicated and penal laws more severe.

For two generations the colonial democracies have been trying to solve the problem of how to give a would-be cultivator a little land as cheaply and easily as possible, and yet not give any man more than a little. During the first generation they failed. To such an extent had land monopoly gone thirty years ago, that in spite of subsequent attacks upon it, it was found in 1891 that in New South Wales, South Australia and New Zealand one thousand two hundred and fifty-five persons owned thirty-five million acres of land in estates, none of which was smaller than ten thousand acres.

Nor is the position in the other colonies one whit better. In Queensland it is probably worse. All that can be said is that for some time past the process of estate extension has almost ceased. In Australia, when state land is sold, personal residence and cultivation by the purchaser are insisted on. New Zealand has gone a step further. There during the last five years the selling of freehold by the State has to a large extent ceased. Most of the waste public land now occupied on the fringe of settlement is held under the State at an unchangeable rent of four per cent. on the prairie value. Residence and use are insisted on and the lessees can only transfer their interest by consent of the State, a consent which will not be given unless the transferee is a genuine farmer prepared to live on the land and till it.

In addition to this New Zealand has led the way in land resumption with a law giving the State the right of compulsory repurchase. During the last six years about a quarter of a million acres of valuable land have been bought back from private owners by the government of the colony and have been cut up and leased to small farmers at a rental which more than recoups the State for the interest on its outlay.

Several of the colonies not satisfied with reserving their waste agricultural lands sacredly for the smaller cultivators and leasing or selling them to these on the easiest terms, have gone so far as to make loans of money to peasant occupiers in order to provide them with capital to get through the earlier years of their settler's work. In New Zealand and South Australia, this process, called Village Settlement has been generally successful. In several of the other colonies, settlements formed in this way have failed.

A process of peculiarly interesting experiments is on trial in South Australia in the shape of coöperative or communistic settlements on the River Murray. There some years ago bodies of unemployed workmen with their families were placed on blocks of government land which they were to work as coöperative labor associations. Liberal advances of money, in some cases as much as two hundred and fifty dollars a head were made by the Treasury to these settlers. Though several of the communities have collapsed, others are in active operation and have reclaimed considerable tracts from the wilderness. In South Australia, New Zealand, and Victoria the State has, with success, gone into ordinary money-lending by way of loans on mortgages to farmers.

More than one colony has also endeavored to deal with land monopoly by special taxation. In Victoria a land-tax on the larger properties has existed for many years, but it has not been severe enough to burst them up. In South Australia there is a graduated or progressive land-tax on all but the smaller class of farms. In New Zealand the tax is no light matter. It rises by gradual steps from a penny in the pound on the capital value of farms worth £500 to threepence in the pound on estates valued at £210,000. In some cases in years when prices are low it is estimated to be equal to an income tax of from two to three shillings in the pound. It is, of course, levied on the prairie value of the land only, buildings, improvements and live-stock being exempt from it. New Zealand also levies a progressive income-tax on incomes derived from any other source but land. The land-tax in New South Wales is simply a revenue impost as it is not progressive and is not in any way specially directed at large holdings.

The so-called Labor Parties of the colonies are phenomena of the last eight years. As a rule they are controlled by trade union leaders whose views do not greatly differ from those of English trade unionists. In New Zealand and South Australia they appear in public life as the cordial allies of the middle class Radicals and agrarian reformers. In Victoria and New South Wales the alliance is less cordial but exists; in Queensland there is no alliance, the Labor Party standing alone and putting forward a sweepingly Socialistic programme: though, so far, it has not gained office and has not succeeded in getting any part of this programme on to the Statute-book. In New Zealand and South Australia, thanks to the alliance aforesaid, not only have a very large number of radical reforms been carried during the last eight years, but many of these have taken the form of labor laws, that is, enactments regulating the relations of employer and employed. Laws dealing with Factories, Employers' Liability, Workmen's Wages, Compulsory arbritration in labor disputes, Shipping and Seamen, Shops and Shop Assistants, Truck, and the Registry Offices in which domestic servants are provided with situations, have found places in various colonial Statute-books. In New Zealand the harvest reaped by the labor politicians has been most plentiful. Yet it is in the colony of Victoria that we find a Factories Act which is in one respect at least the

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most advanced in the world, for under it a State Board settles the minimum wages to be paid to operatives in the clothing, boot and shoe, and furniture trades.

In New Zealand the same end is reached through the State Court of Arbitration which settles disputes between employers and Trade Unions. In the last named colonies the factory age has been raised to fourteen, and education and physical fitness are insisted on in the case of youthful workers. No female and no boy under eighteen may work more than forty-eight hours a week in a factory. Not only factory operatives but shop assistants are entitled to a half holiday on one day each week, indeed nearly all the retail shops in the colony are closed perforce on the statutory half-holiday. The keepers of Servants' Registry Offices must be persons of good character and must only charge a certain scale of fees gazetted by the government Department of Labor. All ships engaged in New Zealand trade must be manned by crews of a certain strength, and any foreign ship engaged in the coasting trade must pay its crew the rate of wages current there. All workmen on land and sea have a legal right to be paid their wages in current coin of the realm and on receipt to spend them when and where they like without let or hindrance. In the case of contractors' workmen, wages are made a first charge on all contract moneys.

Such are the experimental laws which have already been passed in the seven colonies of Australasia. Not a year passes but some new enactment is added to the list. Taken together they make a formidable and interesting body of legislation. They are not adopted in accordance with any set theory stubbornly held like the doctrines of the Socialist Party in Germany. There is no strong party of avowed Socialists in Australasia. But the Democrats there—who have no uneducated proletariat to be afraid of—having found by experience that the extension of State functions is both possible and profitable, are carrying on the process in a manner which, while it may seem rash, is really tentative, and though it may be more or less unscientific, is in practice by no means destitute of caution.



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NOTES FROM CENTERS

AND EDITORIAL COMMENTS.

IN connection with our usual work along the lines of Political Economy, Political Science and Sociology, we are enabled to give in the current number a paper of great value on Australasian Democracy. The author, Hon. W. G. Reeves, is a man of great experience in educational work in connection with the problems presented by labor and capital. He was for some time the Minister of Education and Minister of Labor at New Zealand.

The principles of Australasian Democracy commend themselves in many ways to the attention of old republics.

Their days of self-government did not begin until about seventy years after the Declaration of Independence, but the individualism of the colonists has been developed under the constitutions granted them by the English Parliament.

They are given the management of their own political problems, provided they do not interfere with national questions in a way which might be considered injurious to British interests. To their credit, be it said, they have attended to their own affairs, and their internal experiments in relation to labor and agrarian reform command the respect of the whole civilized world.

The simplicity of their system of registration is in every way commendable, and the secrecy of their ballot has already been adopted with good results by the American people.

If the United States government could avail itself of the lessons taught by our own experience with "land grabbers," and by the agrarian conflicts in Australasia, and thus devise some scheme to rescue our splendid forests from the hands of the spoiler, future generations would rise up and bless us. A crew of men with axes and portable steam saws can destroy multitudes of trees in a year which Nature cannot replace in a century, and the compulsory system of repurchase by the State might be the means of saving thousands of acres of invaluable timber.

The Australasian scheme of coöperation and communistic settlements might be made a valuable feature in the improvement of our desert lands.

We already have improved methods of cultivation for dry soils, and with the discovery of some inexpensive fertilizer to neutralize the alkalies, and with artesian wells or irrigating canals from the great rivers, millions of acres which are now lying waste will blossom as the rose, and bring their great harvests into the world's granaries.

There are many suggestions in Mr. Reeve's valuable paper which should be carefully pondered, and utilized as far as possible in our own country.

The past month has recorded the organization of many strong Association Centers. The number of members enrolled and the enthusiasm manifested clearly indicates the growing interest among all classes in social and economic subjects. The desire for discussion and information manifested everywhere bids fair for the future of this republic. It shows most clearly that the people are determined to master the great issues of the day and remain masters of themselves.

Lima, Ohio.—Through the efforts of Mr. F. L. King, and in the face of many adverse circumstances a Center of one hundred members has been organized at Lima. The leading citizens of Lima are identified with the work. The following program of lectures has been arranged to supplement the lessons:

"Is Coöperation a Solution of the Industrial Problem?"—By Herbert N. Casson, Editor "The Coming Nation," Ruskin, Tenn.

"The Trend of our Present Industrial and Commercial System."—By John P. Gavit, Chicago Commons.

"Are Monopolies Desirable? Why They are Inevitable."—By S. S. Wheeler.

"Are Monopolies Due to Natural Causes or to Legislation?"—By R. C. Eastman.

"Production and Distribution."—By Rev. G. F. Gladding Hoyt.

Debate—"National Expansion." Affirmative—By Prof. John Davison. Negative—By Dr. Shelby Mumaugh.

"The Industrial Development of the Swiss Republic."—By Prof. C. C. Miller.

"Municipal Ownership of Public Service Systems; Should the Government Own and Operate our Railroad, Telegraph and Telephone Lines?"—By M. L. Becker.

"The Land Question."—By Louis F. Post, Editor "The Public," Chicago, Ill.

"Income and Inheritance Taxes."—By Isaac S. Motter.

"Direct Legislation: Initiative and Referendum."—By Rev. I. J. Swanson.

"Woman's Place in the Industrial World."—By Prof. Carl Ackerman.

The Leaders for the Divisions of Study are:

"Political Economy."—Prof. Carl Ackerman.

"Political Science."—R. C. Eastman.

"Sociology."—Prof. John Davison.

The Lima *Herald* says: "The work opens most auspiciously for the growth and success of the organization as an educational factor on the vital questions of the day."

La Fayette, Ind.—La Fayette comes to the front with a splendid organization of one hundred and forty members, with prospect for a rapid increase. Lectures and subjects arranged for are as follows:

"The Present Movements among the Masses"—By Prof. T. J. Bassett, A.M., Ph.D.

"Municipal Ownership of Public Service Systems. Should the Government Own and Operate our Railways, Telegraph and Telephone Lines?"—By Helen M. Gougar.

"Are Monopolies Desirable? Why are They Inevitable?—By Rev. John P. Hale.

"The Relation of Public Sanitation to Industrial Life."—By Stanley Coulter, A.M., Ph.D.

"Production and Consumption."—By Hon. J. Frank Hanley.

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"The Trend of Our Present Industrial and Commercial Systems,"—By S. P. Baird.
"Education as a Factor in the Solution of the Social Problems."—By Prof. W. E. Stone, A.M., Ph.D.
"Woman's Place in the Trades-Union Movements" — By John Barrett, Gen'l. Sec'y. B. of P. and D. of A.
"National Expansion."—By Prof. T. F. Moran, A.B., Ph. D.
"Woman's Place in the Industrial World."—By Emma Mont McRae, A.M.
"Democracy in the Swiss Republic. (*a*) Historical Development. (*b*) Initiative and Referendum in Legislation."—By Prof. E. J. Benton, B.A.
"How Far does Coöperation Solve the Industrial Problem?"—By Rev. C. B Wilcox, D.D.

Crawfordsville, Ind.—Crawfordsville has also caught the fever and is well under way. The program for lectures which follows shows good subjects and good speakers.

"Proportional Representation."—By Arthur A. McCain.
"The Individual in the Commonwealth."—By Hon. P. S. Kennedy.
"The City and the Citizen."—By Rev. E. H. Brumbaugh, D.D.
"Industrial Progress and the Workingman."—By Prof. Charles A. Tuttle, Ph.D.
"Fair Play."—By Prof. James H. Osborne, M.A.
"Ruskin as a Social Reformer."—By Prof. Addison A. Ewing, B.A.
"The Growth of Cities."—By Rev. Albert J. Alexander.
"Department Stores and the Loss of Individual Ownership."—By W. T. Whittington.
"Child Labor."—By Mrs. Addison A. Ewing.
"Woman and Work."—By Rev. Wallace Tharp.
"Coöperation Against Competition."—By Prof. G. F. Kenaston, A.M.

The *Morning Review* says: "The new league has made a most promising beginning, and a very profitable course of study has been outlined. It cannot fail to be of great benefit to those who are so fortunate as to be able to take the work."

Vancouver, B. C.—A good organization composed of representative business men has been perfected in Vancouver. Mr. H. H. Nanaway has been elected leader. Mr. R. E. Gosnell, formerly Provincial Librarian is the Association Secretary for British Columbia, and has established an office in the Bank of British Columbia building in Victoria. Mr. Gosnell's extensive acquaintance with the leading citizens of the Province and personal qualifications, admirably fit him for the position. Organizations are also under way in Victoria, Nelson and other points.

The *Colonist* of Victoria publishes an extensive account of the work done from which we clip the following—"Believing that The University Association is calculated to do a vast amount of good, we heartily commend it to the consideration of the people of Victoria."

Portsmouth, N. H.—Through the efforts of Mr. Acterian several good organizations have recently been established in New Hamphshire. Portsmouth has a lively Center of thirty-five members, Rev. L. H. Thayer is president and Mr. C. W. Brewster of the First National Bank is secretary.

Kenton, Ohio.—Kenton shows its interest in the great questions of the day by organizing with nearly fifty members. Dr. W. T. Born is president, Rev. H. Kettlejohn, vice-president and Mr. W. G. Vorpe is secretary. This Center has excellent material, numbering among its members many who have already made a special study of economic subjects. The Association hopes to get suggestions and encouragement from them.

Milton Junction, Wis.—Milton Junction has a small but very faithful organization which is now doing successful work on the course in economics. This Center has taken all of the courses so far issued, being in its fourth year. Rev. G. W. Burdick is leader and Dr. A. S. Maxson organizer.

Middletown, Ohio.—Miss Whitworth deserves credit for the strong organization recently perfected here. Reports received from it indicate very successful work. Leader, Rev. J. W. McKinnon; Pres. Rev. D. L. Aultman; Sec. C. B. Palmer, Jr.

Franklin, Ohio—Is also added to the rapidly increasing list of Ohio Centers. We congratulate this city on the strength and character of its organization. With the coöperation of so many influential people interested in the discussion of economic subjects, the success of the organization is assured. Prof. J. B. Weis is leader; Rev. C. D. Wilson, Pres.; Miss Cora B. Kimball, Vice-Pres.; Mrs. Aletta S. Van Dyk, Sec.

Sturgeon Bay, Wis.—Since this Center was organized in 1896 the interest has continued to increase rather than diminish, and so satisfactory has been the result that it was found necessary to limit the membership. We now have forty names on the roll, and our system of holding sessions at the residences of members gives to our work a semi-social character: which greatly increases the interest. Political economy is our present study, and appears to excite more interest than any other in which we have thus far been engaged. It is perhaps well to add that after an experience of nearly three years we feel that our time has been most profitably expended and that the sum of our knowledge has been very substantially increased.

MRS. Y. V. DREUTZER, Secretary

Seymour, Conn.—A few words from the Waterville and Seymour (Conn.) Centers. These two Centers were not fully organized until the very first of January, 1899, so they have been a little behind with their work, but not one bit behind in their interest and enthusiasm over the course in Political Economy, Political Science and Sociology. Each Center has met once a week, and with an instructor has gone over the work from September to February, with a deepening interest manifested by each member. The following testimony from one of our number voices the sentiment of our thirty members: "I have belonged to live literary societies, but I never found any that gave such a stimulus to the intellect, such aids in acquiring habits of study, as this magnificent and practical course arranged by the University Association."

REV. EDGAR C. TULLAR, Instructor.

Profitable Employment.—The University Association will engage a few more gentlemen of ability to organize Centers on this course. Lawyers, ministers, college graduates, and those especially interested in Economic subjects preferred. Liberal pay for services. Address to 916 Association Building, Chicago.

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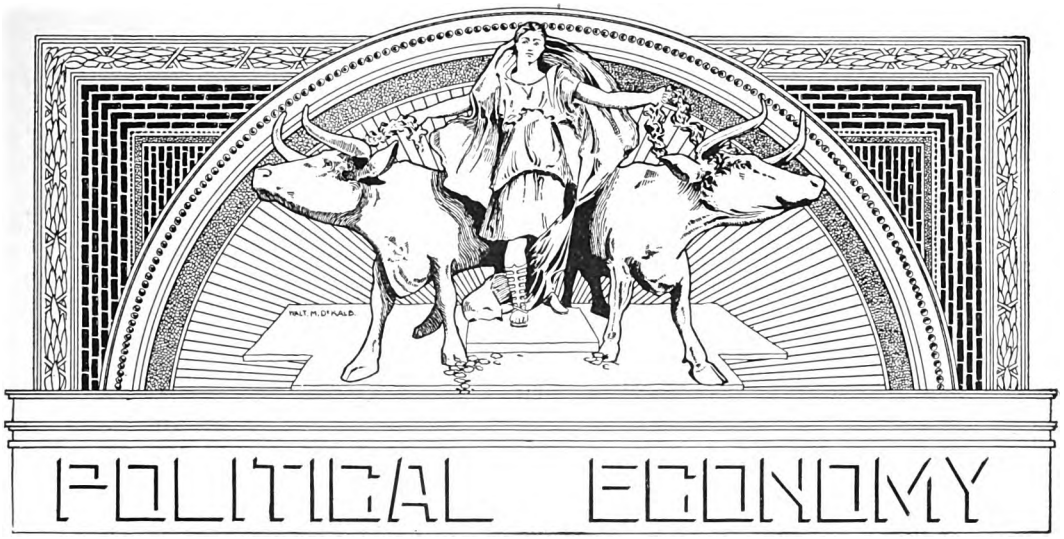

DISTRIBUTION OF WEALTH, AND CURRENT PROBLEMS.

BY

RICHARD T. ELY, Ph.D., LL.D., Professor of Political Economy, and Director of the School of Economics, Political Science and History, in the University of Wisconsin.

1. INTRODUCTORY.

THE distribution of wealth has already been mentioned as one of the main parts into which general economics may be divided. Production and transfers have been considered, and now we pass on to the third one of the four main parts of general economics, the fourth part consisting of a treatment of consumption. It must not be supposed, however, that under the Distribution of Wealth we come upon an entirely new sort of topics, for such is not the case. Production may not be entirely separated from distribution. On the contrary, the two are so closely related that a large portion of what generally goes under the name of distribution could be placed under production; while, on the other hand, nearly every economic topic may be discussed under the rubric, distribution. This is well illustrated by two works written by Dr. Herbert J. Davenport, *viz.*: "Elementary Economics" and "Outlines of Economic Theory," which contain very little matter that does not belong under distribution, although they both aim to cover the entire field of economics. Each one of our great divisions of general economics gives us a standpoint for the discussion of economic topics, almost to as great a degree as it brings before us new topics. This is something which should be clearly understood. Distribution does bring forward some topics which could not well be considered under production, but it also in its exhaustive treatment carries with it a survey of nearly the entire economic field, from its own point of view.

But we have not yet defined distribution. First of all, let us notice a misapprehension which is sometimes found to exist. We do not mean by distribution the moving of goods from place to place. Railways and other agencies of transportation are sometimes called "distributive agencies;" but in economic discussions, by distribution we do not mean transportation. Distribution refers to the assignment of goods for use and enjoyment, and not to their location. Distribution is essentially a question of ownership. The present author's formal definition of distribution is as follows: *Distribution is that part of economics which on the one hand relates to*

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the ultimate shares in the national dividend received by the various units of the social organism; on the other, to the shares in the national dividend received by the various factors engaged in production; and as a preliminary to both orders of inquiry it examines historically and critically the fundamentals in the existing socio-economic order. (1)

We must examine briefly the points in this definition, first observing that for socio-economic order we may for ordinary purposes substitute the simpler term industrial order. A careful analysis of our definition of distribution shows us that it embraces three orders of economic inquiry. The first relates to the incomes of the units in the social organism, the units being usually either individuals or families. We have to do in this branch of our subject with the question of income distribution. What is it which makes one man, or one family rich, and another poor? What are the general causes of poverty and of wealth? Questions like these confront us in income distribution.

The second branch of our inquiry pertains to what has been called product-distribution. It is concerned with the assignment of shares in the product of labor, to land, to capital and any other requisites of production. We have here to do with wages, or labor's share; with interest, capital's share; with rent, the share of land. Taxes may also be placed under this head as the share of the State, an absolutely essential factor in production, although it is generally best to consider them under a separate head.

It is apparent that this second order of inquiry is closely related to the first, but it is not identical. The question of wages in general is not the same thing as the question of the income of A, an individual wage-receiver. Wages may rise as a whole, but the average wage of the wage-receiver may fall; and this will be the case if the number of wage-receivers has increased more rapidly than the total amount of wages. This is only one of many illustrations which might be adduced showing that our first and second branch of inquiry are not identical.

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1. INTRODUCTORY.

(1) **Classes Amongst Whom Wealth Is Distributed.**—It has been shown that the three requisites of the production of wealth are land, labor, and capital. Since, therefore, land, labor, and capital are essential to the production of wealth, it is natural to suppose that the wealth which is produced ought to be possessed by those who own the land, labor, and capital which have respectively contributed to its production. The share of wealth which is thus allotted to the possessor of the land is termed rent; the portion allotted to the laborer is termed wages, and the remuneration of the capitalist is termed profit. The remuneration, therefore, received in the form of rent, wages and profits represents the three distinct claims which individuals have upon any wealth which is produced.

Having pointed out that wealth is distributed between rent, wages, and profits, we must proceed to enunciate the laws which regulate the comparative amounts of rent, wages, and profits. In different cities these relative amounts vary greatly; for instance, rents are much higher in England than in Australia, and wages are much lower in one country than in the other. The rate of profit is also much greater in Australia than in England. In Australia ten per cent may be obtained on the security of a freehold mortgage, whereas in England a similar investment will not yield more than four or four and a-half per cent. Without, therefore, inquiring whether Australia is more productive of wealth than England, it is very important to establish principles which will explain why wealth is so very differently distributed in the two countries. Other countries present equally striking points of difference.

It has been shown that wealth is distributed in three shares, namely, rent, wages, and profits; because land, labor, and capital are essential to the production of wealth, and rent, wages, and profits represent the service which has been rendered by each of these agents of production. It must not be supposed that rent, wages, and profits are always received by distinct individuals. In England, as a general rule, there are these three distinct classes of recipients, who are respectively named landlords, laborers, and employers. The landlord seldom supplies either capital or labor; the capital is advanced by the employer, and the laborer has very rarely any capital invested in the industry upon which he is employed. But the economic condition of England differs, in this respect, more widely from that of other countries than is usually supposed; in fact, it is rather the exception than the rule, that wealth should be distributed in the form of rent, wages, and profits amongst distinct and separate classes of individuals. In the south of France, in Italy, in Flanders, and in other parts of the continent, peasant proprietors occupy a great portion of the land. It is intended to signify by a peasant proprietor, a man who cultivates a small quantity of land which is his own property; he himself supplying all the labor and capital which are required. In such a case the produce is not distributed into rent, wages, and profits, for one individual is entitled to all the produce which

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is raised, since he owns the land and has also contributed the labor and the capital. Although the whole produce is, as it were, heaped together, without being divided into three portions corresponding to rent, wages, and profits, yet the remuneration obtained by the peasant proprietor is composed of three distinct parts. These are combined, but they may be separately estimated in the following manner:

If the land cultivated by the peasant proprietor were not his own property, he would be obliged to pay a certain rent for its use. A portion of the produce, therefore, equal in value to the amount which would be thus paid, represents the rent. Again, if the capital employed by the peasant proprietor were borrowed from some one else, a payment must be made for the loan, and, therefore, a portion of the produce, equal in value to such a payment, indicates the profit which is a fair remuneration for the capital which the peasant proprietor employs. Again, the portion of the produce which represents wages may be ascertained by estimating the wages which would have to be paid if the peasant proprietor, instead of working himself, cultivated his land with hired labor. Such an estimate as that we have just indicated is often of great practical importance. The comparative advantages and disadvantages of farming by peasant proprietors have long been keenly disputed. In order to decide this important question, we must pursue the following method: From the whole produce which is raised upon the land cultivated by the peasant proprietor there must in the first place be deducted an amount which represents the rent this land would pay; there must also be deducted a certain amount for labor and capital, and if a surplus remains it will represent the advantage of farming by peasant proprietors. We shall, in another chapter, have occasion to enlarge on this subject. A great portion of the land of India is occupied, not by peasant proprietors, but by peasant cultivators. The land is generally owned by the government. The peasant cultivators often rent from the government a small portion of land which they can cultivate with their own labor and capital. Sometimes the government grants the land at a fixed rental to individuals who occupy the position of middlemen, and who relet the land to peasant cultivators. Land which is cultivated by slaves is in an anomalous position, for in this case it would appear that the whole produce is shared between rent and capital, since the slaves must be regarded as a portion of the slave-owner's capital, just in the same manner as the horses which plow our own soil are a portion of an English farmer's capital. The slaves do not receive any wages; they cannot accumulate wealth; they have none of the rights of property. The slaves are fed, it is true; but so are the horses fed. The economic condition of a slave country differs so much from other countries that it is proposed to discuss some of the economic aspects of slavery in a separate chapter.

The reader may remark that in the general observations made in the chapter on the distribution of wealth we have only considered agricultural produce. This has been done because similar although somewhat more complicated laws regulate the distribution of the wealth which is created by manufacturing industry.—"*Fawcett's Manual of Political Economy*" *pp. 108-111.*

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2. THE FUNDAMENTALS IN THE INDUSTRIAL ORDER AND DISTRIBUTION.

In our treatment or industrial society in the September issue of the present course we discussed briefly the fundamental institutionsof the existing social order. The corner stones of the industrial order we found to be Private Property, Free Contract, Vested Interests and Personal Conditions, Personal Conditions becoming in modern times Personal Freedom. Fundamental forces operating to bring about Distribution on the basis of the existing social order are Custom, Competition, Monopoly, Authority, Benevolence. We could not discuss even briefly industrial society without a mention of those things most fundamental in this society. That ought to go without saying, although, as a matter of fact, it is necessary to say it and to lay emphasis upon it, because obvious as it is, it is something which is continually overlooked. We have now to consider, as fully as our very brief limits will permit, the more special relation of the fundamental institutions and forces of the industrial order to the Distribution of Wealth.

The first fundamental institution in the distribution of wealth is Property. We may for modern times go a step farther and say that the first fundamental institution in the distribution of wealth is the sphere of private property, because under the existing industrial society private property is dominant. The sphere of private property points to what we may call its extensivity and its intensivity, the extensivity referring to the extent of private property, the number of things, that is to say, which are made the objects of private property, and the intensivity referring to the rights which private property includes. For we must think of private property not as a single right but as a bundle of rights. This cannot be fully illustrated now and here, but one illustration suggested by a recent important case before the

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supreme court of Illinois and the supreme court of the United States may be adduced. This illustration is afforded by riparian or shore rights. Private property may include and does include sometimes a greater control over the shore and submerged land than at other times. The greater the control over the shore the more intensive is property, the less the control the less intensive is property. One further illustration may be instanced, that of land in cities, where the necessities which arise out of dense population lead to a curtailment of intensivity of private property. If we think of private property as a bundle of rights, we may say that as society develops and becomes more complex with increasing density of population some sticks are taken out of this bundle of rights which we call private property.(1)

We have said that distribution is a question of ownership in the instruments of production. Should private property be abolished, distribution would have to be effected otherwise, and could indeed only be brought about by the collective authority of society. Without, however, entering into the results of an abolition of private property in the instruments of production, which would give us socialism, we have to observe that every variation in private property gives us a corresponding variation in the distribution of wealth. It is especially the relation of private property to public property which has first to be considered in this connection, and second the modes of acquisition of private property.

Hundreds of illustrations of the truth just enunciated could be adduced, but we must content ourselves with a few. Let us take railway property in the United States and in one of the German states, viz.: Würtemberg, and then consider, on the other hand, the post-office establishment in the United States and on the continent of Europe. Some of the most enormous fortunes in our own country and indeed which the world has ever seen, have been acquired through private property in railways and could not have been acquired through railways had they been public property. We may say in each case that these private fortunes have rested back upon private property in railways. We are not just at present concerned with the question which one of the two, public property or private property in railways, is preferable. We are simply concerned with undeniable facts. The first Cornelius Vanderbilt, it is said, acquired a fortune of one hundred million dollars, and this came about through his connection with private railways, especially through the consolidation of railway properties brought about under his auspices. His great service is generally held to be the steps which he took in the direction of unification in railway ownership and management. In Würtemberg somewhat similar services were rendered by a highly esteemed public official who was Superintendent of Railways in the early history of railways in that state, in which from the beginning they have been public property. This Superintendent of Railways, who established the unified system of Würtemberg, received for his services less than three thousand dollars a year. The difference in private fortunes acquired is perhaps as two thousand to one.

On the continent of Europe the post-office was for a long time a private affair, owned and operated by the noble family of Thun and Taxis. The ownership and management of this family lasted for some four hundred years before public ownership and management entirely replaced private property. During this time this family became one of the most powerful and richest families of Europe, and at the present time it owns over seven hundred and fifty square miles of property. It required millions upon millions of dollars for the general public to acquire the rights claimed by this family in order that public property might be substituted for private property in the post-office establishment. In the United States, however, almost from the beginning of our national history, the post-office has been public property and nobody has been able to acquire a fortune out of it. Had it been private property it would have given rise to multi-millionaires as have the railways.

We might go through the list of great forms of property, as the telegraph and street-car lines, gas works, electric lighting works, water works, etc, and we shall

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find by an examination of these that distribution has been effected by the presence or absence of private property on the one hand and public property on the other. The mention of water works suggests one further illustration, namely, that afforded by the contrast between London and New York. In the former city the water works have been private property, as they still are, and enormous fortunes have been acquired through the water works; whereas in New York City the water works have been public property for a long time and their benefits have been diffused among the people in such manner that no one has acquired any large fortune through their operation.

But we may go a step further. Every modification in private property, even if private property is retained, must produce its effect in distribution. A limitation of private property with respect to duration has an especially marked influence upon distribution. New York and Berlin afford illustrations. In the former city, street railway franchises appear to be practically unlimited in duration,—at any rate the older franchises; whereas in Berlin they expire early in the next century, the entire street railway system then becoming the property of the city, without any indemnification of the private owners. Naturally the Berlin system cannot give rise to so great fortunes as the New York system. The steam railways of France are also operated under limited franchises, the entire railway property of that country becoming public property before the middle of the century.

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2. THE FUNDAMENTALS IN THE INDUSTRIAL ORDER AND DISTRIBUTION.

(1) **Private Property and Socialism.**—Having considered the production of wealth in the last book, we now pass, by a natural sequence, to expound the principles which regulate the distribution of wealth. In some of the remarks on the production of wealth it was necessary to anticipate the fact that the wealth is distributed amongst different classes.

The wages of the laborers, the profits of the capitalists and the rent of the landlord have been spoken of. Allusion has also been made to some of the sources which supply the wealth thus distributed; for instance, the nature of the capital could not be explained without showing that the capital of the country is the fund from which the wages of the laborers are supplied, and, therefore, if the capital increases, the wages paid must increase.

Although in this manner the subject of the distribution of wealth has been slightly encroached upon, yet nothing has hitherto been said in reference to the principles which determine the relative amounts of the shares, into which the wealth is distributed.

It therefore remains to explain why wages are high or low, why profits rise or fall, and why rents in the country vary so greatly in amount at different times and in different places.

This book, therefore, will probably be more interesting than the last, because in it, questions will be discussed of the greatest practical importance. We shall have occasion to show how wages and profits are affected by such combinations as strikes, and how industry is influenced by the different tenures of land which exist in different countries; the subjects discussed will in fact have equal interest for the philanthropist and the trader; for remedies will be suggested for alleviating the poverty of the poor; and the courses upon which depend the prosperity of trade will be explained. Distribution of wealth implies the idea of property. If there were no property, or, in other words, if no individual possessed anything which he could claim as his own, there could of course be no distribution of wealth. Every one would then obtain, either by choice or by force the food and other necessaries which minister to the wants of life.

It is impossible for property to exist until society is organized, for the fundamental idea involved in property is this: that those who own the property possess in it a right which will be enforced by law. But the existence of law implies that a people composing a state or a nation will exercise a combined power to make individuals regulate their conduct according to certain rules termed laws.

Such combined action constitutes the power of government and the government ceases to exist if it is not able to exercise its power and enforce obedience to its laws.

A great portion of the laws of every nation concern property: such laws vary greatly in different countries and at different times, and property has rights at one age of a nation's existence which it has not in another.

Before the passing of the Act of Emancipation, a negro if purchased by an English colonist became as much his property as an article of domestic furniture.

In feudal times a baron could enforce personal services from those who occupied his land—they were bound to furnish him, if he waged war, with a certain number of men, horses and coats of armor.

There is again the greatest difference in the control which can be exercised over the disposal of property, for in England land can be entailed and devised by will to an unborn child.

In France the owner of the land has no power to prevent his children from sharing it equally after his death.—"*Manual of Political Economy*," *by Henry Fawcett, pp. 97-99.*

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3. THE DEVELOPMENT OF PROPERTY AND DISTRIBUTION.

When we direct our attention to forces which are in actual operation with respect to the evolution of property, we observe clearly that it is moving along four different lines, and that the movement along each line is having a large influence upon the distribution of wealth. First, we observe in many different directions a restriction of the extent of private property with a corresponding extension of public property. Second, we observe the development of the social side of private property. Third, an extension of private property along some lines, and most important ones. And, finally, most important changes in the modes of acquisition of private property are in process of development.

We must give very brief attention to each one of these. What has already been presented makes it clear that an extension of public property modifies the distribution of wealth. Public property is managed with reference to the largest amount of total social utility ; or, to express ourselves in more familiar language, in such a way as to bring the greatest gains to society as a whole. It rests with public authority to say what sort of management of public property will be most beneficial to society. The decision reached by public authority is always found to be such as to bring about a different distribution from that which is effected by private property, and we may say generally that the effect of this management is to distribute the gains resulting from property in such a manner as to produce general well-being rather than large fortunes.

It is quite conceivable that the management of public property from the standpoint of production may be so poor and inefficient that the total production of wealth may be smaller than under private property. But however this may be, the distribution will in the two cases be different, and the difference will be along the lines already pointed out. The tendency of thought at the present time is to reach the conclusion that in certain fields public property is preferable, and in other fields, on the whole, the gains of private property far more than offset its disadvantages. The point is, that with the line so drawn, on the whole, we have an extension of public property. And this means forces in operation tending for the future to bring about an approximation towards equality of opportunities.

We notice extension of public property in order to afford opportunities for physical and mental development and also for recreation. The increase in play-grounds for children, in public parks, and in school buildings, public libraries, etc., afford an illustration. The world over we notice an increase in public property in forest lands. We observe also a most marked development of public property in those enterprises which fall under the head of natural monopolies. We cannot enter further upon this development, but it is of such a character as to bring about in the not distant future an important influence upon the distribution of wealth. It must be remembered that we are speaking about forces which are in actual operation and not giving expression to our desires.

We have mentioned the development of the social side of private property. The thought is this: Private property has two sides, the individual side and the social side ; the former looking to the gain of the individual and the latter to the benefits which society reaps from private property. The arguments in favor of private property are based chiefly upon the benefits which society derives therefrom. There is no other way in which we can explain the position which private property at present occupies in our social system.

We may take the case of private property in land in the United States as an illustration. At one time nearly all the land in the United States belonged to the public domain. Why was it allowed to become private property? Why was not public property in land retained as a dominant form of property in the United States? If one reads the discussions on the subject of our public domain and

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analyzes carefully the reasons advocated for the policy which was followed, it will be found that private property was advocated because it was held it would confer greater benefits upon society as a whole than would public property.

We may continue this line of illustration indefinitely. Private property rests back upon social advantages. We may also observe the extent to which the social side of private property is dominant, under the laws of eminent domain, quarantine laws and sanitary laws in general. It is the social side of private property which gives meaning to the expression that private property is a social trust. We notice furthermore that this thought is one which is continually growing.

The reason for the growth of this thought is two-fold. One is a clearer insight into the nature of property and its purposes, and the other is the development of property itself. Occasionally one comes upon so bold an expression of the thought that private property is a social trust, that it fairly startles one not accustomed to think on these things. Even so conservative a writer as Professor Hadley furnishes an illustration, when he says: "The man who gambles away his money is not simply parting with his own enjoyment, but with his control of the industrial forces of the community. It is not like selling his labor ; it is like selling his vote." *

* *Economist*, p. 120.

3. THE DEVELOPMENT OF PROPERTY AND DISTRIBUTION.

(1) **Investment of Capital.** — The historical study of the origin and development of capital in its various forms may guard us against several rather prevalent fallacies.

In the first place, we must beware of treating rights to land, or to the management of corporate property as "absolute" or "natural" ones. This danger is not so great now as it was a century ago, for political science makes far less of natural rights than it once did. But enough of the old view remains† to make it worth while to emphasize the fact that the various institutions under which capital is invested have been sanctioned by society for the sake of their effect on the public well being, and that they derive their efficacy from this sanction. When they stand in the way of progress, society does not hesitate to modify or limit them.

The power of expropriation, based on the right of "eminent domain," inherent in the people, furnishes a conspicuous instance of such limitation. If a man uses his land tenure to stand in the way of public improvement the government arranges a process by which his land can be taken from him, whether he will or no, saying that the community has rights to such property which, in case of necessity, override the individual will. In like manner, if a corporation uses its authority to harm the community, which depends on its services, the government brings its "reserved police power" into play to check such abuses of authority. It is perfectly clear that in case of public necessity, private property may be taken by the state, always providing that "due process of law" is used and compensation given to the owners.

A little study of this idea of compensation will show us how much less absolute (if such a phrase may be permitted) are the rights of capital than the mere general right of property. Any considerable impairment of the right of property would involve a change in the whole industrial system, and even in the moral system on which society is organized.

Property-right is the chief modern motive to labor, to care, to avoidance of waste and destruction. Rights of capital, however important or beneficial in their effects, are much narrower in their scope. They affect the methods of management of industry, rather than the motives on which all industry is based. They can be seriously modified without changing the general substructure of society. There can be no reasonable doubt that they will be thus modified as better methods are found to take their place.

But it is a much more serious error to go to the other extreme, and assume that they can be modified at will by the action of organized force. The fact that the present organization of capital is the result of historical development, and that present forms have survived while others failed, is the strongest proof of their vitality.

George's argument that collective property in land is perfectly practicable because so many races have tried it and given it up, is but the *reductio ad absurdum* of many attacks on the present industrial system.

While it is undoubtedly true that the various rights of the capitalist depend upon the existence of a civilized society which maintains them, it seems equally true that the existence of a civilized society in the stress of the struggle for existence among different members of the human race, depends, for the present at any rate, upon maintaining the rights of the capitalist.—"*Economics*," *by Arthur Twining Hadley, pp. 148-150.*

† A curious aftermath of the old theories of natural right is seen in some of the modern theories of natural value. Labor, land and capital are regarded as coöperating in production, and an attempt is made to determine the natural share of the product which each factor obtains by free competition, under the assumption of a certain normal degree of intelligence in the investment of capital and the development of land.

But this is a thing which we cannot assume and it is precisely *because* we cannot assume it, that the various institutions described in the foregoing chapters are tolerated.

Interest and rent and the different forms of monopoly gain have grown up as means of enabling the community to make progress by the elimination of investors of lower degrees of intelligence and the substitution of better ones.

The habits of mind which determine the relative value of present and future goods are so bound up with these institutions and their differences of intelligence, that reasonings based upon the continuance of present methods of valuation, apart from existing institutions and their historical causes, seem at once hazardous and unprofitable.

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4. THE DEVELOPMENT OF PROPERTY AND DISTRIBUTION (Continued).

Frequently we have to make a choice between the first line of development and the second. It is found necessary either to develop public property or to develop the social side of private property. This is the case especially with respect to natural monopolies. While ordinarily private property in the main naturally and spontaneously fulfills its social purposes, in the case of monopolies public compulsion is required in order to produce that sort of conduct which is held to be socially beneficial. It is competition which explains the difference. Where competition is present it is held that it protects social interests. It is the function of competition to exercise social control over private property and its management. There are those who dispute the proposition that competition can perform this function, but our present social order rests upon the theory that it does accomplish this end. Our social order is a competitive order. What shall we do, therefore, when competition fails us? We must seek another form of control, and the only possible form of control is public control. We distinguish then sharply between public control of private property and public property. What modern society is engaged in at the present time, so far as natural monopolies are concerned, is in making a choice between these two sorts of control, namely, social control of private property and public property which, in its very nature, carries with it public control.

We have already alluded to this subject in our sketch of industrial society and in our discussion of production. We have noticed that on the whole the tendency is in the direction of the growth of public property, and it is because the public control of private property encounters so many difficulties. In the case of monopolies an effective control of private property implies a development of the social side of private property so extreme as to remove from private property many of its attributes and many of its benefits. The reasons why it is so difficult are several, of which we may mention one or two especially important ones. The special skill and knowledge requisite for effective control are likely to be found connected with the private enterprises to be controlled and not with the public authority exercising the control. How can railways be controlled by those who lack an accurate knowledge of railway principles and methods? But this knowledge must be acquired largely in railway service. If the railways are private property the chief technical skill can hardly fail to be found in the employment of railways. Furthermore, private property carries with it power, and private property in those great businesses, which we call monopolies, carries with it power so immense, that its control is difficult. It is frequently stated that the great railway systems exceed in power the local political units with which they have to deal. How hard it is for the city, for example, to secure elevation of the tracks! How difficult it is even for the federal government to exercise social control over interstate commerce!

We have in addition to the considerations just adduced the corruption which inevitably attends private ownership of natural monopolies. This, however, has already been briefly discussed, and it has been found that it springs sometimes from the side of public agencies and sometimes from the side of private corporations. But whatever the initiative may be, the fact of corruption remains. A clear analysis of the forces at work shows that with human nature as it is, the temptation to corruption must in the very nature of things be inevitable so long as private property in monopolies is maintained.

All this has a most important bearing upon distribution. Monopoly leads directly and immediately to the accumulation of large fortunes on account of the power which monopoly gives over price. This is a matter which will receive discussion presently. It also has great power because unless social control of monopoly is perfect those who own and operate businesses of monopolistic character are able

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to exercise favoritism, discriminating between those whom they serve. It is noteworthy that at the present time, when trusts and artificial monopolies are multiplying, even the adherents of the Interstate Commerce Commission are admitting that in its present form it is a failure. It is, of course, the Interstate Commerce Commission which attempts to exercise control over our railways, in so far as they are engaged in interstate commerce. It is proposed further to develop the Interstate Commerce Commission. But the question has to be asked whether any development of that commission, which is compatible with private property in railways, can possibly bring about that management and operation of railways which is demanded by the general public. Some of the difficulties which the Interstate Commerce Commission has experienced are well described in an article in the *North American Review* for March, 1899, by Mr. H. T. Newcomb, who, however, still seems to believe that it is possible to secure satisfactory results through social control while private property in railways is maintained. A quotation from his article accompanies the present lesson.(1)

4. THE DEVELOPMENT OF PROPERTY AND DISTRIBUTION (Continued).

(1) **The Opposition to Railway Pooling.**—The nature of the business of furnishing railway facilities is such that it can be competitive as to comparatively but few individuals, including those only who are located at or near points served by two or more independent railways. In its relation to all other individuals, and to all localities provided with less ample facilities for transportation, the railway corporation possesses a monopoly privilege, and in the absence of effective legal restraint its charges are limited, if at all, solely by the requirement imposed by enlightened self-interest, that they shall not prevent the movement of traffic. In practice this theoretical limitation is too frequently disregarded and the rates prescribed are practically prohibitive. The most obvious examples of this are found in the region south of the Potomac and Ohio rivers and east of the Mississippi river. The railways serving this section have formulated their rate schedules in accordance with a purpose, by them freely acknowledged and warmly defended, to foster the wholesale jobbing business of certain cities, and compel the residents of all other cities and towns to purchase their supplies in the favored cities, while restricting the sales of the merchants located in the places discriminated against, to the goods necessary to supply the retail demand of their several localities.

Though competition among railways might, of course, be confined to the facilities for safe or rapid transportation offered by the different companies, it is usually carried on by means of offers to perform similar services for varying compensation. Its tendency is to reduce the charges for transportation between localities served by two or more carriers, while at the same time preserving the average rate of all charges by the maintenance of relatively unreasonable rates for the movement of non-competitive business.

Serious discriminations against localities, served by a single carrier, are the natural and inevitable result. Even at the comparatively few points at which there is actual competition among independent and rival railways, the benefits of the contests for traffic are rarely distributed among the general public with even approximate equality. In consequence of the modern specialization of industrial functions, the larger interests at such points are usually, if not invariably, concentrated in a few lines of production.

Considerations relating to the convenience of the railways, as well as to that of their patrons, naturally impel the former to provide special equipment for the transportation of the traffic supplied by such interests, and this, together with the magnitude of the business they furnish, renders it the especial object of whatever competition may occur. Under ordinary circumstances, competition among sellers finds expression in a series of offers to supply the particular commodity needed at varying prices, this series of offers finally resulting in a practically uniform price which approximates the cost of production of the last increment of supply for which there is an effective demand. Such offers are open to all and do not vary with regard to the individual to whom they are made.

Among railways, and it may be parenthetically noted, at times among highly centralized lines of production generally, such is not the ordinary course of competition. Open offers would speedily result in uniform charges, and traffic would seek the lines naturally best adapted to convey each particular shipment. Each line attempts, therefore, to keep secret its concessions to shippers and, in order to do so, makes them to particular patrons only.

Hence arise unjust discriminations upon which are built up extortionate profits, and finally enormous individual combinations, which, in turn, are able effectively to demand favors in the adjustment of railway charges, and to dictate terms upon which they will purchase transportaion.

No one has better expressed these facts than the Hon. Martin A. Knapp, the present chairman of the Interstate Commerce Commission. In the course of one of the best studies of railway problems ever written, he said: "The ultimate effect of preferential rates is to concentrate the commerce of the country in a few hands. The favored shipper, who is usually the large shipper, is furnished with a weapon against which skill, energy and experience are alike unavailing. When the natural advantages of capital are augmented by exemptions from charges commonly imposed, it becomes powerful enough to force all rivals from the field.

"If we could unearth the secrets of these modern 'trusts,' whose surprising exploits excite such wide apprehension, we should find an explanation of

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their menacing growth in the systematic methods by which they have evaded the burdens of transportation. The reduced charges which they have obtained, sometimes by favoritism and oftener by force, account in great measure for the colossal gains which they have accumulated. This is the sleight-of-hand by which the marvel has been produced, the key to the riddle which has amazed and alarmed the nation. If these combinations were deprived of special and exclusive rates, there is little doubt that they would be shorn of their greatest strength and lose their dangerous supremacy.

"Indeed I think it scarcely too much to say that no alliance of capital, no aggregation of productive forces would prove of real, or at least permanent advantage if rigidly subjected to just and impartial charges for public transportation."

An effect similar to that of unjust discriminations among the patrons of a single line may be produced among those of competing railways if the rate schedules of the latter prescribe different charges for like and contemporaneous services. For example: If among two or more individuals who simultaneously ship equal quantities of the same commodity from the same place to the same destination, one secures the transportation at a lower aggregate cost, the commercial disadvantage resulting to the others is neither more nor less, whether the routes traversed by the various shipments are identical or otherwise.

For similar reasons it is not of the least importance to the residents of a district competing with those of some other district for the privilege of supplying a particular community with some necessary product, whether the relatively unjust rate which deprives them of equality of opportunity in the market, common to both, is for a service performed by a line owned or operated by the corporation over whose railway the traffic from the unfairly favored locality must pass.

It follows that it is essential to the equitable distribution of the aggregate cost of transportation, not only that particular railways charge similar rates for similar services, but that all railways or combinations of railways which offer to perform similar services shall establish and collect therefor uniform rates and charges.

Anything less than this necessarily involves unjust discrimination and ultimate demoralization of the industries dependent upon railway transportation—however the Interstate Commerce law may have failed to satisfy the expectations of its friends its operation during the last twelve years has established beyond controversy the fact that satisfactorily permanent uniformity in the rates exacted for traffic for which two or more railway routes are available, cannot be maintained without the aid of a system which provides a substantial incentive to adherence to agreements after they have been adopted.

Such a system must substitute for the superficial spirit of rivalry and conflict, now so frequently prevalent among railway managers, a thorough appreciation of the identity of the corporate interests which they serve. As long as the ownership of the railway system continues to be distributed among a large number of legally separate corporations with different bodies of security holders, and their surplus revenues to be divided, in consequence, among distinct bodies of investors, the requisite harmonization of interests can be achieved, if at all, only by the division of all traffic for which two or more routes are from a commercial standpoint, practically available among the carriers operating such routes, in stipulated proportions, according to contracts, the observance of which may be enforced by judicial process.

Though railway competition has not nearly failed to secure the public against unjust discriminations, but has actually fostered them, it is frequently contended that it has resulted in cheapening transportation, and popular approval of the regulation by which it is enforced is sought in consequence.

Here a somewhat plausible affirmative argument can be made by the mere assumption which will frequently pass unnoticed, that coincidence of time and place establish a relation as between cause and effect.

Average charges for railway transportation are per unit of distance, lower in the United States, especially for freight, than elsewhere in the world.

The whole period of the development of railway facilities has been characterized by a downward movement in rates of fare and freight, which is one of its most salient features. Careful investigation of the incidents of this decline show clearly, however, that it is due to causes which are wholly extraneous to the railway system, except in so far as the enlightened perception on the part of their officials having charge of the railways, that the future of such properties is invariably dependent upon the development of the territory contiguous and tributary to their lines, and that such development is largely dependent upon cheap transportation, can be considered an intrinsic cause.

The genuine competition of trade, and not the *pseudo* competition of transportation, is the cause with which the decline in railway charges can be logically connected.

Persistent and powerful pressure is constantly exerted to secure concessions in rates, in order to place particular producing regions upon a better footing in markets already reached, or to extend the areas which they can supply.

Such concessions, however slight, may be sufficient to enable one region to monopolize a market formerly common to several, and thus lead to demands upon other carriers reaching the market from different directions. The sugar of Hawaii and that of Germany and Cuba find common markets in the United States, and whether the sale of one or both in large districts shall be profitable, or the reverse, is wholly a question of transportation rates. Salt from Michigan and Kansas meets in Iowa and other states on similar conditions, as do many other commodities in various portions of the country. Competing shippers in the same locality are constantly endeavoring to obtain more favorable rates than those accorded to their rivals, and though these may be, under present conditions, temporarily secret, they not infrequently lead to open reductions. The use of paticular commodities is often limited territorially by the freight charges from the points of production to those of consumption, and when charges are too high on certain articles, substitutes produced nearer the points of consumption or carried at lower freight rates, are frequently used. The charges for passenger transportation also, by limiting the distance which agents may profitably be sent, or purchasers traverse, and otherwise hindering personal communication, effectually prescribe the limits of profitable interchange of commodities and interference with the territorial division of labor. —*H. T. Newcomb, in "North American Review," March, 1899.*

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5. THE DEVELOPMENT OF PROPERTY AND DISTRIBUTION (Concluded).

We have mentioned the development of private property along new lines as one of the directions which the growth of property is taking. Attention is first called to the development of new forms of property with the growth of new kinds of value. The development of property in dogs serves as an illustration. The case is one which has been before our courts recently and has lead to interesting decisions. It seems that according to common law private property in dogs did not exist, but as dogs have become more valuable the tendency is to recognize the existence of private property in dogs. Baseball clubs also furnish a curious illustration. It is said that the property rights represented by the Chicago Baseball Club are valued at $150,000. Rights in a player are also sold.



Charles W. Eliot, President Harvard University.

Copyright stands for a form of property which is a comparatively recent development. It is indeed only within a few years that we have had international copyright, and without international copyright there is no property in the productions of authorship extending beyond the boundaries of the nation. The development of forms of property accompanies the growth of power in the social classes. Authors were formerly a weak and feeble class, and consequently the development of that form of property which interests them especially has been slow.

What we have specially in mind, however, when we speak about the development of new forms of property is the development of personal rights of pecuniary significance. To these rights many would refuse to give the name of property. But we may at least say that they have a significance which gives them a close relationship to property in their economic effects, and perhaps especially so far as distribution is concerned.

We have in mind such elementary rights as the right to be well born. This includes the right to be born and to develop under sanitary conditions. Much remains to be done before this right shall receive a desirable development, but nevertheless immense progress has been made within the past generation.

Accompanying the right to be well born would be the right to opportunities for development of body and mind. This right is also in process of development, and numerous institutions are growing up the aim of which is to provide the requisite opportunities. Even public baths might be mentioned under this head, as they carry with them among other things the right to cleanliness.

The right to the economic forces and powers potential in one's own physical person is undergoing a development which is truly marvelous, although we are still far away from the goal of society, so far as this right is concerned. We have in mind as falling under this right, the measures taken to prevent accidents to wage-earners and injuries in industrial occupations such as result needlessly from high temperatures, foul gases, etc. Both our Federal and our State governments have done something to prevent accidents to railway employés. Progress has been made, but nevertheless the position of a trainman is so dangerous that he probably improves his chances of life by enlisting in the army even during a time of war. The horrible thought is that these accidents are nearly all preventable. It is fortunate

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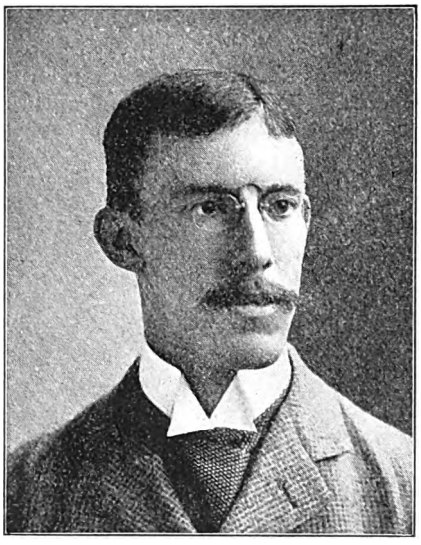
and promises, we may hope, better things for the future, that a man of such influence and general conservatism as President Eliot of Harvard University has in a very able article in the *Atlantic Monthly* forcibly called attention to this evil.(1)



William F. Willoughby, Department of Labor, Washington, D. C.

Professor Commons has called attention to the steps which are being taken to secure the right to an assured income. Insurance of workingmen could well come under this head. It is a noteworthy fact that nearly the entire wage-earning population of Germany is insured against many of the contingencies of life, and this is, indeed, one of the most remarkable steps in social evolution which the world has ever seen. It would be interesting to dwell upon this if space permitted, but it does not. Fortunately, however, Mr. William F. Willoughby has treated the subject ably in his article in the current course of study (page 287), as well as at greater length in his fine work "*Workingmen's Insurance*," to which we refer our readers. The development of the civil service, giving greater security of a livelihood to those engaged in the public service, may be looked at from this general point of view. The movement, however, toward the establishment of a right to employment is even more significant. This movement takes several different directions, and it is in consequence scarcely perceived that such a movement exists. The subject has been ably discussed by Professor Commons in *The Arena*, in the February issue for the present year. (2) It would be interesting to discuss the subject at length, but we must content ourselves with the quotation from this remarkable article, accompanying the present lesson.

5. THE DEVELOPMENT OF PROPERTY AND DISTRIBUTION (Concluded).

(1) **A Need for Rigorous Legislation.**—Another great field of beneficent activity for our government is the procuring of just and humane conditions of labor in industries which cannot be carried on within the jurisdiction of any single state, because they necessarily cover several states. For the protection of work people in industries carried on completely within a single state, state legislation may suffice, but when, as in the case of railroads, the industry must be carried on through several or many states, it is only the national government that can adequately protect the interests of the persons employed. The great functions of the national government in this respect are now only beginning to be exercised.

In the Ninth Annual report of the Interstate Commerce Commission on the statistics of railways in the United States, a report dated June 30, 1897, I read that in the year 1896, the number of railroad employés killed in the service was eighteen hundred and sixty-one, and the number injured twenty-nine thousand nine hundred and sixty-nine, the number of men employed on the railroads of the United States this year being eight hundred and twenty-six thousand six hundred and twenty.

In 1897 the corresponding figures were sixteen hundred and ninety-three killed and twenty-seven thousand six hundred and sixty-seven injured.

These actual numbers equal the casualties of a great battle, but the deaths and injuries occurred in a single year, and are not above the average of the five years preceding.

The total number of persons killed on American railroads in the year 1896 was six thousand four hundred and forty-eight, while the injured were thirty-eight thousand six hundred and eighty-seven and these figures are not above the average of the five years preceding. In the same year there were killed and wounded in coupling, and uncoupling alone, six thousand six hundred and fourteen trainmen: one thousand seven hundred and forty-four switchmen and flagmen, and three hundred and twenty-eight other employés, making a total of eight thousand, six hundred and eighty-six killed and wounded in coupling and uncoupling alone. Of the total number of trainmen in the United States, one in every one hundred and fifty-two was killed, and one in every ten was injured during the railroad year of 1896.

During 1897, one in one hundred and sixty-five was killed and one in twelve injured. Great battles do not occur every year, but these losses do.

Do not these terrible figures suggest that our government has not yet undertaken to discharge its duty by protecting by legislation large classes of its citizens engaged in indispensable service to

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the community? The obstacles to the use of automatic couplers are pecuniary alone.

On June 30, 1896, only about one-third of the total equipment of American railroads, in cars and locomotives, was fitted with train brakes, and only about two-fifths were fitted with automatic couplers. Have we not here new functions for our government in which the mere exercise of its great power would have far-reaching beneficent results."—*Charles W. Eliot, "Atlantic Monthly," January, 1899.*

(2) **Reasons for Lack of Employment.**—The right to make, must again be distinguished from the right to free industry and the right to free employment. Liberty has been defined as, not a grand, simple right, but a bundle of rights. There are the rights to free opinion, speech and press; free assembly, free exchange of property, free industry, free employment.

Free industry is the right to leave the ranks of the wage-earners, without let or hindrance from one's employer or lord, and enter the ranks of capitalists and employers, *if one is able.* There are three kinds of lack of employment. First, *arbitrary discharge*, whether for adequate reasons, such as inefficiency, dishonesty and insubordination, or for inadequate reasons, such as religion, politics, oppression. Here the right to work is sustained by legal or so-called compulsory arbitration.

Employers object to legal arbitration, because under it they "cannot manage their own business," and, therefore, the government must become responsible for profits and losses. The objection overlooks the fact that the right to work, like the right to life, liberty and property, can be forfeited, and the courts are constituted for the very purpose of determining when such forfeiture has occurred, judged by standards of moral right

This fact of forfeiture is also a complete answer to those who fear that the agitation aroused for the right to work will prove dangerous, and that the shiftless and demagogical will claim that the state must furnish them work, whether they do it well or not. Arguments for the right to work are indeed demagogical, if not accompanied by arguments for the duty of work and for the forfeiture of the right in cases of inefficiency, dishonesty and insubordination.

What shall be done with those who have forfeited the right is a problem of education, charity, and prison reform. Employés object that arbitration courts would be controlled by employers. Herein we are but repeating the history of the right to life, liberty and property. Courts were introduced not merely to secure *right*, but to secure *peace:* to abolish blood-revenge, feuds, and "fist law," and so to protect the public as well as the parties to the controversy. Some authority has said—his weight does not matter—that if every decision of all the courts had been exactly opposite from that rendered, justice would have been as well done as was actually done. Even if this were true, the courts are not to be condemned. They have at least made the decisions peaceful instead of violent, and only thus could the popular conscience reach those higher ethical opinions where the unjust laws and decisions of the past could be corrected.

Second, loss of employment through *improved machinery* and *trusts.* It is said that laborers themselves are benefited by these improvements, in the long run. While this is true of laborers as a *class*, yet the individual laborer's life, it has been truly said, is not a long but a short run.

There are three parties to be considered in the case of inventions and improvements of this kind —the laborer, the employer and the public. The employer gets the immediate gain in lower cost of production, the public gets the ultimate gain in the lower prices of goods, the laborer suffers the immediate loss. For him there are four alternatives: He must find similar employment elsewhere, he must learn a new trade, he must work at an inferior trade with a lower standard of life, or he must become a pauper. If we agree that only the first and second alternatives are permissible, it follows that the laborer has an ethical claim for compensation like that which the State grants to property owners when it exercises the power of eminent domain. The laborer has been encouraged by society to fit himself for a particular trade, and when this trade is abolished in the interests of society, the employer first, and society ultimately, should share the loss with him.

The methods by which this can be accomplished are matters of social invention and experiment. The German workingman's insurance, with the premiums contributed, one-third by the laborer, one-third by the employer, and one-third by the State, seems to be a venture in this direction.

Third, loss of employment through *depression of trade.* It is objected that here the laborer has no just claim, because he should have saved money in times of prosperity. The objection falls in the face of inadequate wages, unstable employment, and the failure of government to guarantee security for savings, and to educate in thrift. In lieu of economic reform, giving stability to industry, the right to work during depressions is more or less protected by employment bureaus, labor colonies, and public emergency works.

The above are only suggestions of methods that might be devised, if only the public conscience should really get converted to a belief in the right to work. The immense wealth, the perfected organization of business, the democratic governments of western civilization, have removed the material and competitive necessity which prevented its recognition. We only await the quickened conscience, the religious revival, the enlarged faith in natural rights, which shall move all peoples to utilize these new and rich opportunities of freedom.

What are some of the advantages to be gained by enforcing the right to work? It abolishes voluntary poverty or pauperism by removing all excuse from the able-bodied beggar and tramp. Then can these be rightly treated as criminals.

At present the burden of proof is on the charity givers, to show that the beggar *could* get work if he wanted it.

Then the burden would be on the beggar, to show that he was unable to work, notwithstanding that he could get it. Society gains by the prevention of strikes, saving thereby millions of dollars yearly. This more than compensates the increased taxation required to support insurance, courts, employment bureaus, and so on.

Above all the right to work brings a higher manhood, a self-respect and respect for others, a strength of character, in the place of servility, sullenness, and eye-service, which stamp the mass of laborers, and the distrust, severity and caprice, which mark the character of those who have arbitrary power over their fellows.—*John R. Commons, in "Arena," February, 1899.*

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6. THE MANAGEMENT OF PUBLIC PROPERTY WITH REFERENCE TO DISTRIBUTION.

Public property carrying with it the complete right of public control, it is of importance to know what ideas actually dominate or are likely to dominate its management in so far as distribution is concerned. Naturally the general economic and social ideals of an age will make themselves felt in the management of public property, in order that a distribution may be effected which will lie in the direction of these ideals. What, then, are the ideals of men manifesting themselves in economic development? What do men more and more desire?

Writers on economic and social topics have underlying ideas, and to these they give more or less frequent expression. Arnold Toynbee, for example, the young English economist who has left so precious a memory, expressed an ideal of distribution in these words: "We plead for the right of all to equal opportunities of development according to their nature." The Belgian economist, Prof. Emile DeLavelye, expressed as an ideal, "the complete and harmonious development of every human faculty." Professor Adolph Wagner maintains that at a particular time and place it is quite practicable to establish an ideal goal for the distribution of the national income. He claims, in fact, that the establishment of a goal of economic development is a necessity for all those "who do not regard the system of free competition as the only or last solution of the problem of economic development."

The ideal which, as a matter of fact, is animating the civilized nations of the world at the present time is approximation toward equality of opportunity. (1) It is indeed one of the excellent features of Mr. Benjamin Kidd's work, *Social Evolution*, that he has demonstrated this so simply. The aim then which must increasingly make itself felt in the management of public property is to so manage it as to promote so far as practicable the opportunities for development in proportion to faculties. There are four general methods of management. It may be managed in accordance with the monopoly principle, in accordance with the revenue principle, in accordance with the cost principle, and finally on the principle of gratuity.

By the monopoly principle we mean the principle which is followed by private monopolies. Business may be so managed as to yield the largest possible revenues. In this case the price will be as high as it can be without so diminishing consumption as to reduce net revenues. This seems to be the idea in the management of fiscal monopolies, to which attention has been called in a preceding part of the present course.

By the revenue principle we mean that principle of management of public property which will yield profits, but not the highest profits possible. The aim is to charge the price which in competitive industry would be warranted. That is to say, the government takes no advantage of the position which it may enjoy as a monopolist. This is substantially the method followed in the operation of the state-owned railways of Germany.

The cost principle means a management of public property which carries with it charges for use or service barely sufficient to cover public cost. This, in a general way, is the idea of the postoffices in civilized nations. The charges may be such that they yield a small profit, or they may even go so low that there is a deficit to be met, but the ruling idea is, in a rough way, to fix the charges at that point where they will cover outlay. This is also frequently the case with charges for the use of water when the plant is owned by municipalities.

The principle of gratuity means that the enjoyment of property or service is rendered without charge to the user, the expense being defrayed by general taxation.

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Each principle of management will have its own appropriate influence upon the distribution of wealth. It is indeed noteworthy that a rather carefully drawn up program of reform by a candidate for a London County Council was largely concerned with the management of public property, including the remuneration paid to the employés of the public concern in the management of this property.

We note a general tendency to pass from the first principle to the second and then to the third and fourth in the management of public property. We have thus in the case of ordinary highways reached the fourth principle, and this principle is advocated by some with reference to charges for the use of water. We have to consider, however, the relative advantages of a wide diffusion of use and the possible profits to be expended to promote the public well being. When it is particularly important that there should be large consumption, and especially when there is little danger of waste in consumption, the fourth principle may be recommended.

6. THE MANAGEMENT OF PUBLIC PROPERTY WITH REFERENCE TO DISTRIBUTION.

(1) **The Economic Ideal.**—We have seen that the ultimate end of political economy is not, as is generally assumed, the mere quantitative increase of wealth. Society, as an organic unit, has a higher economic end. That end is the attainment of the greatest quantity, the highest quality, and the most just distribution of wealth. It is the true subjection of matter, the placing of it in the most rational condition, absolute and relative. The matter and force of external nature are to be brought into that state which, in itself, is best, and they are to be brought into that relation of ownership which best promotes the general happiness. Matter modified by labor in accordance with enlightened reason may be termed rational wealth; it is this that society is pursuing, and partially realizing.

The actual wealth to society varies more or less from the ideal standard, and is but partly rational. Much of it is not of high quality, and much that is so is not well distributed; it is but partly beneficent, in itself, and in its relation to owners. Immoral books, poisonous beverages, and adulterated articles of food are wealth of an actual but irrational sort; so also are all things that minister to vice. These are real commodities, because, somewhere in society, are men whose impulses crave them; they are irrational, because the reason that is inherent in society as a whole does not want them, and would cast them out if it could.

The want of true teleology, the failure to discover the τέλος, or ultimate goal of social tendencies, and the consequent failure to discriminate between actual and rational wealth, does not, indeed, deprive current political economy of its practical value; but it lessens that value, and throws the system more and more out of harmony with the modern spirit. A little while hence, and the omission will be disastrous.

The competitive mode of production and distribution has been adopted by society because, in its day, it has given the nearest practical approximation to the standard of rational wealth. Imperfect as are its results, those of any other system would have been more imperfect; they would have rendered the wealth of society less, worse, or worse distributed. As compared with them, the principle of competition has increased, improved, and with rude equity divided the products of industry; and for this reason only has it been tolerated.

The vast residuum of competition which still exists continues to do a similar work, and owes to this fact its prospect of survival. Inherently it has no vitality; it needs and possesses a *raison d'être*, and, in the absence of it, would cease to exist. It rests on moral law. In the department of distribution its working may be less perfect than in that of production. It may be but a spontaneous and imperfect agent for dividing wealth, with approximate justice, among the members of society; yet it is only because it serves this purpose, and so long as it does so, that it is tolerated; and there never was a time when it would not have been thrust aside, could society have seen its way to the adoption of another method which would more nearly have realized the rational end in view. Powerful as the competitive principle appears in practice, it is not supreme, still less, self-existent; it is the creature of an exigency, created as the rude servant of a higher power, and continuing by sufferance. It is perpetually on trial, and its minutest acts are subject to the scrutiny of that supreme moral court to whose verdict all systems, economic as well as civil and legal, must submit.

Society does not and will not completely abandon the competitive principle. It is still needed as an agent for distribution, and it is the sole means on which we can rely for the securing of a large product to distribute.

Yet, if what we have claimed be true, society should hold this agent in abeyance within limited fields of industry, wherever, within those limits, a better system is available. This it actually does. Sometimes as in railroad operations competition works sluggishly, interruptedly, or not at all. Sometimes as in the transactions of labor and capital it works for a time, one-sidedly and cruelly, and then almost ceases to do its work.

It may happen that in exactly that field in which competition operates unusually ill, another method may operate especially well, and the comparison of results may be in favor of the latter.

If one society becomes conscious of this fact, farewell to one particular form of competition.

That the future field of non-competitive economics will be vast is less surprising than that its present field is considerable.

Arbitration promises to replace the former agent of distribution in a comprehensive way. Coöperation is the antithesis of competition; wherever it exists the competitive struggle is held to some extent in abeyance.—"*Philosophy of Wealth*," *by John B. Clark, A.M., pp. 206, 208.*

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FIRST WEEKLY REVIEW.

1. **DISTRIBUTION OF WEALTH.**—Current Problems.
2. **INDUSTRIAL ORDER.**—Fundamental Forces Operating to Bring About Distribution.
3. **DEVELOPMENT OF PROPERTY.**—Various Lines of Evolution.
4. **DEVELOPMENT OF PROPERTY (Continued).**—Results of Monopoly.
5. **DEVELOPMENT OF PROPERTY (Concluded).**—New Kinds of Value.
6. **MANAGEMENT OF PUBLIC PROPERTY.**—Complete Right of Public Control.

QUESTIONS.

1. *In what way are production and distribution clearly related? What is furnished by each one of our great divisions of general economics? What topics are brought forward by distribution? Define distribution. What misapprehensions are sometimes connected with this subject? What simpler term may be substituted for socio-economic order? Analyze the definition of distribution. How many orders of economic enquiry does it contain? To what does the first relate? The second? The third?*

2. *What are the corner stones of the industrial order? What is the first fundamental institution in the distribution of wealth? To what does the sphere of private property point? Why can we not think of private property as a single right? Give an illustration. In what way is distribution a question of ownership in the instruments of production? If private property were abolished, how could distribution be brought about? What would be the result of the abolition of private property? What can you say concerning the private ownership of the European post-office? Give illustrations concerning public and private ownership of property.*

3. *Along how many lines are the forces moving which are in operation concerning the evolution of property? What is the first of these lines? What is the second? The third? The fourth? In what way does an extension of public property modify the distribution of wealth? In what way is public property managed? Why will the distribution be different in the two cases of public and private property? What is the tendency of thought at the present time? What can you say concerning the extension of public property? What can you say concerning the development of the social side of private property?*

4. *Between what lines of development is it frequently necessary to make choice? What does private property ordinarily do? What is required in case of monopolies? What explains the difference? What does competition do? What is its function? What is our social order? What must we seek? In what is modern society engaged at the present time? What can you say of the tendency in the direction of the growth of public property? In the case of monopoly, what does an effective control of private property imply? To what does monopoly lead, directly and immediately?*

5. *Give one direction which the development of private property is taking. Give illustrations. What can you say of copyright? What can you say of new forms of property as the development of personal rights? Instance some of the elementary rights of humanity. What economic forces and powers are undergoing a marvelous development? What position should be taken by our State and Federal governments in relation to railway employés? Illustrate the necessity of rigorous legislation on this subject. Indicate salutary methods of insurance and physical protection.*

6. *What does public property carry with it? What forces make themselves felt in the management of public property? What do you know concerning the work of Arnold Toynbee? What aim must increasingly make itself felt in the management of public property? How many general methods of management are there? What are they? What do we mean by the monopoly principle? What by the revenue principle? What by the cost principle? What by the principle of gratuity?*

SUBJECTS FOR SPECIAL STUDY.

1. *The various problems concerning the proper distribution of wealth.*
2. *The fundamental forces operating in the interest of distribution.*
3. *The development of various lines of property.*
4. *The development of property along the line of monopoly.*
5. *Development of property along new lines.*
6. *The right and duty of public ownership and control.*



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7. INHERITANCE.

We have a class of laws which do not regulate private property, but the modes of its acquisition, namely, the laws of inheritance; and these laws influence in a most marked manner the distribution of wealth. Perhaps no other one class of laws is so potent in this particular. They operate continuously and silently, and in a few generations may produce radical modifications in distribution although the laws themselves are comparatively moderate in spirit. France and England afford a contrast which is most instructive. The policy of France has been the diffusion of landed property, whereas the policy of England has favored rather than otherwise, the concentration of property so far as laws of inheritance are concerned. The laws of France are such that they leave the father comparatively small discretion, inasmuch as the bulk of the property must be divided equally among the children. These laws have been in operation only about one hundred years, but they have produced a wide diffusion of property; whereas the great bulk of the landed property of England is in a few hands.

We must notice one important distinction, and that is the distinction between private property and inheritance. Strictly speaking, we have to do with two rights. Private property is an exclusive right of control, whereas inheritance is concerned with the transmission of this right from one generation to another. Blackstone, in his "Commentaries," clearly brings out the distinction. He uses these words: "Naturally speaking, the minute a man ceases to be, he ceases to have any dominion. Else if he had a right to dispose of his acquisitions one moment beyond his life he would have the right to direct the disposal for a million ages after him, which would be highly absurd and inconvenient. All property must, therefore, cease upon death, considering men as absolute individuals, unconnected with civil society. * * * Wills, therefore, and testaments, rights of inheritance and succession are all of them creatures of the civil and municipal laws, and accordingly in all respects regulated by them. Every distinct country has distinct ceremonies and requisites to make a testament completely valid; neither does anything vary more than the right of inheritance in different national establishments." Professor Adolph Wagner aserts that one who is able to think clearly must be able to distinguish between the two kinds of rights,—the rights of property and the rights of inheritance. It is noteworthy also that recent important decisions of the Supreme Court of Illinois and of the United States, touching the constitutionality of the laws of taxation of inheritance in Illinois, make a distinction between taxation on property and taxation on inheritance, and clearly carry with them the distinction which Blackstone made in the last century.

Laws and customs have determined the order of inheritance, and among these we are able to observe no uniformity. On the other hand, what seems to us natural, is in large measure the result of our laws and customs. In the last century in Virginia it seemed natural and in accordance with "the dignity of birthright" that the oldest son should inherit a double share. Probably to-day it seems unnatural to most Americans that the oldest son should have more than the other children. It seems to us natural that the owner of property should have the right to dispose of it by last will and testament. But to most human beings who have lived it would have seemed like an unnatural and preposterous claim on the part of the owner to assert that it belonged to him to determine who should become its owner after his death. We have, indeed, a legal maxim in the old Teutonic law to the effect that "God, not man, makes heirs."

We have seen in this present lesson, first, that laws determining the disposition of property, so far as heirs are concerned, produce a profound impression upon the distribution of wealth; and, second, we have seen that these laws are variable, both with respect to time and place.(1)

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7. INHERITANCE.

(1) **Rights and Duties of Bequest.**—Nothing is implied in property but the right of each to his own faculties, to what he can produce by them, and to whatever he can get for them in a fair market; together with his right to give this to another person if he chooses, and the right of that other to receive and enjoy it.

It follows, therefore, that although the right of bequest, or gift after death, forms part of the idea of private property, the right of inheritance, as distinguished from bequest does not. That the property of a person who has made no disposition of it during his lifetime should pass first to his children, and failing them, to his nearest relations, may be a proper arrangement or not, but is no consequence of the principle of private property. Although there belong to the decision of such questions many considerations besides those of political economy, it is not foreign to the plan of this work to suggest, for the judgment of thinkers, the view of them which most recommends itself to the writer's mind.

No presumption in favor of existing ideas on this subject is to be derived from their antiquity. In early ages, the property of a deceased person passed to his children and nearest relatives by so natural and obvious an arrangement that no other could ever have been thought of in competition with it. In the first place they were usually present on the spot; they were in possession, and if they had no other title, had that, so important in an early state of society, of first occupancy. Secondly, they were already, in a manner, joint owners of his property during his life. If the property was in land, it had generally been conferred by the state on a family rather than on an individual: if it consisted of cattle or movable goods, it had probably been acquired, and was certainly protected and defended, by the united efforts of all members of the family who were of an age to work or fight.

Exclusive individual property, in the modern sense, scarcely entered into the ideas of the time; and when the first magistrate of the association died, he really left nothing vacant but his own share in the division, which devolved on the member of the family who succeeded to his authority. To have disposed of the property otherwise would have been to break up a little commonwealth, united by ideas, interests, and habits, and to cast them adrift on the world. These considerations, though rather felt than reasoned about, had so great an influence on the minds of mankind as to create the idea of an inherent right in the children to the possessions of their ancestor: a right which he himself was not competent to defeat. Bequest, in a primitive state of society, was seldom recognized; a clear proof, were there no other, that property was conceived in a manner totally different from the conception of it in the present time.

But the feudal family, the last historical form of patriarchal life, has long perished, and the unit of society is not now the family or clan, composed of all the reputed descendants of a common ancestor, but the individual; or, at most, a pair of individuals, with their unemancipated children. Property is now inherent in individuals, not in families; the children when grown up do not follow the occupations or fortunes of the parent: if they participate in his pecuniary means it is at his pleasure, and not by a voice in the ownership and government of the whole, but generally by the exclusive enjoyment of a part; and in this country at least (except as far as entails or other settlements are an obstacle) it is in his power to disinherit even his children, and leave his fortune to strangers. More distant relatives are in general almost as completely detached from the family and its interests as if they were in no way connected with it. The only claim they are supposed to have on their richer relations is to a preference, *cæteris paribus*, in good offices, and some aid in case of actual necessity.

So great a change in the constitution of society must make a considerable difference in the grounds on which the disposal of property by inheritance should rest. The reasons usually assigned by modern writers for giving the property of a person who dies intestate to the children or nearest relatives, are first, the supposition that in so disposing of it the law is more likely than in any other mode to do what the proprietor himself would have done, if he had done anything: and, secondly, the hardship, to those who lived with their parent and partook in his opulence, of being cast down from the enjoyments of wealth into poverty and privation.

There is force in both these arguments. The law certainly ought to do, for the children or dependents of an intestate, whatever it was the duty of the parent or protector to have done, but from accident or negligence, or worse causes, he failed to do. Whether it would be possible, by means of a public administrator of intestate estates, to take cognizance of special claims and see justice done in detail, is a question of some difficulty into which I forbear to enter.

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We may first remark, that in regard to collateral relations, it is not, unless from special and peculiar causes, the duty of any one to make a pecuniary provision for them. No one now expects it, unless there happen to be no direct heirs; nor would it be expected even then, if the expectation were not created by the provisions of the law in case of intestacy. I see, therefore, no reason why collateral inheritance should exist at all. Mr. Bentham long ago proposed, and other high authorities have agreed in the opinion, that if there are no heirs either in the descending or in the ascending line, the property, in case of intestacy, should escheat to the state. There is no good reason why the accumulations of some childish miser should on his death (as every now and then happens) go to enrich a distant relative who never saw him, who perhaps never knew himself to be related to him until there was something to be gained by it, and who had no moral claim upon him of any kind, more than the most entire stranger.

Where collaterals have real claims, those claims are personal, and the proper mode of paying regard to them is by bequest. That duty may be neglected, but it is not more likely to be so in the case of relatives than of strangers, who may have just as strong claims of the same nature. If any near relatives, known to be such, were in a state of indigence, a donation, or a small pension, according to circumstances, might, in case of intestacy, be assigned to them when the state appropriated the inheritance. This would be a justice or a generosity which they do not experience from the present law, since that gives all to the nearest collaterals, however great may be the necessities of those more distant.—"*Principles of Political Economy*," *by John Stuart Mill, pp. 156-159.*

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8. INHERITANCE (Continued.)

When we discuss the possibilities of the regulation of distribution by means of inheritance laws we must remember that substantially all property changes hands once in a generation, and that consequently a considerable portion of property is transmitted from one generation to another each year, inasmuch as the passage from generation to generation is a continuous process. There is no mode known whereby so easily and readily important modifications in the distribution of wealth can be effected as by means of the laws of inheritance. These laws have at one time and another had three central thoughts, namely, the interests of the family as an institution, the will of the individual, and the welfare of society. It is not implied that these three central thoughts are wholly antagonistic to one another. It is true, however, that they are partially antagonistic, that each central thought will make its influence felt in most marked manner, and that each one will lead to a distribution of wealth different from that in which the others will terminate.

Probably in the greater part of the history of the world the central thought in the laws of inheritance,—using this term here as elsewhere in a very broad sense,—has been the family. It is often said, however, that in recent years we have neglected to consider adequately the family as a social institution and its significance for the well-being of society. Formerly in most nations, property continued in the family as a mere matter of course. In fact, the property itself was family property rather than individual property. At the present time our laws with respect to the family are a confused jumble. In case of intestacy, that is to say, when there is no last will and testament, we have a view of the family which is antiquated and altogether out of place. We regard the most distant relatives as parts of the family. Now in earlier ages when members of the family, including even distant relatives, lived together and worked together, they were tied to each other not only by reciprocal rights but by reciprocal obligations. There was then a real vital connection. At the present time the true family, even when the greatest latitude is given to it, scarcely takes in second cousins, and when it is made to include more distant relatives we have a simple absurdity. Rights should correspond with obligations, but broadly speaking we may say that those who are more distantly related than second cousins recognize no peculiar reciprocal obligations and ordinarily indeed do not claim relationship unless there is something to be gained by it; least of all when there is some special service to be rendered.

On the other hand, in the case of a last will and testament the family counts for very little in the United States and England, although some significance is given to it in the laws of inheritance of other countries. A third cousin may inherit property in case of intestacy, but on the other hand a father may disinherit a daughter who has served him faithfully for many years for the sake of a newly wedded young wife, and so indefinitely. Fortunately, so far as the wife is concerned, the idea of the family receives recognition in our laws of inheritance, even a last will and testament to the contrary notwithstanding, but the claims of children are strangely neglected. It would seem as if there were strong arguments in favor of the position taken by so many careful thinkers among us, that it is time that more attention should be given to the family as such in our laws and institutions, and this must include a more careful recognition of the claims of the family in the distribution of wealth, in so far as this is brought about by the laws of inheritance.

The will of the individual as such has in various ages of the world's history been given almost unrestricted scope, so far as concerns the disposition of his property after death. It is noteworthy, however, that in Rome and elsewhere no sooner have the laws reached a point where the widest latitude is given to the individual in the determination of inheritance than it has been found necessary to beat a retreat and to move in a different direction. (1)

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8. INHERITANCE (Continued).

(1) **Limitation in Distribution.**—Whether the power of bequest should itself be subject to limitation, is an ulterior question of no little importance. Unlike inheritance *ab intestato*, bequest is one of the attributes of property: the ownership of a thing cannot be looked upon as complete without the power of bestowing it, at death or during life, at the owner's pleasure; and all the reasons, which recommend that private property should exist, recommend *pro tanto* this extension of it. But property is only a means to an end, not itself the end. Like all other proprietary rights, and even in a greater degree than most, the power of bequest is liable to conflict with objects still more important. It does so, when, not content with bequeathing an estate to A, the testator prescribes that on A's death it shall pass to his eldest son, and to that son's son, and so on for ever. No doubt, persons have occasionally exerted themselves more strenuously to acquire a fortune, from the hope of founding a family in perpetuity; but the mischiefs to society of such perpetuities outweigh the value of this incentive to exertion, and the incentives in the case of those who have the opportunity of making large fortunes are strong enough without it. A similar abuse of the power of bequest is committed when a person who does the meritorious act of leaving property for public uses, attempts to prescribe the details of its application in perpetuity; when in founding a place of education (for instance) he dictates, forever, what doctrines shall be taught. It being impossible that any one should know what doctrines will be fit to be taught, after he has been dead for centuries, the law ought not to give effect to such dispositions of property, unless subject to the perpetual revision (after a certain interval has elapsed) of a fitting authority.

These are obvious limitations. But even the simplest exercise of the right of bequest, that of determining the person to whom property shall pass immediately on the death of the testator, has always been reckoned among the privileges which might be limited or varied, according to views of expediency. The limitations, hitherto, have been almost solely in favor of children. In England the right is in principle unlimited, almost the only impediment being that arising from a settlement by a former proprietor, in which case the holder for the time cannot indeed bequeath his possessions, but only because there is nothing to bequeath, he having merely a life interest. By the Roman law, on which the civil legislation of the Continent of Europe is principally founded, bequest originally was not permitted at all, and even after it was introduced, a *legitima portio* was compulsorily reserved for each child; and such is still the law in some of the Continental nations. By the French law since the Revolution, the parent can only dispose by will of a portion equal to the share of one child, each of the children taking an equal portion. This entail, as it may be called, of the bulk of every one's property upon the children collectively, seems to me as little defensible in principle as an entail in favor of one child, though it does not shock so directly the sentiment of justice. It is questionable whether parents should be compelled to leave to their children even that provision which, as children, I have contended that they have a moral claim to.

Children may forfeit that claim by general unworthiness; or particular ill-conduct to the parents: they may have other resources or prospects: what has been previously done for them, in the way of education and advancement in life, may fully satisfy their moral claim; or others may have claims superior to theirs. If they are of age and strength to provide, however humbly, for themselves, the maintenance of some authority in the parent by the power of disinheriting, is perhaps expedient. But however the case may be as to a mere provision, I hold that justice and expediency are wholly against compelling anything beyond. That a person should be certain from childhood of succeeding to a large fortune independently of the good will and affection of any human being, is, unless under very favorable influences of other kinds, almost a fatal circumstance in his education.

The extreme restriction of the power of bequest in French law, was adopted as a democratic expedient, to break down the custom of primogeniture, and counteract the tendency of inherited property to collect in large masses. I agree in thinking these objects eminently desirable; but the means used are not, I think, the most judicious. Were I framing a code of laws according to what seems to to me best in itself, without regard to existing opinions and sentiments, I should prefer to restrict, not what any one might bequeath, but what any one should be permitted to acquire, by bequest or inheritance. Each person should have power to dispose by will of his whole property; but not to lavish it in enriching some one individual, beyond a certain maximum, which should be fixed sufficiently high to afford the means of comfortable independence.

The inequalities of property which arise from unequal industry, frugality, perseverance, talents, and even opportunities, are inseparable from the principle of private property, and if we accept the principle, we must bear with these consequences of it: but I see nothing objectionable in fixing a limit to what any one may acquire by the mere favor of others, without any exercise of his faculties, and in requiring that if he desires any further accession of fortune, he shall work for it. I do not conceive that the degree of limitation which this would impose on the right of bequest, would be felt as a burthensome restraint by any testator who estimated a large fortune at its true value, that of the pleasures and advantages that can be purchased with it; on even the most extravagant estimate of which, it must be apparent to every one, that the difference to the happiness of the possessor between a moderate independence and five times as much, is insignificant when weighed against the enjoyment that might be given, and the permanent benefits diffused, by some other disposal of the four-fifths. So long indeed as the opinion practically prevails, that the best thing which can be done for an object of affection is to heap on him to satiety all the external good things of life, there might be little use in enacting such a law, even if it were possible to get it passed, since if there were the inclination, there would generally be the power of evading it. The law would be unavailing unless the popular sentiment went energetically along with it; which (judging from the tenacious adherence of public opinion in France to the law of compulsory division) it would in some states of society and government be very likely to do, however much the contrary may be the fact in England and at the present time. If the restriction could be made practically effectual, the benefit would be great.—"*Principles of Political Economy*," *by John Stuart Mill, Vol. II., Chap. ii., Sec. 4.*

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9. THE INHERITANCE OF PROPERTY AND THE GENERAL WELFARE.

At the present time the tendency of the laws of inheritance throughout the world is to proceed consciously to an ever increasing extent from considerations of the general welfare. Probably on the whole rather more attention is given to safeguarding the rights of individuals who have legitimate claims upon property as it changes hands through death, but marked are the efforts to bring it about that a considerable proportion of property shall, as it changes hands through death, flow into the public treasury to be used for public purposes. The interests of individuals and the family are secured by laws which determine and limit on the one hand the power of the individual property owner to make a last will and testament, and on the other hand which regulate the shares into which property shall be divided, and the recipients of these shares. The interests of society at large are especially secured by laws which tax inheritance. We observe that there is a tendency on the part of these laws to graduate the taxes upon estates of decedents in two ways: viz., first, so that the rate shall increase as the relationship becomes more distant; and second, so that it shall increase as the property inherited increases in amount. We have thus rates of taxation upon large estates in countries like England, Switzerland, and Australia,(1) which range from ten to twenty per cent, according to the relationship of those who inherit the property and also according to the amount of property inherited. The taxes imposed by the United States government under the Revenue Act, approved June 13, 1898, are graduated according to both principles, and amount to fifteen per cent when the estate exceeds one million dollars, and the person or persons entitled to beneficial interest shall be a distant relative or a stranger in blood, or a public or private corporation. The highest rate is imposed when the relationship would be more distant than that degree of relationship ordinarily indicated by the term second cousin or great uncle or great aunt. These rates are in addition to rates imposed by our separate commonwealths. These rates are so high they cannot fail to produce in time a marked influence upon the distribution of property, and, of course, if in addition to this there is an aim to distribute property among heirs in such a way as to prevent a large concentration of property, the movement toward decentralization of property must be still more rapid.

While we cannot enter at length into this subject, one further effort to accelerate the movement toward decentralization of property must be noticed. It is that which graduates the taxes not according to the total estate left by the decedent, but in accordance with the share inherited by any one person. Supposing, for example, an estate of one million dollars is divided by last will and testament equally among ten heirs. Then according to this principle the rate of taxation upon the estate would be that upon one hundred thousand dollars and not upon one million dollars. This acts as a stimulus to owners of large property to distribute it widely. This principle of gradation is found in force in the laws of some of the Swiss cantons as well as in Illinois.

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9. THE INHERITANCE OF PROPERTY AND THE GENERAL WELFARE.

(1) **New Ideas in Taxation.**—The comprehensive main idea, however, which has come to stay, and which is in evidence not only in this part of the world, but elsewhere, is the principle of progression or graduation. Most old theories of taxation required that any levy should be proportionately equal upon all, so that if one man paid so much, another with twice the taxable interest should pay twice as much.

The new theory finds expression in the formula, "Equality of sacrifice," while, however, the theory has been in the past, equality of percentage, the germ of progression has generally been present. Take any tax, with an exempt minimum, and the tax is a progressive one.

For instance, the South Australian income tax is levied at a fixed rate on all incomes after the first $1,000, which is free. An income of $1,250 pays the unit of taxation on each pound of the last fifty only, or one-fifth of that unit on every pound of the whole income.

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An income of $2,000 pays one-half the unit on each pound of the total. An income of $10,000 pays nine-tenths of the unit on each pound, and so on.

This is then clearly in practice, progressive or graduated taxation, and has all along been recognized as fair and equitable. The same principle has been carried further in New Zealand, Queensland, and Victoria, where progressive duties ranging from 1 to 10 per cent, according to the value of the estate are levied on the property of deceased persons.

Last year similar duties were imposed in South Australia, but the levy is not on the total of the estate left, but on the value of the property succeeded to, so that the subdivision of estates is promoted by the consequent decrease of tax resulting from it.

The present tendency is to demand that this progressive principle shall be applied to other forms of direct taxation also. The arguments used to support this are to the effect that a certain sum may be fairly regarded as being sufficient to provide the necessaries of life to a taxpayer and his family, that beyond this, another sum may provide conveniences. Still a further sum yields luxuries, while above these any available, any additional, income may be regarded as available for accumulation.—*F. W. Holder, Treasurer of South Australia, in "Review of Reviews," Sept., 1894.*

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10. CONTRACT AND DISTRIBUTION.

When we examined the nature of industrial society we found that contract was one of its fundamental features, and we discussed then the significance of contract in some of its main aspects. It now remains for us to give further consideration to contract in its bearing upon the distribution of wealth, although the largeness of the subject is such that we can scarcely do more than touch it here and there. The writer, indeed, feels inclined to omit contract altogether, because he perceives how inadequate his treatment must be in the narrow limits of space at his command; a large book would be required for exhaustive discussion. Nevertheless, if our purpose is to outline the forces actually at work bringing about the distribution of wealth, we cannot overlook the economic significance of contracts. (1) This is especially the case in the United States where the nature of our constitutional system is such as to give contracts a force which they have nowhere else. When one considers how frequently contracts come before our courts, and how frequently laws which aim to regulate and modify the production and distribution of wealth, are declared unconstitutional because they violate judicial doctrines of freedom of contract, it is astonishing that one should attempt to present an analysis of the forces bringing about a distribution of wealth and not mention the subject of contract. It is indeed hardly creditable to our American economists that they had so little to say about contract, and it shows that they have as a rule not sufficiently directed their attention to American life and institutions.

To a great and likewise to an increasing extent, contract is the door-way of the distribution of wealth. We have passed from status, in which the position of persons was determined by law, to contract, which means that persons determine their position by bargaining. Status included slavery and its various modifications. Contract gives us what we call a system of free labor. Naturally as we gradually pass from status to contract, contract has increasing significance in the distribution of wealth as well as otherwise. This is simply saying that A equals A. The slave receives his share in the distribution through his legally determined status. The wage-earner bargains for his share.

Moreover, as we have seen, with an increasing division of labor, free men produce to an ever decreasing extent their own subsistence, and obtain it to an ever increasing extent from others through bargaining.

Contract tends to preserve advantages once secured and to continue likewise disadvantages. In other words, the tendency of contract, unless it is counteracted by other forces, is to allow existing currents to flow on. Moreover, the greater the force of contract, the greater the extent to which private agreements regulate economic life. This again simply says that A equals A. Now in the United States it

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is to be noticed that we have a constitution which prohibits our States from altering contracts, although they may to a greater or less extent prescribe conditions under which contracts may be formed. Again, the charter of a private corporation is regarded as a contract, and consequently the peculiar privileges which a private corporation receives through incorporation, cannot be diminished unless a right has been expressly reserved to change the conditions of incorporation. Even then it has at times been found difficult to alter effectively, manifestly unjust privileges acquired by corporations. We have to notice then with respect to the distribution of wealth, the privileged position of artificial persons compared with natural persons. Artificial persons or corporations come into existence through contract. Natural persons otherwise. Consequently, natural persons do not have reserved privileges like those which corporations enjoy. Corporations like the Baltimore & Ohio Railway Company may have perpetual exemption from taxation under charter privileges regarded as contract. It is difficult to see how a living person could acquire any such privilege.

When we examine the position of various economic classes with respect to contract we quickly observe this. The strong and powerful are advocates of the utmost freedom of contract. What they demand is unhindered, untrammeled contracts, and these they pronounce to be simply an expression of liberty. On the other hand, those who are struggling for improved conditions and their spokesmen continually demand regulation of contracts. As Lecky, speaking of England, well says in his work, "*Democracy and Liberty*": "'All contracts to the contrary notwithstanding' [is] a favorite clause in democratic legislation." Why is this? Perhaps no better answer has been given than that succinctly expressed by a professor of jurisprudence, namely, Dr. Anton Menger of the University of Vienna, in these words: "There is no greater inequality than the equal treatment of unequals."

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10. CONTRACT AND DISTRIBUTION.

(1) **Freedom of Contract.**—But if a State has not prohibited a contract of a certain kind, may the State never by any legislative or judicial or executive proceedings interfere with and impair the obligations to which that contract has given rise? If it may not, great hardships may undoubtedly be inflicted on individuals, and the disastrous result follows that courts of justice will be obliged to enforce what public sentiment may consider to be injustice; law may come into conflict with what is approved of by the average conscience of the community, and the habit of respect for law and obedience to it may be seriously weakened.

If, on the other hand, the State may interfere with the enforcement of contract obligations, which the State itself has sanctioned, is not the feeling of security, which is one of the primary benefits derived from good government, and which we are told is one of the natural rights of man, very seriously impaired and a bad example of dishonesty set to the community? Now, it is obvious that to interfere with the obligation arising out of a contract already made under public sanction is, on these grounds of honesty and general security, a much more disputable policy than the prohibition of certain kinds of contract.

But an absolute respect for all contracts, not previously prohibited, may be a sacrifice of public well-being, and even of the very existence of the community, to the letter of formal legality. Circumstances may have changed so that the enforcement of a contract undertaken with full deliberation and on equal terms becomes a practical injustice; or it may come to be recognized that the contract, though in appearance a contract freely entered into, was practically a compulsory submission of the weaker to the stronger, and that its strict enforcement would do more harm, not merely because of the material suffering it may cause, but because of the detestation of law and order which it may excite, than a departure from the general rule of holding people to their legal obligations.

No cut and dried rule can be laid down: time, place, and circumstances must determine the manner and degree in which the State may wisely and safely impair the obligation of contracts.

The Constitution of the United States of America is often held up as an example in contrast to recent legislation in this country, because of the greater sanctity which it recognises in contract obligations. Our critics, especially our American critics, are perhaps apt to forget the difference of circumstances between an old country with a very complex society and a very chaos of ancient customs and institutions, on the one hand, and a new country, with, until recently, free space for individual enterprise—a country which made a fresh start after a revolution only a little over a hundred years ago.

The time may come when social needs and changing ideals may compel the people of the United States to impair some contract obligations, which are enforced at present. And to do this they need not delete the section (Art. I. § 10) which prohibits laws impairing the obligation of contracts: for that prohibition only applies to the States.—"*Natural Rights*," *by David G. Ritchie, M.A., pp. 228, 229.*

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11. CONTRACT AND DISTRIBUTION (Concluded).

Contract gives expression to forces lying back of contract. Contract works well and secures substantial equality if previously to the contract, the contracting persons were upon a substantially equal basis. Adam Smith and his immediate followers assumed that men were naturally equal. Inequalities they looked upon as the result of artificial restraints. The thought, therefore, suggests itself that if these restraints were once removed natural equality would express itself in free contract. They consequently advocated the regulation of economic relations by free contract, and they thought that free contract would bring about a satisfactory distribution. As a matter of fact, however, their view of human nature was found to be untenable. The causes of inequality lie far deeper than they imagined, and these inequalities among men, express themselves in contract.

We should notice among other things the actual amount of legal inequality which subsists with nominal equality. We must recognize conditions which actually exist, and after we have looked things squarely in the face we may examine into any question of blame to be attached to any one on account of these conditions. As a matter of fact, there is an inequality in law resulting from unequal knowledge of the law. This is a very great inequality and far reaching in its nature. It is of significance in the distribution of wealth as well as otherwise. Second, we have legal inequality on account of the unequal protection afforded to rich and poor. Special organizations, like the Chicago Bureau of Justice, have been called into existence to remedy this evil. But while they have done something those most actively engaged in the work would be the first to acknowledge that this inequality is still a serious matter. In the third place we have inequality which is found in the operation of the law itself even when it is nominally equal. Take the matter of fines as an alternative to imprisonment. Here we have nominal equality, but it has often been pointed out by authorities in jurisprudence that we have actual inequality. A fine of fifty dollars may be a small thing to a rich man, but the alternate thirty days in jail a most serious matter to a poor man, blighting indeed his entire life. We may have penalties of one sort affixed to wrongs to which one class is specially liable and penalties of a different sort affixed to wrongs to which another economic class is especially liable. Boycotts and blacklists afford an illustration. Employés are those who are especially likely to be engaged in boycotting, and punishments have been extremely severe in cases, amounting to imprisonment for several years. Blacklisting is a wrong committed by employers which is quite similar to boycotting. The penalties, however, are very light, and so far as the writer knows no one has ever been imprisoned for blacklisting, although the amount of suffering thereby involved is something which is painful even to contemplate. One other illustration may be offered, and that is afforded by the legal protection afforded to passengers on railway trains compared to that afforded to employés. Accidents to the former are an incomparably more serious matter to railway companies than to the latter, even when in both cases there is equal guilt. In the fourth place we have to notice the unequal administration of law to which thinkers have from time immemorial called attention. The following quotation from Shakespeare's "King Lear" affords an illustration:

> "Through tattered clothes small vices do appear;
> Robes and furr'd gowns hide all.
> Plate sin with gold,
> And the strong lance of justice hurtless breaks;
> Arm it in rags, a pigmy's straw does pierce it."

In the fifth place, we have to observe the failure to provide laws which the poor need, and the corrupt means of defeating ends of justice which are open to unequal extent to various economic classes in society.

We have observed thus far the unequal conditions lying back of contract and

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finding expression in contract, differences such as those between a weak and feeble girl struggling for a livelihood and a vast corporation with capital amounting to millions. In the second place, we have observed an actual legal inequality subsisting with a nominal equality. We have here, then, forces expressing themselves through contract and influencing thereby the distribution of wealth in a manner disadvantageous to the feebler members of a community unless special efforts are put forward to correct the injustices which express themselves through free contract.

When we turn to the labor contract we find that it has peculiarities influencing in most marked manner the conditions of labor and the share in wealth produced accruing to wage-earners. We must now pass on to an examination of the labor contract. (1)

11. CONTRACT AND DISTRIBUTION (Concluded).

(1) **Labor Contract.**—The hired laborer sells his labor to an employer for a stipulated wage. The legal theory is that labor is property, and that the laborer sells his property to an employer, just as the owner of any commodity may dispose of his property in a market. In this way labor is called a commodity, and the hired laborer is said to dispose of his commodity, labor, in return for stipulated wages.

In theory, the modern labor contract is a free contract, voluntarily entered into by employer and employé. In this country the courts are inclined to insist that this theoretical freedom shall be maintained, and that the law shall not interfere in the purchase and sale of labor more than in dealings in other commodities. They often declare laws unconstitutional that attempt to prevent certain contracts from being made by employers and laborers. Few people realize, however, that the freedom now claimed for the labor contract has not always existed. To consider merely the case of England, it is easy to show that this has been developed largely during the last century. The Statute of Apprentices aimed to prevent employers from hiring laborers who had not served a seven-year apprenticeship and become connected with some guild, while it prevented laborers from choosing freely their occupations, Acts of Parliament attempted to regulate rates of wages, intrusting the assessment of wages to justices of the peace. These acts were not repealed until 1813 and 1814, although they had been nearly obsolete for some time before. In other words, the modern labor contract is an historical product; it has been modified in the past as it has assumed the present form, and it may be modified in the future.

Labor is bought and sold in the labor market in much the same way as any other commodity. But it is possible to show that labor differs from most other commodities in important respects, several of which are here given.

First, it is evident that the laborer and his work are inseparable. The seller of other commodities parts with them when he effects his sale. It matters nothing to the seller of bricks whether they are to be used in building a palace or a sewer; but it matters a great deal to the seller of labor, who undertakes to perform a task of given difficulty, whether or not the place in which it is to be done is a wholesome and a pleasant one, and whether or not his associates will be such as he cares to have. Since the worker is inseparable from his work, he is concerned in the conditions of his employment. The person who buys has to exercise necessarily some control over the person who sells labor. The buyer determines the question of residence and the place of work, to a very large extent. He has more or less control over the companions and all the surroundings of the laborer during working hours. This extends to circumstances that affect the health of the worker, such as sanitary conditions, and to those that may affect his safety, as in the case of machinery that endangers both body and life. Finally, the labor contract involves a large degree of control by the employer over the length of the working day and the time of beginning and ending work.

In the second place, labor resembles a perishable commodity which the seller is likely to be obliged to dispose of in a forced sale. The hired laborer commonly has small reserve funds upon which he can depend for support, and is obliged to sell his commodity at once for whatever price may be secured. The seller of any other goods, by the very fact that he has them to sell, has some capital upon which he can live while he is trying to make a satisfactory contract. Even if the goods are perishable, the seller has his labor to fall back upon as a means of support, while the laborer has merely his labor between him and starvation. Since the individual laborer is normally in the position of a man obliged to make a forced sale, he is at a disadvantage in making the labor contract. Furthermore, poverty, and sometimes ignorance, may prevent him from seeking the most favorable markets.

A third peculiarity is connected with the one first mentioned. The supply of labor changes very slowly, and only through changes in the number of laborers. The supply of other commodities can be decreased by stopping production. But it is far less easy to decrease the number of laborers when falling prices lead to a partial suspension of productive industry, and throw many men out of employment. When a decreased demand for labor causes both low wages and lack of employment, then large numbers of unemployed laborers press into the market and bid for work. Thus a decreased demand may bring an increased supply of labor into the market. On the other hand, when demand begins to increase after a period of hard times and low wages, a "reserve army" of certain unemployed laborers, which the poor-houses had supported . . . as long as dullness in the business continued, presses into the labor market and increases the supply. The price of labor cannot rise greatly as demand increases until this army of unemployed has been taken back into the ranks of industry.—*From "Introduction to the Study of Economics," by Charles J. Bullock, Ch. XIV., par. 293-295.*

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12. THE LABOR CONTRACT.

First we notice that labor is connected with the personality of the laborer, and that the peculiarities of labor contract very largely grew out of this.

The sellers of labor power are normally weaker than the buyers, because the sale is more pressing than the purchase. Compare the effect, for example, of withholding the sale of labor power upon the seller with the effect of withholding the sale of land or of goods upon the seller. If the labor power is not sold the laborer perishes. Says Mr. John A. Hobson in his forthcoming work, *The Economic Bargain; or the Economics of Distribution*, "This labor power must be sold continuously. It must be sold in small quantities commonly measured by the day or week; finally, it must be sold to a buyer who knows the necessity in which the seller stands to effect a sale." "The connection of labor power with the worker gives the purchaser power over vital functions which he does not buy." Mrs. Webb well says: "The wage-earner does not, like the shop-keeper, merely sell a piece of goods which is carried away; it is his whole life which at a stated time he places at the disposal of his employer; what hours he shall work, when and where he shall get his meals, the sanitary conditions of his employment, the safety of the machinery, the atmosphere to which he is subjected, the fatigue or strain which he endures, the risks of accident or disease which he has to incur; all these are matters no less important to the workingman than his wages: Yet about the majority of these vital conditions he cannot bargain at all." (1)

The wage-earner is generally poor, and the necessities of the wage-earner affect even those who have resources. Poor Richard says: "Necessity never made a good bargain." Through organization a fund may be collected, and this gives a reserve fund which affords relief, placing the two parties to a contract upon a more nearly equal footing.

There are great differences between classes of wage-earners. Those with a low degree of skill in the older countries of the world at any rate, and too often in the new countries also, have difficulty in earning more than a bare subsistence. Mr. Hobson, indeed, says that the normal wage of low skilled labor is bare subsistence. When we come, however, to those who have some degree of skill we find that they have greater advantages in the labor contract. There are cases indeed where the degree of skill is so rare and so precious that skill itself has a semi-monopolistic position with corresponding advantages. Those, however, who have this rare skill are not placed among the wage-earning classes. They are rather the receivers of fees and salaries. It becomes necessary to recognize something higher than contract, namely, ethical standards of justice and right to which contract must be made to conform, and this conformity can only be brought about through collective action on the one hand and legislation on the other. Says a celebrated rabbi of Chicago, Dr. E. G. Hirsch: "There are two fetiches in the commercial creed of people educated under British or American influences, viz., freedom of contract and the competitive system." We must cease to make the freedom of contract a fetich and recognize clearly that an abstract doctrine of freedom of contract stands athwart peaceful progress. Children and women and likewise men have under many conditions to be protected against wrong which freedom of contract brings with it. Freedom of contract, if unrestricted, may well terminate in virtual slavery for large classes.

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12. THE LABOR CONTRACT.

(1) **The Black List.**—In this country we have added two refinements of cruelty, called the black list and the iron-clad oath, which are found in all parts of our land, although strongly condemned by the best public sentiment. The black list is a "boycott" against labor. A man who for any reason, be it even whim, caprice, or personal spite, falls into disfavor with one employer, is placed on the black list, and his name, at times accompanied by a personal description, is sent to allied employers all over the country. Thirty-three men were black-listed in Fall River a few

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years ago because they had asked for an increase of wages, and they were compelled to seek work under assumed names.

It is reported, on apparently good authority, that one railway corporation has a book containing names of a thousand black-listed persons, with a full description of each. The black list will pursue a man for years, will drive him out of an honest trade to rum-selling, and will follow him across the continent, and everywhere defeat his efforts to gain a livelihood. Two quotations from persons who have had opportunity to see the workings of the black list will help my readers to understand its terrible atrocity. The first is from Fred Woodrow's contribution to the "Labor Problem." "Black-listing . . . has the merit of being very effective; its edict is final; it troubles no jury and sends for no sheriff; . . . it has its watch-dog by every door, and woe to the man who, with its brand on his brow, seeks for work. . . . He is proclaimed by a corporation Czar. . . . I well remember a workmate of my own being put under this ban of ostracism. He was discharged without notice, and the reason refused him. I did my best for his reëngagement; previous successes made me confident, but this case baffled me. I suggested application to another department, under the management of a humane and kindly man. He refused. Another was tried —the same result. I completed the circle, and in every case blank but unwilling refusal—my unfortunate comrade sent adrift, with the onus of some unknown disgrace staining his name, for more than six hundred miles. It came to my knowledge subsequently that he was black-listed at the request of *one man*, whose personal ill-will was gratified in his discharge. Such cases are not few, . . . as many a hungry man and shoeless child can testify."

The second quotation is from the *Cleveland Workman*, and is taken by that paper from one of its "exchanges." "There are men in this region who are now being compelled to leave their homes, their families, and their friends, and seek employment elsewhere—men who have given their time and influence for the benefit of the community in which they reside. . . . They have been exiled from their pleasant associations here by the infamous black list." A peculiarly cruel case is told in the same paper. A man of seventy had left his old wife in Sedalia, Mo. (where he had been working for many years), because he was discharged, and walked five hundred miles to a place in Illinois where a new railway was building, but the black list followed him and at last accounts he was penniless and without work.—"*Labor Movement in America*," *by Richard T. Ely, Ph.D., pp. 110-12.*

SECOND WEEKLY REVIEW.

7. **INHERITANCE.**—Rights and Duties of Bequest.
8. **INHERITANCE (Continued).**—Limitation in Distribution.
9. **INHERITANCE OF PROPERTY AND THE GENERAL WELFARE.**—New Ideas in Taxation.
10. **CONTRACTS AND DISTRIBUTION.**—Freedom of Contracts.
11. **CONTRACTS AND DISTRIBUTION (Continued).**—Sellers of Labor.
12. **THE LABOR CONTRACT.**—The Black List.

QUESTIONS.

7. *In what ways do the laws of inheritance operate? What can you say of the policy of France and England in this direction? What can you say of the laws of France, of England? In what way does Blackstone bring out the distinction between private property and inheritance.*

8. *By what method may important modifications in the distribution of wealth be most easily effected? What are the central thoughts embodied in these laws? What can you say of "the last will and testament" in this country and in England? What can you say of the will of the individual, as such, in the various ages of the world's history?*

9 *What is the present tendency of the laws of inheritance throughout the world? How are the interests of individuals and the family secured? How are the interests of society at large secured? What is the tendency on the part of these laws to illustrate the meaning of graduated taxes?*

10. *What can you say of contract in its bearing upon the distribution of wealth? What can you say of the constitutional system of the United States in relation to contracts? In what way is contract the door to the distribution of wealth. What does contract tend to preserve? How is the charter of a private corporation regarded?*

11. *To what forces does contract give expression? Mention one prominent inequality of law. What is its significance? Give an illustration. In what way is injustice shown by railroad corporations toward their employes? Can you not give instances of this which have occurred within the range of your own experience?*

12. *Mention the most prominent peculiarities of the labor contracts. Compare the effect of withholding the sale of labor power with the effect of witholding the sale of land or goods. Mention some of the differences between the classes of wage-earners. What changes should be made in relation to freedom of contracts.*

SUBJECTS FOR SPECIAL STUDY.

1. *The laws of inheritance in the United States.*
2. *The duties of the testator.*
3. *Study the necessity of limitation in distribution.*
4. *The present tendency of the laws of inheritance.*
5. *The relation of contract to the distribution of wealth.*
6. *Contract as an expression of the forces lying back of it.*

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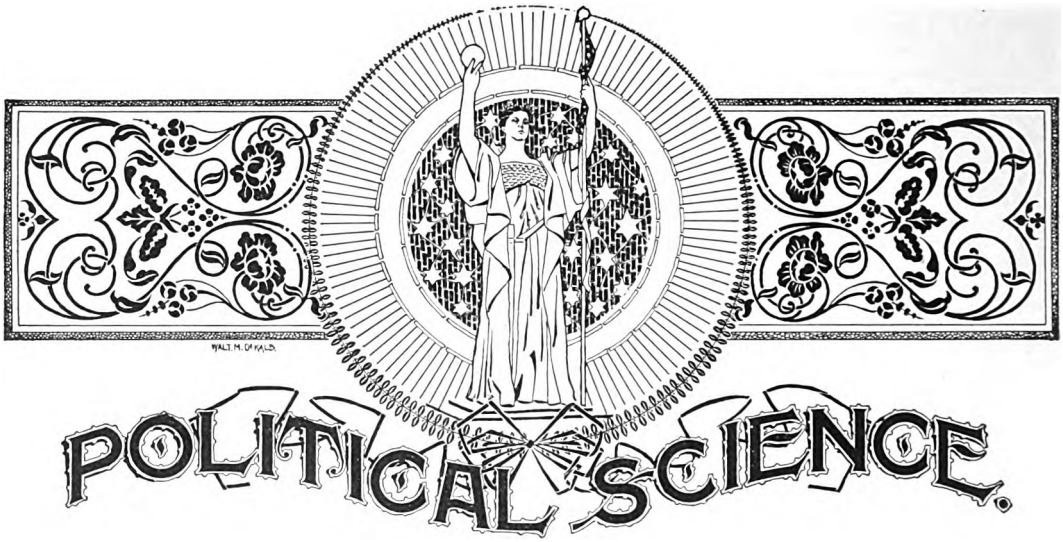

THE RELATION OF LAW TO DEMOCRACY.

BY

JESSE MACY, M.A., LL.D., Professor of Political Science, Iowa College, Grinnell, Iowa.

13. DESPOTISM OPPOSED TO LAW.

"THE law is a school-master." No sort of training is more intimately related to the building of the State than that which is incident to the making and enforcement of law. The despotism of the anti-State is characterized by the absence of law. Says Sir Frederick Pollock: "If we suppose an eastern despot to sit in the gate and deal with every case according to the impression of the moment, recognizing no rule at all, we may say that he is doing some sort of justice, but we cannot say that he is doing judgment according to law."(1) In so far as a ruler follows his own will in the exercise of authority and in the administration of justice, he is ruling not according to law. His acts may be good or bad; they are not lawful. In so far as a ruler has respect unto the rules of right conduct which prevail in the State, so far as he seeks to embody and express the will of the State, or so far as he honestly seeks to express and carry into effect rules derived from any source other than his own will, so far the government becomes, or tends to become, one of law.

In the Russian Empire there have grown up systems of decrees and orders issued by the Czar through his various councils, which receive the name of laws. But Mr. Wallace, in his description of the Russian government, notes the fact that executive orders issued by administrative officers are of higher authority than the so-called laws. Of course they are, because Russia is a despotism. The executive order comes more directly from the Autocrat, and no rule or statute can stand in the way of his will. The executive orders which serve to annul the so-called laws are not themselves laws. A real autocrat cannot make laws and he cannot be controlled by laws. In so far as the Roman emperors recognized and administered laws they were not autocrats; they were limited monarchs. They ruled according to wills other than their own. To quote again from Sir F. Pollock: "Probably no

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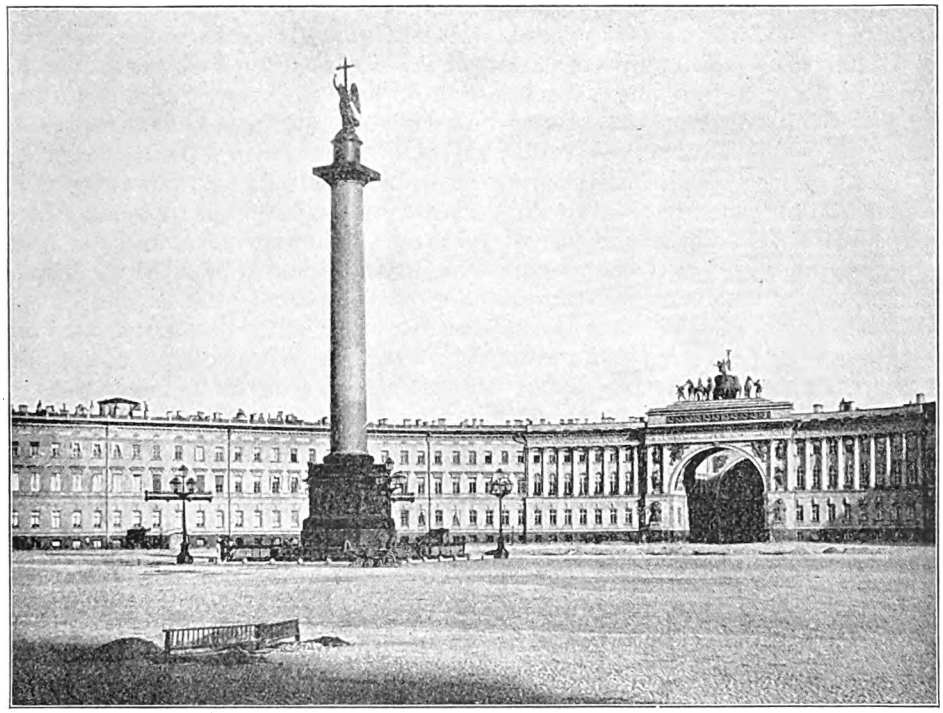
prince or ruler in historic times ever really took upon himself to do right according to his mere will and pleasure." Even in Russia there are, of course, some laws which no Czar would ever dare to set aside by arbitrary decree. Russia, therefore, lacks so much of being an autocracy. Government according to the arbitrary will of a monarch or of a limited class is not quite possible. There must be more or less reference to the will of the people. Every effort to govern despotically tends directly to destroy the State. The ancient Persian kings had clearly the idea of law as distinct from arbitrary decree, because when a decree was put forth after the manner of the laws of the Medes and Persians it could not be changed. The Asiatic States did have some of the elements of true States. But autocracy and



Winter Palace of the Czar and Alexander Column, St. Petersburg.

tyranny prevailed over law and they came to naught, so that to-day there is such an absence of anything like a common will, anything approaching the legal spirit, that Western students are led to assert that Asia has produced no State.

The commands of a master delivered to slaves are not law, and they never can be made into law. Neither are commands which generals give to soldiers. The rules which parents lay down for the guidance of children are not laws. Yet all these experiences have had much to do in giving rise to the sense of law and the fact of law. When slaves became numerous and masters and slaves entered into mutual coöperative arrangements for tilling the soil and distributing the produce, rules grew up binding alike upon master and serf. These rules came to be recognized, and administered as a part of the law of the land. So also when general and soldiers adopt rules of action governing their mutual relations these have a much closer resemblance to law than are the mere orders of the general. When grown up children come to be treated as equals, and families and kinsfolk adopt orderly methods of living together, and fall into the habit recognizing rules and customs as binding upon the entire community, we have an illustration of

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primitive law. It may well be admitted that slavery, the war-club, parental despotism, and all manner of tyrannies and despotisms, have, historically, had a share in developing the sense of law.

Ants and bees may be living together in an orderly society, yet only by a figure of speech can we call their rules of conduct, laws. During certain stages of human development we find men living much in the same way. They are governed by a sort of tribal instinct. They are victims of habits and customs over which they have no control. The various castes in the Orient are victims of custom and habit, and such a state of society renders the legal spirit impossible. Law implies freedom of choice. It assumes a sense of moral obligation on the part of the members of the society. Among Western peoples the very word or words which in later times are used to express the idea of law, in their origin meant a thing that was recognized as fitting or orderly, while later the same word is applied to that which one may claim as fit or as his right. Thus law in its origin is associated with liberty. It expresses the moral sense of a free and self-choosing society. Tyranny and brutality may indirectly tend to develop a sense of law, in that by these means men may be shaken out of a condition of subjection to blind, unreasoning instinct or superstition. Again, these blind, unreasoning instincts and superstitions may indirectly tend to develop a sense of law, in that they may enable men to more effectively resist the dehumanizing tendencies of tyranny. Thus it may well be that the action and reaction of tyrant upon tribal custom and of custom upon the conduct of the lord, may have had no small share in the development of a sense of law. But the law itself comes neither from the blind customs of the tribe nor from the commands of the tyrant; it does come from the conscious will of a free and self-acting community. Thus law and liberty are obverse sides of the same institution. *Law may be defined as the rules of conduct whereby a free and self-conscious society maintains its existence and guards the rights of its members.*(2)

13. DESPOTISM OPPOSED TO LAW.

(1) **Science of Law.**—"Another point worth mention is that the law does not include of necessity the existence of a distinct profession of lawyers, whether as judges or as advocates. There cannot well be a science of law without such a profession; but justice can be administered according to settled rules by persons taken from the general body of citizens for the occasion, or, in a small community, even by the whole body of qualified citizens; and under the most advanced legal systems a man may generally conduct his own cause in person, if so minded. In Athens, at the time of Pericles, and even of Demosthenes, there was a great deal of law, but no class of persons answering to our judges or counselors. The Attic orator was not a lawyer in the modern sense. Again, the Icelandic sagas exhibit a state of society provided with law quite definite as far as it goes, and even minutely technical on some points, and yet without any professed lawyers. The law is administered by general assemblies of freemen, though the court which is to try a particular cause is selected by elaborate rules. There are old men who have the reputation of being learned in the law; sometimes the opinion of such a man is accepted as conclusive, but they hold no definite office or official qualifications. In England, as we shall see hereafter, there was no definite legal profession till more than a century after the Norman conquest. In short, the presence of law is marked by the administration of justice in some regular course of time, place, and manner, and on the footing of some recognized general principle. These conditions appear to be sufficient, as they are necessary. But if we suppose an Eastern despot to sit in the gate and deal with every case according to the impression of the moment, recognizing no rule at all, we may say that he is doing some sort of justice, but we cannot say that he is doing judgment according to law. Probably no prince or ruler in historical times ever really took it upon himself to do right according to his mere will and pleasure. There are always points of accepted faith which even the strongest despots dare not offend, points of custom which he dare not disregard."—"*History of English Law*," *by Pollock and Maitland, Vol. I., p. 27.*

(2) **Definition of Law.**—"I have now completed my statement of what appears to me the essentials in a *State*, or political society, as ordinarily apprehended, and in the *law* of such a state in the same popular sense. In criticising the definitions of my predecessors, I have not forgotten their difficulties, which I cannot hope to have myself surmounted. Each successive definer of law, municipal or otherwise, must anticipate the addition of one more failure to those which have gone before. I can only say of the following that it is in accordance with my previous positions, and that they appear to me based upon facts:

"*The law of a state is the aggregate of rules administered mediately or immediately by the State's supreme authority, or regulating the constitution and functions of that supreme authority itself; the ultimate sanction being, in both cases, disapproved by the bulk of the members of the State.*"—"*Practical Jurisprudence*," *by E. C. Clark, p. 172.*

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14. THE ORIGIN OF MAGNA CHARTA.

When first we become acquainted with our heathen ancestors we find them living in village communities, and with a rude system of law already well developed. They were living under rules and customs to which they were greatly attached. Later our English ancestors became Christians and a parish priest was added to the village, while as Christians they learned many new rules of conduct. At the same time the village farmers were subject to action and reaction in relation to a chief person, or lord, who at one time was disposed to command them as a captain commands his troop, and at another time was disposed to coöperate with them on the basis of rules which all recognized as just and right. As wealth increased there grew up a hierarchy of lords who were disposed to play the tyrant, and a hierarchy of priests and clergy who disputed the authority of the lords. In the meantime kings arose.(1) Throughout the whole of English history wise kings have strengthened their position by looking to the lower ranks of the people as a means of protection against lords and bishops. It was through the patronage of kings more than from any other one source that the primitive laws and liberties of the English people were preserved and developed.



Henry II.

When William of Normandy, 1066 (2), came into the country with his horde of foreign conquerors one might have supposed that English freedom was at an end. On the contrary William gave to English law and custom, as preserved in towns, hundreds and counties, a new lease of life. He knew what the feudal system was as developed in France, and with the eye of a statesman he discerned that his most secure bulwark against his dangerous feudal barons was found in the local liberties and customs of the English people. He made friends with the English by preserving their local courts and strengthening them by royal patronage. English law and liberty were thus preserved against feudal lawlessness.

During the hundred years following the Norman Conquest there arose two other kings who, in a sense, perfected the system of the Conqueror. Judges from the King's Council visited the local courts and administered and enlarged the English law. The people were furnished effective protection against local tyrants. At the hand of the king's justices the law was made uniform and national. The closest possible relations were established between the king's government and the local governments in county and town. When barons rebelled, the people, of their own accord, arose and crushed out rebellion. By the end of the reign of Henry II., who died in 1189, so strong was the king's government and so threatening was the attitude of king and people towards the barons that the barons themselves began seriously to study the art of winning the favor of the English people.

Circumstances favored the new school of political science. Richard I., who followed Henry, was a tyrant, and John who followed him, was by common consent one of the worst kings who ever lived. John impressed all classes as being a thoroughly dangerous ruler. All classes finally united against him. The barons, it is believed with a good degree of sincerity, drew the sword against an English king on behalf of English liberties. The clergy, with the Archbishop at their head, were thoroughly united in support of the barons. The people were for the time thoroughly convinced that their interests lay also with the barons. The king left without support, was threatened with an invasion by his inveterate enemy, the

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King of France. The result was the meeting at Runnymede at which John was forced to sign Magna Charta. (See page 193).

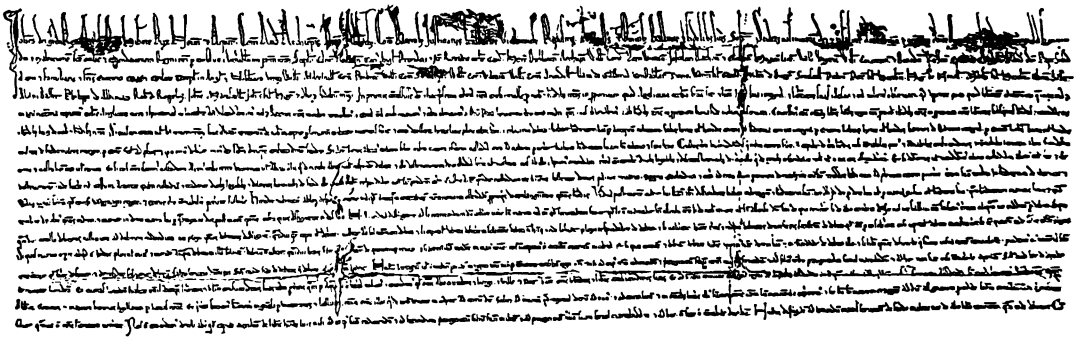
The Great Charter is a solemn covenant agreed to and ratified by different classes of the people pledging all parties to see to it that all their good laws and liberties should be guarded and preserved. It is a recognition of the supremacy of law as against arbitrary commands. The issuing of the Charter is to be viewed as one of a series of events all of which tended to enforce one lesson: that is, that kings and rulers are subject to the law. (3) When Henry I. a hundred years earlier had issued a charter upon which the Great Charter was based, it was a confession that the previous king had been a violator of law, and it was a guaranty that such abuses should cease. After the reign of King John there was always a party in England ready to appeal to the people for support against the despotic acts of kings. Future kings were compelled or induced to ratify the Charter. It thus became a sort of political platform to which the liberty-loving appealed for support.



King John.

It should be borne in mind, however, that the Charter was not so much a body of laws observed and strictly enforced, as it was an expression in favor of the good laws and customs of the past, and in favor of the rule of law as against despotism. After the adoption of the Charter the barons were disposed to become as tyrannical as ever, and other kings arose who won back the support of the people. After the Charter as before the Charter, the legal and substantial liberties of the people came from wise kings who looked to the people for support against their powerful subjects.

But after the Charter, there was also a class of powerful subjects who were also accustomed to appeal to the people for support against the king. In this contest the



Facsimile (Greatly Reduced) of a Section of the Original Manuscript of the Magna Charta.

king was always in the position of advantage. Through his system of courts, through the army, and especially through the local militia trained by the king's officers, the monarch could at all times give substantial protection to his subjects. The barons, on the other hand, could restrain the king only by revolution or by threatened revolution. Thus, in appearance, English liberty grew by the union of powerful subjects with sections of the common people for the purpose of forcing or inducing the king to extend and enlarge the popular privileges. Yet the more

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important fact is that kings all the while found it to their advantage to enlarge and extend the local privileges of the people in order to weaken their most dangerous subjects. In all cases, whether by barons or by kings, the appeal to the people was made in the name of law. There were thus centuries of training whereby the people were taught to identify law and privilege and liberty. The law was made a perpetual bulwark against the brutality of lords and against the tyranny of kings. By those centuries of training the Anglo-Saxon race was fitted for democracy.

14. THE ORIGIN OF MAGNA CHARTA.

(1) **The Rise of Kings.**—Now in our Old English Chronicles, when they tell how the first English conquerors, Hengest and Horsa, settled in Kent, they do not call them *Cyningas* but *Heretogan*, Leaders or Dukes. It is not till after some victories over the Britons that we hear that Hengest took the *rice* or kingdom, and that his son Æsc is called *King*. So in Wessex, the first conquerors Cerdic and Cynric are called *Ealdormen* when they land; but, when they have established a settled dominion at the expense of the Welsh, we read that they too took the *rice*, and the leaders of the West-Saxons are henceforth spoken of as Kings.

It is plain then that the first leaders of the English settlements in Britain, when they came over, bore only the lowlier title of *Heretoga* or *Ealdorman;* it was only when they had fought battles and found themselves at the head of a powerful and victorious settlement on the conquered soil that they were thought worthy of the higher title of Kings. And we may further believe that, with all their exploits, they would not have been thought worthy of it, if they had not been held to come of the blood of the Gods, of the divine stock of Woden.

We thus see that kingship, in the strict sense of the word, as distinguished from the government of Dukes or Ealdormen, had its beginning among the English in Britain, not in the very first moment of the Conquest, but in the years which immediately followed it, within the lifetime of the first generation of conquerors.

The same distinction which we find among the Angles and Saxons we find also among the kindred nations of Scandinavia. When the Danes and Northmen began those invasions which led to such important settlements in Northern and Eastern England, we always find two marked classes of leaders, the Kings and the *Jarls*, the same word as *Eorl*. Of these the *Jarls* answer to the English *Ealdormen*. The distinction is again clearly marked, when we read that the Anglo-Saxons, the Saxons of the mainland, were ruled, not by Kings, but by what our Latin writer is pleased to call *Satraps*—that is, of course, *Dukes* or *Ealdormen*. —"*The Growth of the English Constitution*," *by Edward A. Freeman, pp. 57-59.*

(2) **William of Normandy.**—"William the Conqueror," was the natural son of Robert, duke of Normandy. He succeeded to the duchy on the death of his father in 1035.

With the assistance of his suzerain, Henry, king of France, he put down a formidable rising of his vassals in a battle near Caen in 1074. He visited in 1051 his childless kinsman Edward the Confessor, from whom he afterward claimed to have received a promise of the succession to the English throne. In 1052 he married Matilda of Flanders.

William obtained a bull from Pope Alexander II. which declared him to be the rightful heir to the throne; landed at Pevensey Sept. 28, overthrew Harold at the battle of Hastings, Oct. 14, and was crowned at Westminster, Dec. 25, 1066.

(3) **The Great Charter.**—There are indeed certain great political documents, each of which forms a landmark in our political history. There is the Great Charter, the Petition of Right, the Bill of Rights. But not one of these gave itself out as the enactment of anything new. All claimed to set forth, with new strength, it might be, and with new clearness, those rights of Englishmen which were already old. In all our great political struggles the voice of Englishmen has never called for the assertion of new principles, for the enactment of new laws; the cry has always been for the better observance of the laws which were already in force, for the redress of grievances which had arisen from their corruption or neglect. Till the Great Charter was wrung from John, men called for the laws of good Edward. And when the tyrant had unwillingly set his seal to that ground-work of all our later law, men called for the stricter observance of a Charter which was deemed to be itself only the laws of Edward in a newer dress. We have made changes from time to time; but they have been changes which have been at once conservative and progressive—conservative because progressive, progressive because conservative.

They have been the application of ancient principles to new circumstances; they have been the careful repairs of an ancient building, not the pulling down of an old building and the rearing up of a new. The life and soul of English law has ever been precedent; we have always held that what our fathers once did, their sons have a right to do again. When the Estates of the Realm declared the throne of James the Second to be vacant, they did not seek to justify the act by any theories of the right of resistance, or by any doctrines of the rights of man. It was enough that, three hundred years before, the Estates of the Realm had declared the throne of Richard the Second to be vacant.

By thus walking in the old paths, by thus hearkening to the wisdom of our forefathers, we have been able to change whenever change has been needed, and we have been kept back from changing out of the mere love of abstract theory. We have thus been able to advance, if somewhat slowly, yet the more surely; and when we have made a false step, we have been able to retrace it. On this last power, the power of undoing whatever has been done amiss, I wish specially to insist. In tracing the steps by which our Constitution has grown into its present shape, I shall try specially to show in how many cases the best acts of modern legislation have been, wittingly or unwittingly, a falling back on the principles of our earliest times.—"*The Growth of the English Constitution*," *by Edward A. Freeman, pp. 84-86.*

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15. THE NOBILITY AND KINGS MADE SUBJECT TO LAW.

From the signing of the Great Charter, 1215, to the first Tudor king, 1485, (1) there were perpetual conflicts between kings and factions of the barons, or between kings and leading nobles, who, in the later period, bore the titles of dukes and earls. During all this time the lower classes of the people were being trained under law. The historian, Creasey, estimates that at the time of the signing of the Charter half of the people were slaves. That is, half the people were bound to the soil as serfs or were chattel slaves. At the hands of common law courts or at the hands of kings and the high court of Parliament, slavery had practically disappeared by the end of the Wars of the Roses. Before the Great Charter, Henry II. had been the great organizer of the common law courts. At the end of the century of the Charter, Edward I. perfected the work of the permanent organization of the judiciary. The direct object of these kings in the organization of these courts was to gain the support of the lower classes of the people against the attacks of the barons. The people granted money to their sovereigns and served him as soldiers in return for protection against local tyrants among the nobility and gentry. Through the courts of law judicial process was substituted for violence and brute force. Through the training of the courts the middle and lower classes became orderly and law-abiding, centuries before the higher nobility were brought under subjection to law. Down to the period of the Wars of the Roses the great lords continued lawless and violent. Judicial processes went without resistance among the middle and lower classes, but when a duke or an earl was involved mob violence often ensued, witnesses were assassinated, jurors were murdered, courts were broken up by hired mobs or armed retainers.



Edward I.

The whole history of feudalism and the age of chivalry which sprang up upon the decline of feudalism was characterized by violence and brutality on the part of the ruling classes. In England as feudal dues gave place to money payment and free contract, the surplus revenue of the great lord was used to maintain a standing army of liveried men who followed the train of the dignitary and were everywhere a menace to good order and the peace of society. In the Wars of the Roses these enemies of law destroyed each other on the bloody field, and parliaments extended the work of destruction by summary confiscations and bills of attainder.

Henry VII. came to the throne with the old nobility much weakened by the civil wars. The lower clergy, the lower nobility, the commercial classes and all the lower classes in the State had long been law-abiding and orderly. Henry determined to complete the work of the Wars of the Roses by bringing all his great subjects under the reign of law. He looked to the clergy, the squirearchy, and the people for support while he proceeded to execute the laws against dukes and earls. There had long been laws against armed retainers and liveries, but they had remained a dead letter. With relentless vigor the king stripped from the nobility this source of lawless power. The nobility had always escaped their just share of the taxes.

Henry taxed them without mercy, and no doubt unjustly. The common law courts having long been accustomed to show undue deference to a lord, Henry set up the Star Chamber, an arbitrary court which in his hands was a powerful means for the training of the nobility in the new rôle of orderly and law-abiding

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conduct.(2) England, says Gardiner, needed a constable, and Henry VII. gave what was needed.

During the long reign of Henry VIII. the nobility continued to be trained to habits of obedience to law, and were permanently added to the law-abiding classes. During this reign also there was a revolution in the church. Throughout the entire history the lower clergy had, for the most part, sided with the people in all their struggles for liberty. The higher clergy had almost as uniformly sided with the party of reaction and privilege. The Church had accumulated great wealth which was in the hands of the few, who were, as a class, timid, and many were corrupt and tyrannical.

The doctrines of the Reformation had taken deep hold in England, and the policy of the government during the latter part of the reign of Henry VIII. and the reign of Edward VI. resulted in the confiscation of a large part of the property of the Church and in destroying the authority of the pope, so that the higher clergy as well as the lower, found themselves subject to the ordinary laws of England without any chance of appeal to a foreign potentate. The long reign of Elizabeth completed the work of making the English nation Protestant.



Henry VII., From an Original Picture in the National Portrait Gallery of England.

Thus at the hands of Tudor monarchs all classes of Englishmen had become wonted to submission to the authority of one supreme law. It is the great glory of the Tudors that they substituted the forms of law for violence and force. They were arbitrary and tyrannical, but, for the most part, they used their arbitrary powers to destroy or subdue the lawless classes. At the end of the Tudor rule there was a united England prepared to grapple with the last obstacle to the triumph of law over despotism.

When all but the monarch have been made law-abiding, and have been trained to habits of obedience to law, the question, Shall the monarch also submit to law? becomes a momentous one.

In England this was an old question. John not only promised to himself obey the provisions of Magna Charta, but he appointed twenty-five barons whose duty it was to make war upon him and compel him to obey. Throughout the reign of Elizabeth there was a growing party in the House of Commons who were accustomed to assume that it was the Queen's duty to observe the laws. On many occasions Elizabeth was induced to modify her policy out of regard to this party.

The Tudor monarchs were followed by foreign kings from Scotland who boldly challenged the law-abiding English nation with the proposition that kings are not subject to the law, that they rule by divine right, that to all subjects of every class belonged the simple duty of obedience. The trained party in the House of Commons was not slow to accept this challenge. Over this issue there was relentless conflict for a hundred years. As incidents in the conflict, one king was executed according to forms of law, and another was by law dethroned. Parliament assumed and exercised the authority of deciding who should be king. As a result of this conflict the conclusion was at least reached that the monarchs were subject to the decrees of Parliament.

The doctrine had also been definitely set forth that the final source of all law was not the king, nor Parliament, but the Nation at large. For more than two centuries this idea has gathered strength, until now it is an accepted axiom of the English Constitution. The Crown, Parliament, the Courts of Law are all subordi-

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nate agencies of the enfranchised nation, and all are subject to law. (3) Thus the law has been a schoolmaster leading to democracy.

15. THE NOBILITY AND KINGS MADE SUBJECT TO LAW.

(1) **First Tudor King.**—Still young, for he was hardly thirty when his victory at Bosworth placed him on the throne, the temper of Henry the Seventh seemed to promise the reign of a poetic dreamer rather than of a statesman. The spare form, the sallow face, the quick eye, lit now and then with a fire that told of his Celtic blood, the shy, solitary humor which was only broken by outbursts of pleasant converse or genial sarcasm, told of an inner concentration and enthusiasm; and to the last Henry's mind remained imaginative and adventurous. He dreamed of crusades, he dwelt with delight on the legends of Arthur which Caxton gave to the world in the year of his accession. His tastes were literary and artistic. He called foreign scholars to his court to serve as secretaries and historiographers; he trained his children in the highest culture of their day; he was a patron of the new printing press, a lover of books and of art. The chapel at Westminster which bears his name reflects his passion for architecture. But life gave Henry little leisure for dreams or culture. From the first he had to struggle for sheer life against the dangers that beset him. A battle and treason had given him the throne; treason and a battle might dash him from it. His claim of blood was an uncertain and disputable one even by men of his own party. He stood attainted by solemn Act of Parliament; and though the judges ruled that the possession of the crown cleared all attaint the stigma and peril remained. His victory had been a surprise; he could not trust the nobles; of fifty-two peers he dared to summon only a part to the Parliament which assembled after his coronation and gave its recognition to his claim of the crown.—"*History of the English People*," *by John Richard Green, M.A., pp. 67, 68.*

(2) **Henry VII. as a Constable.**—The improvement in the general wellbeing of the country had been rendered possible by the extension of the royal power, and the price paid for order was the falling into abeyance of the constitutional authority of Parliament. The loss indeed was greater in appearance than in reality. In the fifteenth century the election of members of the House of Commons depended more upon the will of the great lords than upon the political sentiment of the community. In the first half of the sixteenth century they depended on the will of the king. The peculiarity of the Tudor rule was that its growing despotism was exercised without the support of the army. It rested on the good will of the middle classes. Treading carefully in the steps of Edward IV., Henry VII. recognized that in order to have a full treasury it was less dangerous to exact payment illegally from the few, than to exact them legally from the many. Hence his recourse in time of trouble to benevolences. Hence, too, the eagerness with which he gathered in fines. The Cornish rebels were fined individually. The great lords who persisted in keeping retainers were fined. On one occasion the king visited the Earl of Oxford and found, when he went away, a band of retainers drawn up to do him honor. "My lord," he said, "I thank you for your entertainment, but my attorney must speak with you." If there was a man in England who had deserved well of Henry it was Oxford, but Oxford had to pay £15,000 ($75,000), a sum worth perhaps £180,000 ($900,000) at the present day, to atone for his offense. No services rendered to Henry were to excuse from obedience to the law. * * * In 1509, before any of these plans could have taken effect, Henry VII. died. He deserves to be reckoned amongst the kings who have accomplished much for England. If he was not chivalrous or imaginative, neither was the age in which he lived. His contemporaries needed a chief constable to keep order, and he gave them what they needed.—"*Gardiner's Student History*," *Vol. I., pp. 356-358.*

(3) **Doctrines of King James.**—Even before his accession to the English throne, he had formulated his theory of rule in a work on "The True Law of Free Monarchy;" and announced that, "although a good King will frame his actions to be according to law, yet he is not bound thereto, but of his own will and for example-giving to his subjects." With the Tudor statesmen who used the phrase, "an absolute King," or "an absolute monarchy," meant a sovereign or rule complete in themselves, and independent of all foreign or Papal interference. James chose to regard the words as implying the monarch's freedom from all control by law, or from responsibility to anything but his own royal will. The King's theory, however, was made a system of government; it was soon, as the Divine Right of Kings, to become a doctrine which bishops preached from the pulpit, and for which brave men laid their heads on the block. The Church was quick to adopt its sovereign's discovery. Convocation in its book of Canons denounced as a fatal error the assertion that "all civil power, jurisdiction, and authority were first derived from the people and disordered multitude, or either is originally still in them, or else is deduced by their consent naturally from them; and is not God's ordinance originally descending from Him and depending upon Him." In strict accordance with James's theory, these doctors declared sovereignty in its origin to be the prerogative of birthright, and inculcated passive obedience to the monarch as a religious obligation. Cowell, a civilian, followed up the discoveries of Convocation by an announcement that "the King is above the law by his absolute power," and that "notwithstanding his oath he may alter and suspend any particular law that seemeth hurtful to the public estate." The book was suppressed on the remonstrance of the House of Commons, but the party of passive obedience grew fast. A few years before the death of James, the University of Oxford decreed solemnly that "it was in no case lawful for subjects to make use of force against their princes, or to appear offensively or defensively in the field against them." The King's "arrogant speeches," if they roused resentment in the Parliaments to which they were addressed, created by sheer force of repetition a certain belief in the arbitrary power they challenged for the Crown. We may give one instance of their tone from a speech delivered in the Star-Chamber. "As it is atheism and blasphemy to dispute what God can do," said James, "so it is a presumption and a high contempt in a subject to dispute what a King can do, or to say that a King cannot do this or that."—"*Short History of the English People*," *by J. R. Green, p. 478.*

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16. THE TWO THEORIES OF LAW.

In the previous lessons we have traced the development of law on its sentimental and political side. Magna Charta was a summary of all the good maxims as to past law. As a political war-cry in the contests against tyrannical kings it was made to express all noble aspirations for liberty. This, it may be said, is mere sentiment; yet it is a sentiment which has been progressively getting itself embodied in political institutions for many centuries. All history is, in a sense, an evolution of sentiment. As the common law courts, beginning with the middle and lower classes, substituted judicial processes for feudal violence and brutality, the sentimental fondness of the people for their own good laws and customs became embodied in enduring institutions. This mere sentimental fondness for law had become so strong in the Tudor century that dukes and earls and bishops were all made alike subject to the common law of the land. Finally, when the Stuarts proposed to place themselves above law, Sir Edward Coke voiced the sentiment of the nation when he said, "Magna Charta knows no sovereign." Even kings became subject to law. Then, if king, and church, and all rulers are subject to the law, to whom must we look as the determiner of the law. To the enfranchised nation: the democracy. Law is an expression of the will of the nation. This is the present Anglo-Saxon view of law.

In the first chapter in these lessons the statement was made that there were two contradictory views of law corresponding to two sorts of States. One, that law, in its essential nature, is an expression of the common will, that it limits the power of rulers, that it tends to fulfillment in the perfectly self-conscious and coöperative State.(1) According to the other theory, law is something imposed upon the people, something which rests for its sanctions not upon the common will but upon brute force. It is an expression of the will of one or of the few. It is a command delivered by a master to slaves or subjects. The logical conclusion of such a theory is the Asiatic despotism. This last view has, however, been the accepted theory of law even in democratic countries. It is easy to understand how a master gives commands to slaves and enforces his commands by the lash. It is not easy to understand how the people set the law for themselves and how its enforcement rests upon the common will. In the case of such countries as Switzerland, England and the United States, we can recognize the fact that the people are themselves the source of law, but its explanation can never be made quite so easy and obvious as can that form of government which is typified by the master and the lash, or by the savage chief with a war club in his hand.

The theory that law has a despotic origin and that law is in its nature something imposed by brute force cannot be brushed aside as an obvious error. Both history and the opinion of the wise give strong support to that view. (2) In former lessons I have traced briefly a sentimental and political view of law which leads up to the democratic State. I believe that view is correct and important, but it does not express the whole truth. A much longer history might be written in support of the view that from beginning to end law in England has been a series of impositions despotically inflicted and enforced. In support of such a view there is no end of illustration. It must be conceded that all classes have at one time or another been made victims of innumerable brutalities in the name of law. These are facts which must be recognized. Yet in favor of the democratic theory of law we have in England to-day the solid conclusion of the democratic State. Do slavery, and brutality, and tyranny, tend in themselves to produce a democratic State? History seems to answer this question emphatically in the negative. Those institutions have tended to dehumanize the race, to destroy the State, or to produce an Asiatic despotism. In England, then, there have been two States contradictory in character struggling for ultimate expression.

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Had Stuart despotism prevailed, Magna Charta would have had a sovereign; and the Charter would have become in time a nameless and vanishing dream. What we now know as law would in time have become as obscure as such a thing is to a Chinaman. The association of law and liberty and the early struggles for liberty are being glorified because liberty has triumphed and the democratic State is becoming an accomplished fact.

Had despotism met with a like triumph quite another order of facts would be of primary importance in accounting for the result. And the facts making for despotism are as abundant and as well attested as are those making for liberty. Democracy has triumphed not because of those facts, but in spite of them.

The present democratic constitution of England is the product of the progressive association of law and liberty. The constitution is observed and obeyed by monarchs, by ministers, by Parliaments and magistrates; yet in England it is not a part of the positively enacted law of the land. In a sense, the constitution is of higher authority than any positive law, because it more directly represents the primary source of all law. The constitution is above positive law, because it more directly represents the will of the commonwealth. It is a series of understandings which render possible the existence of the State. No citizen, no officer, has a right to obey any positive law if in so doing he betrays or ruins the State. The constitution is above positive law because it is that which gives to positive law its meaning and its reason for existence.

In the development of the democratic State positive law tends to follow the analogy of the constitution and become a ruler of action recognized and freely observed by the citizen. Law has fulfilled its mission when its provisions have become freely and universally observed, or when there have been changes in conduct such as to render its provisions inapplicable, or when it takes its place as a convenient rule of conduct such as voluntary societies are wont to observe. In the democratic State the enactment and enforcement of positive law hold a place among the agencies for educating and training its rudimentary, defective and immoral members.

16. THE TWO THEORIES OF LAW.

(1) **Legislative Function.**—"For since it can never be supposed to be the will of the society that the legislature should have a power to destroy that which every one desires to secure by entering into society, and for which the people submitted themselves to legislators of their own making; whenever the legislators endeavor to take away and destroy the property of the people, or to reduce them to slavery under arbitrary power, they put themselves into a state of war with the people, who are therefore absolved from any farther obedience, and are left to the common refuge which God hath provided for all men against force and violence.

Whensoever, therefore the legislature shall transgress this fundamental rule of society, and either by ambition, fear, folly, or corruption, endeavor to grasp themselves, or put into the hands of any other an absolute power over the lives, liberties, and estates of the people; by this breach of trust they forfeit the power the people had put into their hands for quite contrary ends, and it absolves the people,. who have a right to resume their original liberty, and by the establishment of a new legislature (such as they shall think fit), provide for their own safety and security, which is the end for which they are in society."—*Locke's "Civil Government," p. 306.*

(2) **The Province of Jurisprudence.**—1. The matter of jurisprudence is positive law: law strictly so-called, that is, law set by political superiors to political inferiors. But since by the word law are also denoted, properly and improperly, other objects related to positive law by resemblance or analogy, it is first necessary to distinguish positive law from those various related objects; in other words, to determine the province of jurisprudence.

2. A law, in the literal and proper sense of the word, may be defined as a rule laid down for the guidance of an intelligent being by an intelligent being having power over him. This definition seems to embrace all the objects to which the word can be applied without extension of its meaning by metaphor or analogy, and in this sense law comprises

Laws set by God to men, and
Laws set by men to men.

3 *Laws Set by God to Men.*—To the whole or a portion of these has been sometimes applied the phrase, Law of Nature, or Natural Law. The phrase is also frequently applied to other objects which ought to be broadly distinguished. Rejecting it, accordingly, as ambiguous and misleading, I designate these laws, considered collectively, by the term Law of God.—"*Lectures on Jurisprudence," by John Austin, Vol. I., Part 1., p. 3.*

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17. THE INJUSTICE OF POSITIVE LAW.

There can be no law in the Western sense apart from a public moral conscience. In Asiatic countries there is no public conscience, hence there can be no law. The public will, the public conscience, is the source of law. But the public conscience does not admit of being perfectly formulated into positive law and enabled to enforce the penalties suited to each case. The specific requirement is always imperfect and more or less inadequately expressed; hence at best the law partakes of injustice. (1) Even granting that the law as a statement of required conduct is perfect, the agencies for the enforcement of the law are imperfect and hence unjust. The law ought to conform to the highest sense of public morality, but in practice this cannot be reached. Between law and morality there are always observed discrepancies and sometimes contradictions. The man whose morality stops with the requirements of the law is a positively immoral man. He whose honesty does not exceed legal requirement is a dishonest man. Above and around the law there must be an atmosphere of moral sentiment higher than law, and more exacting than law, or else the law itself will degenerate and fail.

The injustice of positive law is a fact which has been universally recognized. We may suppose that among the village communities of our Saxon ancestors, when the law rested simply upon the memory and the impressions of the aged, the wise and good members, that there must have been a very close approach of the law to the prevailing moral sentiment. And when wise and unprejudiced judges from the king's court visited the various localities and applied local custom to cases as they arose, the relation of law and morality must have been very close. But, as one judge followed another, the decisions of the courts came to be substituted for the memory of good men as to what was custom. The law became rigid, positive, hardened into fact. Then it was discovered that the law itself was often unjust and sometimes unendurable. To escape the injustice of the common law appeals were made to the Chancellor, the keeper of the king's conscience, to rectify the injustice of the law. This, it will be seen, was a direct appeal to the source of all law, namely, public morality. (2) Equity courts, apart from the trammels of positive law, proceeded to apply directly the highest sense of justice prevailing at the time to the cases in hand. In course of time the equity courts accepted as law the decisions of former courts. Thus in equity practice also the law became rigid and positive, and in many cases obviously unjust. Though a positive statute may come near fulfilling the demands of the highest moral sense at a given time, still circumstances may change and the law may come to have unforeseen and unjust effects. Then, again, the sense of morality may change. In a progressive State there is ever a higher and more exacting moral sense. From this cause also the law may become an offense to the moral sense of the community. Thus, while law is an attempt to embody and express the moral sense of the community, it at best comes short of the prevailing moral standard.

It is not, however, in the failure to attain good laws that the prevailing moral sense suffers most; it is the failure in administration. We may consent unto the law that it is good and at the same time deplore the unequal administration of the law. A trial is what the name implies, only an attempt to settle a case at law upon principles of justice. Much as our ancestors loved their good laws and customs, they were often at their wit's end in the application of their customs. They honestly tried to reach a settlement by witness, by testimony, and by the wisdom of the aged. Only when these means failed did they resort to ordeal. Yet various kinds of ordeal grew up as a testimony to the failure of the law. Among the Normans in place of the ordeal there had grown up the practice of trial by battle. The two contestants sought to establish the justice of their respective claims by a duel in the presence of witnesses. The trial by battle was always an offense to the

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moral sense of the English. They compared the trial by battle not so much with their own trial by ordeal as with their trial by the oaths of witnesses. The effort of the English to get rid of the trial by battle and to retain their trial by witnesses was an important factor in developing and preserving the jury system.

The jury system abundantly illustrates the action and reaction of law upon the moral sense of the community. Whatever may be said of other parts of the public law, the jury system never was arbitrarily imposed upon the people. It grew out of a fusion of customs, among both Normans and English, to which the people were attached. The jury was always understood to voice the sentiment of the local community. It was an attempt to apply the will of the community to the settlement of cases or to the punishment of delinquents. Yet what we call the jury has always been undergoing change. The acts of the jury have never satisfied the moral sense of the community. The system is an attempt to express the moral sense, but it does this imperfectly or inadequately. The national attachment to the jury system has at no time arisen from the conviction that it is an agency for securing exact justice, but has been due rather to the belief that it was less unjust than some other competing system. In its origin the jury did compare favorably with the trial by battle or with the ordeal. The people also preferred to trust the jury rather than the arbitrary decisions of the judge. One of the chief merits of the jury system arises from the fact that it has kept the community as a whole in direct contact with the profoundest intricacies in the administration of law. Thus even the most ignorant have been saved from superstitions and legal illusions prevailing in other countries; the most ignorant have remained in full realization of the fact that the administration of law, at its best, is only a crude and imperfect attempt to attain justice. It is the glory of the Anglo-Saxons that the common people have in the main rated lawyers and judges at their true value. If there has been superstition, it has been confined to a limited class who were made the victims of a false education. Through the jury system more, perhaps, than through any other one agency, the sense of guilt on account of the failure of justice has been brought home to the community at large. The jury represents the community. Along with the growing sense of the imperfection and injustice of the courts there has been a growing sense that the guilt rests upon the community as a whole. Thus the fountain of justice has been purified.

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17. THE INJUSTICE OF POSITIVE LAW.

(1) **Law and Equity.**—But, lastly, the most universal and effectual way of discovering the true meaning of a law, when the words are dubious, is by considering the *reason* and *spirit* of it; or the cause which moved the legislature to enact it; for when the reason ceases, the law itself ought likewise to cease with it. An instance of this is given in a case put by Cicero, or whoever was the author of the treatise ascribed to Herennius. There was a law that those who in a storm forsook the ship should forfeit all property therein, and that the ship and lading should belong entirely to those who stayed in it. In a dangerous tempest all the mariners forsook the ship, except only one sick passenger, who, by reason of his disease, was unable to get out and escape. By chance the ship came safe to port. The sick man kept possession, and claimed the benefit of the law. Now here all the learned agree that the sick man is not within the reason of the law; for the reason of making it was to give encouragement to such as should venture their lives to save the vessel; but this is a merit which he could never pretend to, who neither stayed in the ship upon that account, nor contributed anything to its preservation. From this method of interpreting laws, by the reason of them, arises what we call *equity*, which is thus defined by Grotius, "the correction of that, wherein the law (by reason of its universality) is deficient." For since in laws all cases cannot be foreseen or expressed, it is necessary that when the general decrees of the law come to be applied to particular cases, there should be somewhere a power vested of defining those circumstances which (had they been foreseen) the legislator himself would have expressed. And these are the cases which, according to Grotius, "*lex non exacte definit, sed abitrio boni viri permittit.*"

Equity thus depending, essentially upon the particular circumstances of each individual case, there can be no established rules and fixed precepts of equity laid down without destroying its very essence, and reducing it to a positive law. And, on the other hand, the liberty of considering all cases in an equitable light must not be indulged too far, lest thereby we destroy all law, and leave the decision of every question entirely in the breast of the judge. And law, without equity, though hard and disagreeable, is much more desirable for the public good than equity without law; which would make every judge a legislator. —"*Blackstone's Commentaries*," *Vol. 1, Sec. 2, No. 5.*

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and introduce most infinite confusion, as there would then be almost as many different rules of action laid down in our courts as there are differences of capacity and sentiment in the human mind.

(2) **Equity.**—The next instrumentality by which the adaptation of law to social wants is carried on I call Equity, meaning by that word any body of rules existing by the side of the original civil law, founded on distinct principles and claiming incidentally to supersede the civil law in virtue of a superior sanctity inherent in those principles.

The Equity, whether of the Roman Prætors or of the English Chancellors, differs from the Fictions which in each case preceded it, in that the interference with law is open and avowed. On the other hand, it differs from legislation, the agent of legal improvement which comes after it, in that its claim to authority is grounded, not on the prerogative of any external person or body, not even on that of the magistrate who enunciates it, but on the special nature of its principles, to which it is alleged that all law ought to conform. The very conception of a set of principles, invested with a higher sacredness than those of the original law and demanding application independently of the consent of any external body, belongs to a much more advanced stage of thought than that to which legal fictions originally suggested themselves.—"*Ancient Law*," *by Maine, pp. 27, 28.*

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18. VICARIOUS PUNISHMENT.

In Henry County, Illinois, there were once living Indian tribes and at the same time there were white people who had recently imported the institutions of civilization. An Indian from one tribe slew an Indian in another tribe. The slayer was arrested and brought into the white man's court for trial. Shabbona, the chief of one of the tribes, appeared before the court and alleged that the tribunal had no jurisdiction. The Indians, he said, were living under laws of their own. According to Indian law no crime had been committed. The man under arrest belonged to a tribe in which a child had been slain by a member of the other tribe. The act of vengeance which had led to the arrest was simply an act fulfilling the requirements of the law of the tribe. This case illustrates a principle of universal application in the evolution of justice. (1) There is a family and a tribal consciousness which precedes the development of the individual consciousness. In such a state of society both the committing of crimes and the punishment of crimes are vicarious in their nature. An individual commits an act which makes the whole tribe guilty of murder. In such a case the demand is not that the guilty man be punished, but that the guilty tribe be punished, and the tribe is punished when one of its members has been slain.

To the moral sense which comes with later development these vicarious punishments appear as rank injustice. And even to the dull and savage man vicarious punishments are not satisfying. The individual is not satisfied with the rude "an eye for an eye and a tooth for a tooth" exacted from the offending tribe. There arises a feeling of personal revenge which among savages expresses itself by inflicting personal torture and mutilation. The growth of personal vengeance tends to weaken the tribal consciousness and to induce anarchy. In its efforts to escape destruction at the hand of the private avenger the early society takes its early lessons in individual distributive justice. A higher type of morality is developed, and from the higher morality there arise crude efforts to apportion justice according to the deserts of the individual offender.

Vicarious punishments, however, continue for ages after all sense of vicarious crimes has been lost. In all good conscience the prudent master visits condign punishment upon one slave for the purpose of inducing a spirit of obedience in the entire class of slaves. Criminals are publicly executed as a warning to the criminally inclined. For the same reason the grim skulls of noted criminals are exposed at the city gate as a warning to the citizen. Cromwell's body was not permitted to rest quietly in the grave. All sorts of punishments and indignities and mutilations have been visited upon the bodies of offenders for the sake of their effect upon the minds of possible offenders. In despotic states these practices continue to the present day. A government by force must rely upon vicarious punishments; it must strike terror into the minds of its subjects. But to the mind of the normal citizen in the

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democratic State such acts are unjust. The democratic State requires a higher and more fully developed moral sense. A democratic State cannot consistently inflict vicarious punishments. Whenever such a State yields to motives of vengeance it reverts to the barbaric state of mind. The citizens in the democratic State prefer to endure vicarious suffering rather than to inflict upon one selected victim punishments which others may perchance deserve. In the democratic State there is a growing sense of guilt on account of the delinquencies of its defective members. The public recognizes its own share in the guilt of its criminal classes. The democratic State will freely spend ten thousand dollars in the prosecution of an offender and then feel entirely satisfied with the imposition of a fine of a hundred dollars. The State expects to suffer at the hands of its criminal classes. It prefers to suffer injustice rather than to do injustice. It prefers to solve doubts in favor of the accused. It would let ten guilty men escape rather than visit punishment upon one innocent man.

In recent years the London County Council has built three school houses upon the ruins of vacant prisons. The prisons were in their day themselves institutions of learning. But as such institutions they represented a lower type of public morality. Of the schools also it may be said that they are institutions for the attainment of justice; and as such they are of a higher grade than are prisons and courts of law. In the Anglo-Saxon world there has been a minimum of cant, and superstition, and humbug about the sacredness of prisons and courts of law. In the minds of the people these at best have stood for crude and imperfect attempts at the administration of justice. English literature and English history abound in evidences of a sense of the injustice of the so-called agencies for the administration of justice. The penitential tears which have made for the purification of society have been shed outside of prison walls rather than inside. The men whom Howard found in English prisons were probably not distinguished for genuine penitence. It is because of the awakened public conscience directed against the injustice and the failure of justice on the part of the agencies of the State that courts of law in England and America have been made worthy of such a high degree of respect. But justice is a thing which does not admit of being administered by mere mechanical agencies and institutions. The Greeks were right when they presented justice as the ideal which challenges the highest endeavor of the citizen. (2) The kindergarten is an institution for the attainment of justice of a higher grade than is a prison or a court of law. Yet if one should find the best system of kindergartens in the world, where the best of mothers coöperate with the best of teachers, where the child passes from the kindergarten through the best schools which the world affords, such a system would but imperfectly express the just requirements for the education of youth. Nay where the schools are actually the best, there we find the keenest sense of delinquency and imperfection, just as in those places where the courts of law come the nearest to fulfilling the demands of justice there is the keenest sense of delinquency and injustice. The law is not fulfilled, or it is not justly executed, until the principles of the law are written upon the cortex of the brain and have become the habitual guide to the conduct of the perfectly free man. In such a case law and liberty are seen to be identical.

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18. VICARIOUS PUNISHMENT.

(1) **Primitive Justice.**—Among the English, as among all the races of mankind, justice had originally sprung from each man's personal action. There had been a time when every freeman was his own avenger. But even in the earliest forms of English society of which we catch traces this right of self-defense was being modified and restricted by a growing sense of public justice. The "bloodwite," or compensation in money for personal wrong, was the first effort of the tribe as a whole to regulate private revenge. The freeman's life and the freeman's limb had each on this system its legal price. "Eye for eye," ran the rough customary code, and "limb for limb," or for each, fair damages.

We see a further step towards the recognition of a wrong as done not to the individual man, but to the people at large, in another custom of early

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date. The price of life or limb was paid, not by the wrong-doer to the man he wronged, but by the family or house of the wrong-doer to the family or house of the wronged.

Order and law were thus made to rest in each little group of English people upon the blood-bond which knit its families together; every outrage was held to have been done by all who were linked by blood to the doer of it, every crime to have been done against all who were linked by blood to the sufferer from it. From this sense of the value of the family bond, as a means of restraining the wrong-doer by forces which the tribe as a whole did not as yet possess, sprang the first rude forms of English justice.

Each kinsman was his kinsmen's keeper, bound to protect him from wrong, to hinder him from wrong-doing, and to suffer with and pay for him, if wrong were done. So fully was this principle recognized that, even if any man was charged before his fellow-tribesmen with crime, his kinsfolk still remained in fact his sole judges; for it was by their solemn oath of his innocence or his guilt that he had to stand or fall.—"*A Short History of the English People*," *by John Richard Green, pp. 2, 3.*

(2) **Law and Ethics.**—The ethical decisions of a community have no express mouthpiece. Our only tribunal is an ideal and abstract one; the practical judgment, as Aristotle saw long ago, must measure itself by the imagined judgment of a reasonable man. It must here be noted that we are speaking to Englishmen, and of the state of things which we find in England We do not forget that at sundry times and in sundry ways attempts have been made to set up a kind of ethical judicature, and to put ethics on the footing of positive law. Thus, a large party in the Roman Church regards the Pope as being in a strict and proper sense the final judge (if not also a legislator) in questions of morality, and his formal decisions on such questions as being indisputable all the world over, in like manner as the decision of the House of Lords on a point in English law is indisputable in England.—*Pollock's "Essays in Jurisprudence and Ethics," p. 271.*

THIRD WEEKLY REVIEW.

13. **DESPOTISM OPPOSED TO LAW.**—The Command of an Autocrat is not Law. Tribal Instinct is not Law. Law Rests upon the Will of a Self-Conscious and Free People.
14. **ORIGIN OF MAGNA CHARTA.**—English Kings Win the Support of the English by Securing to them their Good Laws and Customs. Threatened Destruction leads the Barons to draw the Sword for Liberty of the People.
15. **NOBILITY AND KINGS MADE SUBJECT TO LAW.**—The Wars of the Roses Weaken the Nobles, and the Tudor Monarchs Subject them to the Law of the Land.
16. **TWO THEORIES OF LAW.**—Law in the Western State Rests upon the Will and Choice of the People. What is called Law in a Despotism rests upon Force.
17. **THE INJUSTICE OF POSITIVE LAW.**—Equity was Invented to Cure the Injustice of Common Law. Even when Laws are Just, there is Injustice in their Execution.
18. **VICARIOUS PUNISHMENTS.**—The Tribe is Vicariously Held Guilty of the Crime of a Member. Vicarious Punishments Survive Vicarious Crimes. The Just State will Suffer Wrong rather than do Wrong.

QUESTIONS.

13. *Can a despot make and execute laws? If the autocrat rules according to law, does he remain an autocrat? Are slaves subject to law? Are bees subject to law? How is law related to liberty?*
14. *To what fact do the English owe the preservation of their early laws and liberties? What induced the Barons to defend the liberties of the English? What is Magna Charta? Who were the chief defenders of the charter?*
15. *How were slavery and serfdom abolished in England? What classes were earliest law-abiding? How did the barons and higher nobility become subject to law? How were kings made subject to the law? If all are subject to law, who is sovereign?*
16. *What are two contradictory meanings of law? Which is the more easily understood? If Stuart despotism had become permanent in England what would have become of Magna Charta? Does English history furnish support to the view that law is something imposed by force? Is the English constitution above law? In a free State is there a moral sense higher than law?*
17. *Are positive laws always imperfect? In a free State does law always do violence to the highest moral sense? Why was equity developed? Can just laws be justly executed? Explain the origin of the jury? What are some of the chief uses of the jury?*
18. *What is a vicarious crime? What is a vicarious punishment? Is a vicarious punishment just? Is it just that the State should suffer on account of its delinquent members? Is it more nearly just to suffer wrong than to do wrong?*

SUBJECTS FOR SPECIAL STUDY.

1. *Practical Jurisprudence. A comment on Austin by E. C. Clark.*
2. *English history leading up to Magna Charta.*
3. *"History of English Law." Pollock and Maitland.*
4. *Triumph of Law in Tudor and Stuart centuries in England.*
5. *Maine's "Ancient Law."*
6. *Modern tendency to substitute schools for prisons.*

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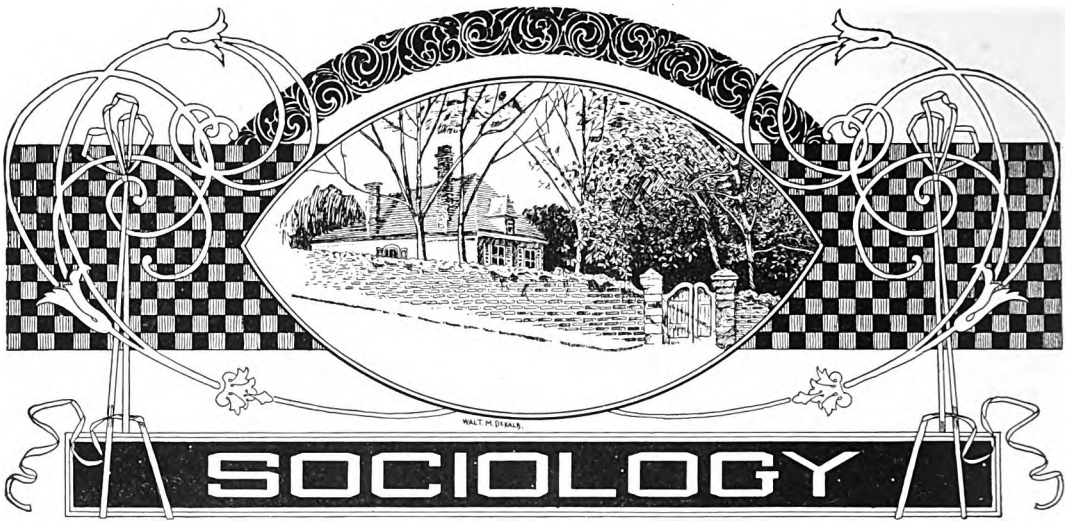

EDUCATION AS A SOCIAL FACTOR.

BY

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19. THE PLACE OF EDUCATION IN EVOLUTION.

ALL thoughtful men, from the earliest times till now, have agreed in attributing the greatest importance to education as a factor in the development and maintenance of society. (1) It has indeed been often better appreciated than the factor which modern science has taught us to emphasize so greatly, namely, heredity and the accompanying selection which purifies the race and provides the instincts and the faculties which are the foundation of society. It has seemed to some men that any kind of persons would make good members of society if they were only carefully and properly educated. (2) In our time, on the other hand, we sometimes hear men talk as if men of sound heredity would turn out all right, whatever their circumstances and education might be. We all seem inclined to go to extremes in our application of our pet idea, for the human mind is a little thing and seldom has room for more than one idea or one enthusiasm at once. The truth seems to lie rather in a combination of the two ideas than in any compromise between them. The social man is the product of *both* selective heredity and education. No amount of education can fully atone for defects of hereditary constitution. The most that society ever accomplishes with beings of perverted instincts and obtuse sensibilities is to repress them somewhat and stimulate to the utmost the qualities which are deficient, but such persons are always a burden to society and any considerable number of them constitute a serious danger. To prevent the increase of these social defectives a multitude of selective agencies must be kept constantly at work winnowing humanity. The action of these forces used to be one of the old inscrutable mysteries, but modern science has reconciled us to it.

But with social beings as with all other beings a right start does not insure a right outcome. Bad seeds never produce good plants, but even good seeds do not insure good plants unless they are planted in the right soil and warmed by the sun and watered by the early and the later rains. And this does not always happen either with seeds or with men.

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Social development, like all other development, thus depends on two sets of conditions which are conspicuously separated by the fact of birth. The pre-natal conditions we conveniently distinguish by the term heredity, while the post-natal conditions are popularly known as nurture or education. Neither of these latter terms are very satisfactory to designate what we have to deal with. Nurture suggests physical care, and especially the family care and development of the young, while education is associated too closely in the popular mind with going to school or to college. Both of these are mere fractions of what we have to consider. As we have no other term, perhaps the best we can do is to stretch the term education to cover the larger subject. It must be carefully borne in mind, however, that when we use the term education we mean something very different from going to school. Under education are included all the processes which tend to shape men after they are born for their life conditions. The men who are not sufficiently educatable tend to disappear, either directly by succumbing to untoward conditions, or it may be indirectly in the person of their descendants who, by a vitiated heredity, find themselves increasingly unable to resist these conditions. But all this is no part of education any more than expelling bad boys from school is schooling. It is selection, the great sister process of education. Education is the process that fits men to their life conditions, selection is the process that eliminates the unfit. When education does not do its work, then the unfit become more numerous and many have to be disposed of who, under different conditions, would have developed a high degree of fitness. These are only artificially unfit; that is, they are unfit because they are not fitted. There is no truer work of philanthropy than to distinguish these victims of circumstance from those who are defectives of heredity, and reserve them by wise reclamatory education from the great winnower, but there is also no philanthropic work that is more difficult. We shall see later also that as regards social selection, the elimination can never go beyond a certain narrow limit. If education does not properly fit people to take their place in society after nature has done her part, society will have to put up with them as they are. No society has the power to eliminate more than a very small part of its members. If, therefore, a large number fail to attain a high standard, the society must content itself with a low standard, and this means that it must be at a disadvantage as compared with other societies with more efficient education and so run the risk of being eliminated itself. The elimination of individuals thus easily passes into the elimination of societies in default of deficient education.

19. THE PLACE OF EDUCATION IN EVOLUTION.

(1) **Educational Influences in Society.**—Plato is conspicuous among the great men who have emphasized the importance of education in connection with society, especially in connection with the state. His remarkable treatise on politics, "The Republic" proposes a system of education the most complete and rigorous that was ever devised. It covered every moment of the citizen's life, and its purpose was to mold every element of individuality into a form useful to society. Modern conditions have made his specific proposals wholly impracticable, and some of them were certainly mistaken from the first, but his general argument retains its interest and importance.

The general impression which one gets from reading Plato is that he stakes everything on education and expects the impossible from it. Yet Plato showed his sagacity in that he based his great claims for education upon an equally firm faith in selection.

(2) **Philosophers of the Eighteenth Century.**—Most of the philosophers of the eighteenth century, in their revolt against the obsolete artificial distinctions existing between men, largely overlooked the fact that there were real natural differences between men and were inclined to believe that with proper education they would eventually turn out substantially equal. It is this view which is expressed in the Declaration of Independence, embodying the well-known views of Jefferson, which he in turn took from Rousseau. "All men are born equal and are endowed by nature with certain inalienable rights among which are life, liberty and the pursuit of happiness." We now recognize that men are born unequal and very dependent on one another, and that nature has never secured to any of her creatures any of the rights here declared to be inalienable. These are not natural gifts but social achievements, difficult both to secure and to maintain. The only equality we now attempt to secure is an equality before the law, which was certainly not what Jefferson meant, as it is certainly not an equality to which men are born.

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20. SOCIAL EDUCATION.

The eighteenth century gave a great stimulus to education, at least to certain phases of it. Philosophers like Rousseau and Adam Smith ascribed to it an importance which now seems to us extravagant, and the great men who were prominent in the revolutions and reorganizations of society which marked the close of the century entertained similar opinions. This new consciousness of the importance of education was closely connected with the effort to make the great mass of men participate more fully in the duties and privileges of government. It has been a maxim ever since the great popular governments of modern times were started that republics could not subsist without universal education. (1) Slowly this idea has been enlarged until men have come to appreciate that not only republics but societies in general are dependent on education; that not only government but the domestic religions, industrial and commercial organization of society, in short all civilization, can exist only by virtue of an appropriate education of individuals for their functions. (2)

But while the importance of education has thus been increasingly recognized it has often been forgotten that the desired results could be secured only by an *appropriate* education. (3) This has of course been conceded, but mere concessions do not amount to much when it comes to the recognition of principles. In the insistence which has been laid upon education there has been surprisingly little discrimination between the different forms of education and the functions which they severally subserve.

As regards the preservation of society, education may be divided into three kinds: Social, neutral and anti-social. All of these are different forms of individual education, but with reference to different needs. The first fits the individual to help himself by serving society; the second fits him to help himself independently of society, and the third fits him to help himself at the expense of society.

Social education may again be of two kinds. The first consists in the development of the social instincts. Other things being equal, that society is strongest whose members are most strongly attached to one another and are most easily coördinated by subjection to a common impulse and the recognition of reciprocal needs. If the *esprit de corps* of a group is strong and its internal organization is fortified by feelings which make the different members take their places with alacrity and without confusion, the society will be relatively powerful and enduring. (4) We seldom realize how large an effort is constantly put forth by society to cultivate these instincts and emotions and how sadly we suffer when these efforts slacken or fail.

The second kind of social education we may call intellectual and analytical. Its purpose is to explain society to men so that they can manage it more wisely and mend it on occasion. The work we are now doing is of this kind. Though very important it is nothing like so important as the other, because our power to manage society by conscious effort and to mend it by artificial processes is very slight at best. Such as it is, it is by no means to be despised, however, and though it is far more important that men should feel social and patriotic than that they should be able to explain all about these feelings, still we have much reason to hope that clear analysis here as elsewhere will increase our power. If it accomplished nothing else it would be a great gain if it prevented our making a mess of things, as we so often do by unwise interference. (5)

Neutral education is that which fits us to deal with nature. Although I have called it neutral it must not be supposed that it is of no advantage to society. Society is after all a group of men who have to deal with nature single handed in many connections to the last. Everything that increases a man's efficiency in this individual struggle with the forces of nature, tends to strengthen the society to which he

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belongs by better insuring the existence of its members and broadening the basis on which their concerted action rests. This kind of education includes instruction in technical processes and in general all that is usually included under physical and "natural" science. Few things have contributed more to the social development of our day than the great increase in the individual mastery of nature which has given men new interests to protect and a new margin of time and resource to expend in social advancement.

Anti-social education includes all that development of skill and instinct whose tendency is to prey on society. The burglar, the gambler and the railroad wrecker are in a sense highly educated men, but their education is pernicious to society. The anti-social education which consists in learning nefarious arts is not very conspicuous, though perhaps more extensive and systematic than is usually supposed. (6) But much the commoner form of anti-social education consists in the development of individual shrewdness and a neglect of the social instincts which are the only guarantee that the shrewdness will be usefully applied. It is to be feared that this is exceedingly characteristic of our boasted education.

When we are inclined to stake our faith in the perpetuity of our institutions, and our civilization on the generality of our popular education, it behooves us to ask what is the character of that education and in what proportions the different elements are combined. It is to be feared that the result of such an inquiry would not always be reassuring.

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20. SOCIAL EDUCATION.

(1) **Next to Bread.**—Thus Danton, the leader of the moderate party in the French Revolution declared in connection with the effort in which all were engaged to found a popular government in France: "Next to bread, education is the supreme requirement." The fall of the second empire in France and the reinauguration of the republic resulted in a renewed and strenuous effort to extend the system of popular education in France. It is well known that Americans have pinned their faith to popular education in an unusual degree.

(2) **No Monopoly of Republicanism.**—That popular education is not a monopoly of republican societies is apparent from the fact among others that it has nowhere been longer or more assiduously cultivated than in Prussia, a country which is far from democratic in its governments. In England, on the other hand, where popular government is older and more firmly established than anywhere else in the world, popular education has been of slow growth and has not yet been made compulsory or even free. The intimate connection so often asserted to exist between popular education and popular government is somewhat doubtful. More exactly, we should say, popular government is dependent upon many other things than popular education, and popular education is dependent upon many other things than popular government.

(3) **Perpetuity of American Institutions.**—Thus President Eliot of Harvard University in an article published some years ago in the *Forum* on "Some Reasons for Believing that American Institutions May Endure," lays much stress upon our system of education. The arguments to be conclusive must go much farther and show what it is in our education that tends to perpetuate our institutions. While such an analysis would probably support in the main President Eliot's conclusion it could not but reveal some counteracting tendencies.

(4) **Military Discipline.**—A conspicuous example of such education is found in military discipline. The object of it all is to displace individual impulses and instincts by a peculiar set of social instincts, *i.e.*, army instincts. Every man learns not only to take his place instantly in a very complicated organization, but also to think the thoughts and feel the feelings of this same organization. On the negative side the process may be described as the elimination of individuality, which, however valuable it may be, is in itself an anti-social fact. The reaction of military discipline upon thought and feeling is seldom appreciated. It is noteworthy how long an army will remain true to a monarch or a government after the population from which this same army is recruited has become dissatisfied. There can be no doubt that the great emphasis laid by the present German emperor on the military establishment is actuated quite as much by his fear of domestic discontent as by his fear of foreign invasion. Not that he wishes to have troops to quell riots, but he wishes to have a three years' opportunity to discipline the discontent out of every citizen and create in him instincts and sympathies which no amount of agitation shall be able to overcome. There can be no doubt of the soundness of such reasoning from his standpoint.

The same tendency has been noted in our politics since the civil war. The great armies organized during that struggle have never been dissolved by any political issues that have since arisen. Only by the appearance of a new generation uninfluenced by this discipline has the normal judgment of political issues again become possible.

Something akin to military discipline, though less intense, is involved in all social organization. We may describe it as the displacement of individuality by collective feelings and ideas.

(5) **Unwise Interference.**—The case is quite similar to that of medicine. The vital forces that create and maintain the human frame are infi-

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nitely more important than all the medicines in the world. Indeed, one of the best results of the more thorough study of medicine has been the bringing of medicine giving into disrepute. The wise physician like the wise sociologist is sure to deprecate any ruthless interference with the vital processes. All of which tends to prove, however, not as some would have us believe, that these investigations have no utility, but rather the reverse.

(6) **Schooling in Crime.**—It is a well established fact that criminals are not left to pick up their trade, but are instructed often in a very systematic manner. Regular schools are of course difficult to maintain on account of the interference of the police, but they are not unknown. A school for thieves was recently discovered in Paris which met in a boat on the Seine. When surprised by the police the professor was giving instruction to an attentive class. But while such instruction is seldom long-continued at one place this does not prevent its being persistently and systematically given for considerable periods of time. The fellow-feeling between outcasts leads them to do all they can to help one another in their common struggle against society, which they all regard as their enemy. The sense of obligation which they feel is worthy of a better cause.

Incidentally, however, society has often furnished these classes with the opportunity for a criminal education which it denied them in other connections. This has been in prison, where associations were formed by the state which were quite at variance with its intentions. Young criminals have repeatedly confessed to having committed crimes involving a penalty of imprisonment in order that they might meet experts in their profession. One of the greatest problems of prison discipline has been how to effectually prevent this criminal education under its own auspices.

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21. EDUCATION IN MORALS.

It is unnecessary to enter here into any discussion of the origin of moral instincts or of their importance to society. It is sufficient to say that these instincts are found in all social beings and that like all other faculties they are capable of development by education. The question for us to consider is, how far education is a factor in the moral development of men.

It may be as well to recognize at the outset that a great many people have been disappointed as to the results of education, that is school education, on public morals. They point to the fact that many well-educated men are profligate and even criminal, and it has even been questioned at times whether public education, by rendering evil-disposed persons so much more dangerous, was not a doubtful benefit. (1) The complaint is quite like that which is often made that schooling does not fit men for business, even unfits them for it, some would say. (2)

There is much exaggeration in all such statements. It has never been proved that education made men immoral or unbusiness-like, and it is all but certain that a careful investigation would tend to prove the contrary. The educated classes are not the least moral but on the whole the most moral classes in society, and their superiority in other lines is quite as well established, while the vicious and incompetent are generally seriously lacking in education. But there are confessedly a great many exceptions to both rules which certainly indicates that education carries with it no guarantee of moral development. The only wonder is that anybody ever expected that it would. What is there about the ability to read Latin or use logarithms that should make men more dutiful? These things have their value, but it is not in the moral line. In many studies there is no suggestion of moral relation nor is it apparent how the study of such branches can ever react upon the moral character of the student. We might as well expect that the study of theology would make a man a good doctor as that the study of chemistry would make him a good citizen. It may only teach him to make bombs.

And this leads us to a conclusion which it is strange that men should ever have forgotten. Different kinds of education produce results, *each after its own kind.* Our confidence in the efficacy of any sort of education to produce every kind of result has been perfectly fatuous. It takes a musical education to make musicians, a business education to make business men and moral education to make moral men. It is no more wonderful that schools do not turn out good morals than that they do not turn out good music. They pay no attention to either music or morals. or paying attention to them they are unskillful and defeat their own ends.

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We have seen, too, that education may be positively immoral, perverting the moral instincts or encouraging practices which are incompatible with morality. While the more obvious cases of immoral education, like the training of thieves, are necessarily concealed from view, there are forms, quite as dangerous which are carried on in the name and with the sanction of society.(3) This makes still more ambiguous the moral results of general education.

That education which can be called moral and from which alone we may fairly expect a development of moral character must consist of two parts, the development of moral instincts and the direction of the moral instincts. That is, men must be taught to care more for right when they see it, and second, to distinguish more clearly what is right. The first is emotional and the second intellectual.

Men can not usually be made to feel the sacredness of right by simple moral lectures. These are quite as likely to produce counter feelings at the same time that their logic is quite convincing.(4) Feeling comes substantially from only two sources, personal experiences and the contagion of other people's feeling. A part of the moral education of every person comes therefore from his experience of the consequences of wrong action both to the actor and to others. This kind of education is usually quickened in systematic education by adding to the natural penalties certain artificial ones which are more obvious. Thus, a child may not see the evil consequences which naturally follow lying, and his perception may need to be quickened by a whipping or other appropriate reminder. In the long run, however, such penalties will be effective only in proportion as they correspond to real dangers which experience reveals. (5)

The second and more important source of moral feelings is suggestion or sympathy. We unconsciously imbibe the sympathies and repugnances of those with whom we are sympathetically associated. We thus come to have intense feelings about a multitude of subjects with regard to which we have no direct experience. It is thus that the lessons of experience are generalized and perpetuated, and we are born heirs to a moral inheritance which is the most valuable of all patrimonies. The thoroughness with which the accumulated moral conviction of society is transmitted to the individual depends upon the moral vigor of those with whom he is associated and their ability to command his sympathy. (6)

The direction of moral sentiment is simply a question of applied intelligence, not of intelligence in general as is often asserted, but of intelligence in connection with moral relations, that is, relations between man and man. (7)

The unsatisfactory moral results of school education are no mystery. They are due to the neglect of moral relations in the training of the intelligence, to the failure of teachers to command the sympathy of their pupils and not unfrequently to their own moral feebleness and indifference.

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21. EDUCATION IN MORALS.

(1) **The Bomb Thrower.**—Dynamite bombs used on a few occasions by anarchists are a case in point. But it is to be remembered that those who have made and thrown these bombs have almost invariably been uneducated men, so that their action is no indication of the evil results of education on the individual. Indeed, a reasonable education would probably have done much to counteract their folly. If bomb throwing proves anything against education it is rather against education in general and indeed against scientific investigation itself. If there had been no development of chemistry there would have been no bombs, but if the secrets of nature are discovered we cannot keep them from evil-minded persons. It is only to be said in reply that chemistry has thus far brought us infinitely more good than harm and that the development of social dangers is generally fully matched by the development of social safeguards.

(2) **Baseless Theories.**—Business men, like other men, have their prejudices. The writer has known able business men who had fixed rules never to employ a man who whistled or who wore low shoes and white stockings (at a time when these were much in fashion) and who attributed much of their success to some such superficial principle. It is needless to say that their success was more dependent on their shrewdness in choosing among the remaining candidates on grounds which they had not consciously formulated than on the original exclusion of which they made so much. Such idiosyncracies warn us not to attach too much importance to the declaration occasionally made by a business man that he will not employ a college or high school graduate, or even, some have said, the graduate of

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a business college. Such statements make a sensation and usually hint at some defect in education, but they are for the most part mere personal foibles.

(3) **Legal Trickery.**—To outsiders, at least, this seems especially true of some forms of legal education. O'Connell, the Irish patriot and an able lawyer, used to be fond of asserting that he could "drive a coach and six through any act of Parliament." It is not strange that the exigencies of a lawyer's profession should develop skill in evasion and even a fondness for it, but it is unfortunate that this tendency should find expression and encouragement in legal education maintained at the expense of society. Yet this is certainly often the case. A friend of the writer, a man of merely normal moral instincts and with no sentimentality, went to a well-known school of law with the intention of becoming a lawyer. After a year spent in the school he said to the writer: "I am utterly sick of it. The whole thing is a schooling in evasion and trickery revolting to a friend of society. The principal teacher, the dean of the school, never gets through a lecture without putting us on to some dodge, and he devotes himself to these artifices and tricks with undisguised enthusiasm. That there is such a thing as a society which law is designed to protect—of all this he seems to have no conception." Such criticisms, when taken with all allowance, are not without profound significance. What would be the result on the pervasive temper of the legal profession if the legal education for a generation were all of this character? The state can have no interest in educating lawyers who merely "add themselves like a keen steel edge to the blunt, heavy malice of other men." Society does not tolerate for an instant that an expert chemist should become the accomplice of the poisoner or the anarchist. It cannot be to its external interest that the expert lawyer should become the accomplice of the lawbreaker. It tolerates this because it cannot feasibly draw the line by statute, but it is of the utmost importance that it use all available means to check the disposition of lawyers to make a pernicious use of their skill. Fortunately not all teachers of law are of the kind above described. The general sentiment of the bar, too, is conspicuously improving.

(4) **Foolish Preaching.**—They usually produce a revulsion of feeling when they are accompanied by inappropriate feeling. That is the trouble with scolding. The scold often reasons very well, but the whole thing is an exhibition of anger or peevishness which makes far more impression than the reasoning and of course in an opposite direction. It is the trouble also with the modern sermon in many cases. The preacher tries to establish a doctrine or show himself up to date on evolution, or more usually of late to reason out some social problem. Whatever may be his success in these efforts it is usually plain that he has sacrificed the greater to the less. The preacher's specialty is to appeal to the moral feelings of men and to rouse them by contact with his own higher feeling. The great sermon never has been and never can be a treatise or a lecture. It will be, not sensational or sentimental, but emotional in the highest moral sense, that is spiritual.

(5) **The Ethics of Discipline.**—In other words, effective punishment must never be or seem to be arbitrary or gratuitous. Too much pains cannot be taken to make it clear to all those whom the punishment is designed to influence, just why the punishment was inflicted and, if possible, to connect it with the natural penalty which misconduct entails. Otherwise it will seem a hardship; perhaps a grievance, but not a legitimate warning. The constant and serious neglect of these conditions in the discipline of society and especially of homes should not lead us to overlook the necessity of punishment in some form to the moral education of every individual.

(6) **Moral Culture.**—That is to say, the study of mathematics or Latin or physics will not of itself make a man moral though it undoubtedly makes him intelligent. The only intelligence that is of much use to morals is the intelligence that has to do with moral relations, that is intelligence about society in some form. But incidentally some moral advantage may come even of the studies mentioned first. In the first place, the study of these subjects usually brings one into association with morally inspiring men, that is, into morally good company. And in the second place it involves a "mental discipline" which is somewhat transferable. The man who learns to reason well in geometry or Latin will perhaps be aided thereby to reason well about society and his relation to his fellowmen. The value of this mental discipline, however, in any other connection than that in which it was acquired, has been greatly exaggerated. It is at best but an indirect way of securing a discipline of a specific kind which can be far more easily acquired in its own appropriate connection.

(7) **Results of Culture.**—We are not among those who believe in Lord Palmerston's dogma, that "all children are born good." On the whole, the opposite dogma, untenable, as it is, seems to us less wide of the truth. Nor do we agree with those who think that, by skillful discipline, children may be made altogether what they should be. Contrariwise, we are satisfied that though imperfections of nature may be diminished by wise management, they cannot be removed by it. The notion that an ideal humanity might be forthwith produced by a perfect system of education, is near akin to that shadowed forth in the poems of Shelley, that would mankind give up their old institutions, prejudices and errors, all the evils in the world would at once disappear; neither notion being acceptable to such as have dispassionately studied human affairs.

Not that we are without sympathy with those who entertain these too sanguine hopes. Enthusiasm, pushed even to fanaticism, is a useful motive-power—perhaps an indispensable one. It is clear that the ardent politician would never undergo the labors and make the sacrifice he does, did he not believe that the reform he fights for is the one thing needful. But for his conviction that drunkenness is the root of almost all social evils, the teetotaler would agitate far less energetically. In philanthropy as in other things great advantage results from division of labor; and that there may be division of labor, each class of philanthropists must be more or less subordinated to its function—must have an exaggerated faith in its work. Hence, of those who regard education, intellectual or moral, as the panacea, we may say that their undue expectations are not without use; and that perhaps it is part of the beneficient order of things that their confidence cannot be shaken. —"*Education*," *by Herbert Spencer, pp. 165, 166.*

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22. EDUCATION IN PATRIOTISM.

Patriotism is the love of country. It is not the art of governing a country or of making it prosper or any of these things. It is therefore an emotion or sentiment which leads us to prefer our own country and people to others. It would not be quite just to say that patriotism is a prejudice, for prejudice implies false judgment, but patriotism usually involves some prejudice simply because feeling always enters into our judgment. Our opinions about our country are usually a good deal prejudiced, but in a way the prejudice is a very wholesome one. It is an indispensable condition of national growth that all should combine their efforts with absolute singleness of purpose, and this they could not always do if they saw things in their true light and judged impartially.

But false judgments have their danger and easily pass into infatuation and perilous self-complacency. In the course of mental development it becomes necessary, therefore, more and more to emancipate judgment from sentiment and acknowledge the true facts without losing our affection. The higher patriotism of intelligent love of country is more difficult to maintain than that which is intrenched in misconception and prejudice. In changing its character, however, patriotism has lost none of its importance and the man who escapes from his prejudiced views of country by the substitution of a vague cosmopolitanism for his ardent patriotism, has betrayed a sacred trust. Better keep the prejudice than lose the patriotism. (1)

Education in patriotism has been much discussed and often attempted. In schools a conscious or unconscious effort to instill patriotism is traceable in the one-sided presentation of facts regarding the country in question. School histories are amusingly divergent in different countries in presenting their view of international transactions. (2) When facts are not distinctly falsified in the interest of national feeling they are thrown out of true perspective by giving too much prominence to some and too little to others, which is only a more subtle way of falsification.

It is plain that such efforts tend to strengthen the prejudice of which we have spoken rather than the love of country itself. It is of course possible that if we can make out a better case for our country than she deserves we may find our love for her increased, but such gains are most precarious. There is always risk that the facts may come out and chill our ardor, possibly produce a reaction. Moreover in these days when national well-being depends so largely on sweet reasonableness between nations, prejudices that stand in the way of reasonable adjustments are a great weakness. It can hardly be doubted that the misrepresentation of American history in our schools has seriously embarrassed the development of friendly relations between our own and foreign countries.

The inculcation of patriotic sentiments is subject to the same laws as other sentiments. Precept accomplishes little. The great forces are experience and suggestion. There is in the ordinary course of national life much to attach the individual to his country, but not always enough to overcome the hostile forces of self-interest and dissension. In national crises, however, when the common interest is forced for a time into consciousness, love of country makes rapid progress. Such was especially the case during our revolutionary war. So great is the stimulus which a conspicuous national danger gives to patriotism that it has sometimes seemed the patriotic thing to invoke such a war when patriotism was too dormant.

The danger is at all times that national interests unless distinctly menaced will be forgotten and taken too much for granted to be the subject of a very lively affection. All artificial efforts to educate this sentiment consist therefore in reminders of these forgotten interests. The fundamental means is necessarily the transmission of sentiment from one mind to another by sympathetic suggestion. The patriot is inevitably an educator in patriotism in proportion as his feeling is strong and his personality such as to command sympathy and respect.

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But there are other means which are not to be despised. All such sentiments are propagated and kept alive largely by symbols or reminders which jog the memory or arouse an enthusiasm in some one who communicates it to others. A nation could hardly exist without a flag, and this is only the most prominent and conventional among many symbols. All sorts of things have a national stamp which on numberless occasions arouse the national feeling. It has been a subtle factor in the statesmanship of all ages to devise and use discreetly these symbols of nationality. (3)

As in the case of morals, patriotism is greatly furthered by a wise study of its intellectual problems. Nothing furnishes so sure a basis for enduring love of country as true greatness and progress, and these ends are secured not merely by sentiment but by wisdom and insight. As the moral instincts often seem ridiculous when joined with poor judgment, so patriotism is often discredited by the unwisdom of patriots.

American schools, and to much larger extent those of some European countries, have made some effort to inculcate patriotism by the use of flags and other emblems. (4) These efforts have not always been wise or backed up by an efficient and virile personality, but in principle they are sound. The maintenance of an active sentiment of patriotism is something which no state can safely neglect.

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22. EDUCATION IN PATRIOTISM.

(1) Patriotism.

Breathes there the man with soul so dead,
Who never to himself hath said:
"This is my own, my native land?"
Whose heart hath ne'er within him burned,
As home his footsteps he hath turned
From wandering on a foreign strand.
If such there breathe, go mark him well,
For him no minstrel raptures swell—
High though his titles, proud his name,
Boundless his wealth as wish can claim,
Despite those titles, power and pelf,
The wretch concentered all in self
Living shall forfeit fair renown,
And doubly dying shall go down
To the vile dust from whence he sprung,
Unwept, unhonored, and unsung.

—*Sir Walter Scott.*

(2) English Sympathy.—This has been especially true of American histories of the revolutionary war. We are only beginning to realize how unfair some of these presentations are and how they have prejudiced us against Great Britain, a country which aside from the governing circle was really on our side at the time. English school histories have been surprisingly favorable to America in their account of the same transaction which doubtless does much to account for the fact long known to those who are acquainted with England, that the sentiment of the people has been at all times friendly to the United States. We have had breaks with the English government but never with the English people.

It is not by any means certain that the American attitude in these matters has been unfortunate though it has certainly been unreasonable. It has been largely an expression of the imperious instinct which required all possible emphasis upon our own national life. Whether with the new problems pressing upon us and the obvious desirability of coöperating with Great Britain the nursing of national prejudices which alienate us from that country is advantageous is a very different question.

(3) Influence of Language.—National costumes, dishes, customs, and, above all, language, acquire this spell over the imagination and the affections of men.

When Bismarck unified the German people he was careful not only to unify the currency but to adopt a different standard from that of the Latin Union which every one had supposed would ultimately be adopted. He excluded from official use all the words of French origin which had crept into the language and opposed the use of the Roman script and type which was steadily increasing. He set the example in high circles of using beer, a distinctively national beverage, instead of wine, which had been in vogue. His purpose in these and many other things was to give the German people as many distinct reminders of their national life as possible. Such things seem petty at first sight in a man who wielded such mighty weapons as he did, but he was a sufficiently shrewd observer of national life to see that in the long run it is these concrete suggestions of national character which make great nations and great armies possible.

(4) Standard Bearers.—In some of the schools in our large cities where most of the pupils are of foreign birth the custom has been adopted of allowing the prize scholar of the day to hold the American flag before the school while they sing or join in some common exercise. To those who think of education as an intellectual process this seems very foolish, but it is safe to say that a scheme could hardly be devised which would more effectually inculcate patriotism. It teaches the scholars nothing about the true meaning of American institutions, but it makes them love them, and patriotism is love, not understanding. The flag which is recognized as the symbol of American life is associated in the scholar's mind with feelings of pride and happiness, and acquires the power of suggesting these feelings in quite different connections. The scholar who has once held this flag as a symbol of personal trinmph will never voluntarily submit to seeing it insulted afterward. This isn't all of a citizen's education, but it is a part not to be despised.

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23. ÆSTHETIC CULTURE.

It is a common opinion among practical people that æsthetic culture, however enjoyable it may be, is nowise essential, and that it is even dangerous as tending to distract attention from more important interests. There is a reason for this opinion, but it is very far from representing the whole truth. The universal tendency to æsthetic development must have its justification somewhere in the economy of nature, else it would long ago have been eliminated in the stern struggle for existence. What is the significance of beauty?

The beautiful is simply the enjoyable. We are accustomed to use the term in a somewhat narrower sense, but whenever we analyze it, it always comes down to this. The enjoyable in turn is simply the useful to which we have become thoroughly adjusted. There are, indeed, certain things which seem universally enjoyable, such as the fondness for bright colors which are connected only in an obscure way with human well-being; (1) but aside from a few elementary things of this kind whose utility lies very far back, the connection is perfectly plain. Human beauty is in last analysis an indication of physical, emotional or intellectual qualities which have proved themselves valuable. As we have already seen, we always become attached eventually to what has long proved itself wholesome to us.

Meanwhile there are other wholesome things of later date, things it may be, which are quite incompatible with the good things of older date. (2) These we seek and value as a matter of prudence, foregoing, perhaps, in their behalf the things we have learned to care for. These we call useful or right, because they have not yet become enjoyable.

Utility and right are therefore the aggressive or innovating forces in society, the one along the line of self-interest, the other in social relations. Beauty, on the other hand, is a conservative force in society. It is but the power which long-established utilities have won over our affections, a power which nature employs to perpetuate these utilities and commit us more thoroughly to them. Like all conservative forces, beauty and art, which is the service or cult of beauty, may become a nuisance. There are times when what is needed is to break away from old relations and put up with new ones not yet to our taste. Then, of course, the old attachment is a hindrance. Æsthetic appreciation, too, may be of a very low order, as when a young man marries a girl merely because she is pretty, forgetting that these mere physical attractions no longer represent the most imperative requirements. But when allowance is made for all the unwisdom associated with art, it still remains that aesthetic culture is an indispensable requirement for the maintenance of any culture. There is not a religion, a government, or a social institution of any kind which could maintain itself if it had not endeared itself to great masses of men, that is, become beautiful in their eyes. The conscious activities, which we call art, are on the one hand a spontaneous expression of these feelings and on the other an effort to arouse them in others by giving them concrete expression.

This explains the fact often noted that periods of progress and innovation have been unfavorable to art, (3) while static and unprogressive periods have seen the arts flourish. This is especially the case when a long period of progress reaches its culmination and society seems to grow ripe. Such a period of repose is often followed by a decline in the course of the vicissitudes of social evolution, but it is utterly unjust to attribute this decline as some have done to the arts themselves. Art is an expression of ripeness in culture, and in turn it is the chief instrument for preserving that ripeness.

The same impulse, therefore, which leads us to work for progress, should lead us to protect the results of that progress by art, that is, by concrete excitants of

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those feelings which insure the perpetuity of what has been won. We, who live in a progressive age, must be on our guard against assuming that innovation and improvement are the only good things. Improvement and progress are only justified when the hardships which they entail are compensated by a period of relative repose in which their achievements may be enjoyed.

Education in æsthetic appreciation is largely a matter of unconscious influence. The æsthetic side of government expenditure reacts conspicuously upon the public taste, (4) while the quiet rivalry of home decoration exercises a quieter but far more persuasive influence. These things may not directly preserve life, but in the last resort it is such things that make it worth preserving. Definite instruction in art, either in the production of art or in its interpretation, plays and must ever play a subordinate part, but there is reason to believe that, especially in a civilization like our own, it might be profitably extended.

23. ÆSTHETIC CULTURE.

(1) **Evolution in Art.**—Art has also a physical and a physiological aspect, such as "the questions of harmony of line and color, which lie at the root of all art." With Dr. Collier, we may leave these "untouched, not because they are unimportant, but because not enough is known about them to make their discussion in the least profitable."—"*Evolution in Art,*" *by Alfred C. Haddon. p. 2.*

(2) **Perversion of Instinct.**—This is the true explanation of vice, immorality, sin, etc. The inclinations which men feel to do wrong things are usually mere survivals (sometimes perversions) of instincts once innocent and useful, even essential to the preservation of the species, but now, owing to changed conditions usually connected with the development of human society, become useless or dangerous. The love for fighting is of this kind, as also many other gross instincts which will occur to all.

And in turn this suggests the origin of duty or the moral instinct, as here described. Society has to protect itself against these marauding primitive instincts which have outlived their usefulness, and not being able at once to eliminate them, it has developed a vast system of subtle deterrents and incentives to hold these other instincts in check. If the time ever comes when there are no unsocial instincts to guard against, there will be no need of duty, conscience and their kindred impulses and these in turn will tend to disappear. Such a condition of things in which life should move on spontaneously and harmoniously without any perverse instincts to overcome or disagreeable requirements to comply with would be the millennium of which men so long have dreamed. Unfortunately there is no prospect of such a thing happening at present.

(3) **Hostility to Art.**—The puritan movement in England and America, a distinctly revolutionary movement in many connections, was most unfavorable to art. While this hostility was based on scriptural grounds, the cause lay far deeper in a temper of mind which was little disposed to find pleasure in these symbols of a culture which was ripe and to the puritan mind well-nigh rotten.

The same hostility to art characterized the French revolution and the years following it.

The assumption that art and morals are fundamentally at strife has a certain truth in it. Not that all beautiful things are wicked, but the things that are moral, that is, the things which have to be urged upon us on moral grounds are things that are as yet not beautiful to us. That is why we have to be urged to do them.

Hence we may say that the moral and the æsthetic tempers are in their nature strongly contrasted. The one urges us to rejoice in that which is enjoyable (not necessarily unwholesome, of course), while the other urges us to forego the enjoyable in behalf of unattractive good. So long as there is a clash between our inclinations and our interests, so long there will be partial conflict (not complete conflict, for many things are both beautiful and good) between our æsthetic and our moral natures. But to jump to the conclusion that because there is such a conflict the one nature is bad and the other good is wholly unwarranted. Both are absolutely essential to the individual and to society.

When the requirement is primarily one of advance and reconstruction, the moral temper is the more necessary and it crowds, the aesthetic temper quite into the background. And when the need is rather that gains should be established and intrenched in popular feeling, then the æsthetic temper again becomes supreme. It can hardly be doubted that American culture just now stands sorely in need of æsthetic development if it is to be protected from the inroads of the older and better ripened culture of Europe.

(4) **An Influence for the Perpetuity of Civilization.**—Athens is a conspicuous example of a civilization perpetuated long beyond its natural term by the beauty of its public edifices and works of art. Long after it came under the power of Rome, it was the culture capital of the empire and a center from which emanated an æsthetic influence quite as important as that represented by Roman arms. The veneration in which it was held for its art and its philosophy more than once saved it from destruction, as in time of Sulla. The Bible reader will recall how large a part beauty played in the attachment which the Hebrews felt for Jerusalem.

"Great is the Lord and greatly to be praised in the city of our God, in the mountain of His holiness. Beautiful for situation, the joy of the whole earth, is Mount Zion, on the sides of the north, the city of the Great King. . . . If I forget thee, O Jerusalem, let my right hand forget her cunning. Let my tongue cleave to the roof of my mouth, if I remember thee not,—if I prefer not Jerusalem above my chief joy."—*Psalm 48, 12 and 13, and 137, 5 and 6.*

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24. THE SCHOOL AS A SOCIAL FACTOR.

It was stated at the outset that no discussion of education could profitably restrict itself to a consideration of the merely formal part of our educational system which is represented in the schools. Their importance when compared with the great body of educational agencies at work in society is far less than is usually supposed. Not that they are esteemed too highly, but the rest are esteemed too little. But while recognizing their subordinate place, we may profitably consider them a little more directly.

The schools are probably the least social of all the agencies which make for education. They are busied for the most part with problems of individual development which have little or nothing to do with society directly. The pupil acquires knowledge and develops faculties which fit him to hold his own in competition with other men in society, industry, etc., at least this is its purpose, a purpose which is often indifferently attained. (1) But this competition is a continuation under changed conditions of the old pre-social individual struggle, and the education that fits one for it, however useful it may be, is not social. This is not said as a criticism, but as a fact. We are now able to state clearly in what social education consists.

The most important thing certainly is what we may call sociability, or *esprit de corps*. Schools seldom make any direct effort to encourage this sentiment. Grammar, geography, etc., can make no contribution to that end. Incidentally, however, they tend to effect this end. They are usually irksome to the students, who are therefore impelled to organize in a sort of self-defense. Hence the origin of schoolboy honor which displays itself in what seem to others most dishonorable attempts to shield offenders against school discipline. The teacher usually feels called upon to obstruct this development of the social temper, often with most disastrous results to the social nature of the pupil. (2) Is is hardly too much to say that sociability or *esprit de corps* develops in the school only under ban of the school authorities.

The next element is organization, the essence of which is submission to authority. This is certainly taught with school discipline. More effectually perhaps it grows up among the pupils on the playground. Napoleon at school, leading his forces to storm the snow-fort, was learning and teaching lessons quite as important for the future as any he learned within the school doors. Such activities need supervison, but not repression. The playground is neither the most dangerous nor the least valuable part of the school.

The third element is individual efficiency in connections useful to society. This is not directly a social factor, but since the sum of individual efficiencies has much to do in creating social efficiency, it is an indirect factor of much importance. Opinions will differ as to how far our schools contribute to this end. Certainly not much can be claimed in this connection for some of the work done in our schools, which serves neither to develop valuable faculties nor to convey useful information. On the other hand, the various lines of manual and technical education which have of late become more prominent, have a demonstrated efficiency which warrants their extension far beyond their present limits. (3) Against these cases of varying utility must be offset others, unhappily not rare, in which individuals are trained in the ability to injure society. This is doubtless an unintended result, but it is tolerated with almost criminal carelessness.

Finally, we have to consider the influence of school education on beauty and æsthetic appreciation. This involves two results, the production of beauty and the interpretation of beauty. All that side of education which aims at "polite accomplishments" is a production of beauty, that is, of something that men enjoy. The ability to sing and play, to write an artistic hand, to use elegant language, all these are accomplishments which tend to convert the individual into something of a work

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of art and to advance his interests by making him an object of admiration to society. (4)

On the other hand, many things are taught in schools for no other purpose than because they are or become a source of enjoyment to the pupil. (5) If these are neither useful nor yet a source of enjoyment which attach him to the common life they can not be called social, but this is seldom the case. Enjoyments shared by many are a strong social bond between them, and few things can render more service to society than those lines of instruction which serve to generalize enjoyments and unify tastes. Unfortunately these are not characteristic of our schools in a high degree.

We are therefore forced to the conclusion that the truly social element in our school education is slight and incidental, oftentimes even disparaged by the teacher whose authority it jeopardizes. It is doubtful whether this condition of things can be seriously modified, at least as regards our common schools. The social manifestations which appear there are not such as pass easily into the larger allegiance to society which all must learn, and they inevitably hinder the teacher. A reduction in the irksomeness of school work will mitigate the evil but not make the school primarily an agency for social development. Not much is to be expected from direct efforts to teach morals and patriotism.

So long as this is true we must not expect too much from our schools in the way of developing and maintaining society. They may as easily disintegrate as perpetuate our civilization. It is not primarily in schools that we learn to be social beings.

24. THE SCHOOL AS A SOCIAL FACTOR.

(1) **Improvement in American Schools.** — American schools have improved so greatly since the writer's school days, though the latter are not so very far back, that criticisms based on personal experience must be taken with allowance. But certainly very much of what was taught a few years ago stood in no perceptible relation to the welfare of the individual. It was defended as furnishing discipline, but in the light of our present knowledge of child psychology it is certain that it was mostly a discipline in patience, and the endurance of hardship. As a matter of fact these branches were in the course largely as the result of accident, a mere reflection from adult studies and tastes, and because of our ignorance of the studies and methods really adapted to the education of children. These experiments in education were inevitable, and it is well we went at it as early as we did, but we shall sometimes look back on the children who suffered it as a generation of martyrs. At the risk of rousing the opposition of many earnest teachers and friends of schools, the writer ventures the opinion that the schools in which the truly serviceable education comes from the play-ground rather than the teacher's desk are still the rule rather than the exception. One may certainly say of the information acquired that the most of it acquires only an absolutely artificial lodgment in the mind, and that a child who should remember any considerable portion of it a year after examination would certainly excite apprehension on grounds of abnormality. The question of mental discipline is of course more important and perhaps more satisfactory.

But to the writer at least there is ground of encouragement. The far famed schools of Prussia are certainly worse. And we have made progress since the days of Ichabod Crane, and are rapidly making more. If the children don't give out we shall come out all right in a few generations more, and then school will minister to life instead of being a burden upon it.

(2) **Leagues of Students.**—It is always urged that the student who thus enters into league against school authority is engaging in a sort of rebellion against society, that he is committing an anti-social act. This is true, but it must be remembered that he has not reached the point where he can perceive that larger relation which he is wronging. He feels a certain community of interest between himself and his fellow pupils and his social instincts (the most valuable element in his constitution) impel him to stand by his fellows even when he does not altogether approve their conduct. This is precisely what the members of every society must do. When, therefore, the teacher compels or incites him to "tell on" his fellows, he induces him to violate a social obligation which he feels and to be true to another which he does not feel, a fact which necessarily counts for nothing as regards the integrity of his moral nature. It is true that the obligation which he betrays is a petty one, and the one which he obeys an important one, but that counts for nothing as compared with the fact that he has been false to the only social obligation which is real to him. The result can not but be disastrous.

Of course the desirable thing for the teacher is to win the confidence of the pupils, that is, get himself initiated into their little society and guide and control its action. This is not always possible but will be far more feasible when school work is adjusted to the psychological development of the pupil.

(3) **German Encroachment.**—The serious encroachment of Germany upon the foreign commerce of England in the last few years has been

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attributed to all manner of accidental differences between the two countries by writers who have had a thesis to prove. The thorough investigations of an English commission appointed for that purpose seem to have established beyond doubt that it is the result of the technical schools recently established in the interest of certain industries. These are in the sharpest contrast with the old line educational system of Germany which still weighs upon the nation and travesties "childhood's happy hours." This education has not only proved most efficient in increasing the money making faculties, but by dealing with realities instead of names, and furnishing more vital incentives it has everywhere proved invaluable as a mental discipline. The old classical education (or something a little like it) has its place, but for the great mass of men there is no education so valuable, industrially, mentally or morally, as that which gives dignity to their daily occupation and makes it a just source of pride and consciousness of achievement.

(4) **Art Education.**—Of course this is not all. Art education in a narrower sense has its place in the schools. There is much reason in the contention that every one should learn to explain things when necessary by drawing as well as by writing. But in this connection drawing is an adjunct of the useful rather than of the fine arts.

(5) **National and Foreign Literatures.**—The dead languages, literature, etc., are of this kind. The former are largely survivals of an earlier condition of things, in which these languages, at least Latin, had a utility, which they have now lost. The social value of these studies depends on their generality and the strength of the hold which they take upon those who share them. A national literature is a powerful social bond, because it is widely known and enjoyed, and is intimately associated with the national life. A foreign literature is less so, may even be a cause of alienation. A dead language and literature still less so, unless within the circle where it is maintained in artificial vitality.

FOURTH WEEKLY REVIEW.

19. **THE PLACE OF EDUCATION IN EVOLUTION.**—Various Forces.
20. **SOCIAL EDUCATION.**—Important Factors in Development.
21. **EDUCATION IN MORALS.**
22. **EDUCATION IN PATRIOTISM.**—Necessity of the Work.
23. **ÆSTHETIC CULTURE.**—Uses of the Beautiful.
24. **THE SCHOOL AS A SOCIAL FACTOR.**—Important Influences.

QUESTIONS.

19. *In what way is education the most important? Of what is social man the product? What is the most that society can accomplish with beings of perverted instincts and obtuse sensibilities? How may the increase of these social defections be somewhat modified? Upon what does social development depend?*

20. *To what phases of education has the eighteenth century given great stimulus? What is necessary for the existence of popular governments? What important maxim is a central truth in their creeds? How can civilization continue to exist? What can you say of the various kinds of education? What is the form which enables the individual to help himself by serving society? What is it that fits him to serve himself independently of society? What fits him to serve himself at the expense of society? How may social education be divided?*

21. *Why have educators been disappointed by the results of education upon morals? What can you say of the relative morality of the educated and the uneducated classes? Does it, therefore, follow that all education results in more or less moral benefit? In what way is a greater portion of educational work defective? From what educational features may we expect moral development?*

22. *What is patriotism? Why should it be cultivated? Mention some methods by which the sentiment may be fostered. Why is there danger that national interests may sometimes be disregarded? Why is patriotism promoted by a wise study of its intellectual problems?*

23. *Are there any practical beneficial features arising from æsthetic culture? Mention some of them. Why are utility and right renovating forces in society? Why is beauty a conservative force in society? When are improvement and progress justified?*

24. *What can you say of the school as a social factor? Mention other important educational agencies. What importance do you assign to sociability? What can you say of organization among pupils? What can you say of individual efficiency in connections useful to society?*

SUBJECTS FOR SPECIAL STUDY.

1. *Various educational forces in the work of development.*
2. *Social factors in education.*
3. *Moral Culture and its necessity.*
4. *Various methods of fostering the sentiment of patriotism.*
5. *The developing influence of the study of the beautiful.*
6. *The development of social interests among pupils.*

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GAZETTEER AND GLOSSARY.

Austin, John.—Born at Creeling Mill, Suffolk, March 7, 1790. Died at Weybridge, in Surrey, December, 1859.

A noted English lawyer and writer on jurisprudence, professor of jurisprudence at the University of London (University College) 1826-32. He wrote "Province of Jurisprudence" (1832), "Lectures on Jurisprudence" (1861-63).

Blackstone, Sir William.—Born at London, July 10, 1723. Died at London, February 14, 1780.

A celebrated English jurist, appointed Vinerian professor of common law at Oxford in 1758 and Justice of the Court of Common Pleas in 1770. His chief work is "Commentaries on the Laws of England" (1765-68). Eight editions appeared in the lifetime of the author, and for sixty years after his death they followed each other in quick succession. These editions were edited and annotated by Coleridge, Chitty, Christian and others. An American edition was printed in 1884. There are various adaptations of it for common use.

Eliot, Charles William.—An American educator, who was born at Boston, Mass., March 20, 1834. He was graduated at Harvard in 1853; became professor of analytical chemistry in the Massachusetts Institute of Technology in 1865, and was chosen president of Harvard College in 1869, which position he still fills.

He has published "A Compendious Manual of Qualitative Chemical Analysis" (1874), and other works.

Fawcett, Henry.—A noted English statesman and political economist, who was born at Salisbury, England, August 26, 1833. He died at Cambridge, November 6, 1884.

He was graduated B.A. at Trinity Hall, Cambridge, in 1856. Studied law at Lincoln's Inn, London, and was accidentally blinded September 17, 1858.

He became professor of political economy at Cambridge in 1863, a position which he retained until his death.

In 1867 he married Miss Millicent Garrett, of Aldeburgh, Suffolk, who, during the rest of his life, shared his political and intellectual work.

He was Liberal member of Parliament for Brighton in 1865-74, and for Hackney 1874-84.

In 1880 he became postmaster-general in Gladstone's government, and introduced numerous reforms in the postal service, of which the most important was the parcel's post of 1882.

He published a "Manual of Political Economy" (1863), "Mr. Hare's Reform Bill Simplified and Explained" (1860), "The Leading Clauses of a New Reform Bill" (1860), "The Economic Position of the British Laborer" (1865), "Pauperism; Its Causes and Remedies" (1871), "Essays and Lectures on Social and Political Subjects" (1872). This work includes also eight essays by Mrs. Fawcett.

He was also the author of "Speeches on Some Current Political Questions" (1873), "Free Trade and Protection" (1878), "Indian Finance" (1880), "State Socialism and the Nationalisation of Land" (1883) and "Labor and Wages" in 1884, the year of his death.

Gardiner, Samuel Rawson.—Born 1829. An English Historian. His works include a history of the Stuart period, "from the Ascension of James I. to the Disgrace of Chief Justice Coke" (1863), "Prince Charles and the Spanish Marriage" (1869), "The Thirty Years War" (1874), "England under the Duke of Buckingham and Charles I." (1875), "Personal Government of Charles I." (1877), "Outlines of English History" (1881), "Fall of the Monarchy of Charles I." (1882). "History of the Great Civil War" (1886). and other works.

King Lear.—A tragedy, by Shakespeare, written in 1605 and published in 1608. "King Lear" was probably on the stage when the old play of Leir, on which it was founded, was published. The latter is not tragical, and ends happily. Probably Stafford, the publisher, intended to pass this old play off as Shakespeare's. It was published as "The True Chronicle History of King Leir and his Three Daughters, &c., as it hath been in divers and sundry places lately acted."

Shakespeare's play was published as "Mr. William Shakspere, *His* True Chronicle History," etc. The capital "*His*" is thought by Fleay to be intended to distinguish it from the older play.

Tate adapted Shakespeare's play in 1681, and Garrick produced "King, with Restorations from Shakspeare," in 1756.

The story of Lear was originally told by Geoffrey, of Monmouth, and is to be found in Layamon's "Brut" and the "Gesta Romanarum." Holinshed repeats it, and Spencer gives it in the second book of the "Faerie Queen."

Pollock, Sir Frederick.—Born September 23, 1783. Died August 23, 1870. An English jurist. He was attorney-general in 1834-35 and 1841-44.

Scott, Sir Walter.—Born at Edinburgh, August 15, 1771. Died at Abbottsford September 21, 1832. A famous Scottish novelist and poet. He was a son of Walter Scott, a writer to the signet, and Anne Rutherford of Edinburgh. He became lame in infancy. In 1779 he was sent to Edinburgh high school and later studied at the university and read for the bar. He was admitted member of the Faculty of Advocates in 1792, and in 1799 was made sheriff of Selkirkshire and in 1806 one of the clerks of the session. In 1797 he married Miss Charpentier (or Carpenter), daughter of a French refugee.

Becoming interested in the new German romantic literature in 1788, he published translations of Bürger's ballads in 1796, and in 1799 a translation of some of Goethe's works. His first published poem was "Lay of the Last Minstrel," in 1805. This was followed by "Marmion," "The Lady of the Lake," "The Vision of Don Broderick," "Rokeby," "The Bridal of Trierman," and other works.

Tennyson, Alfred (first Lord Tennyson).—The well-known English poet-laureate. He was born at Somersby, Lincolnshire, August 6, 1809, and died at Aldworth House, near Haslemere, Surrey, October 6, 1892.

He was the son of George Clayton Tennyson, vicar of Great Grimsby and rector of Somersby and Enderby.

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THE DISTRIBUTION OF WEALTH.

BY

CHARLES B. SPAHR.

THE distribution of wealth between individuals of the same class depends chiefly upon individual industry and thrift; but the distribution of wealth between classes, inasmuch as industry and thrift are distributed among them all, is largely dependent upon public policy. John Stuart Mill did not seriously overstate the case when he declared that the distribution of wealth is "a matter of human institution solely." The power of public action upon the production of wealth is as nothing to the power of public action regarding its distribution. Public action as such cannot create wealth, but it can transfer legal ownership from one class to another with almost unlimited power. For this reason all the historical struggles, in so far as they have been based on economic issues, have been struggles in regard to the distribution of wealth and not in regard to its production. Any policy which promises to increase the production of wealth has always been welcomed by all, unless it threatened the vested interests of some powerful class. Any policy that promised to lessen the production of wealth has always been resisted by all unless it protected the interests of some powerful class. Wherever there has been an economic struggle, therefore—and most of the great struggles for the past two centuries have been economic—some question as to the distribution of wealth has been the cause of the conflict.

The first question of historical interest in regard to this distribution of wealth is whether upon the whole the economic condition of different classes is approaching equality, or whether the separation of classses is widening. This question cannot be answered by any generalization which covers every age. There have been periods—such as that which saw the overthrow of slavery in the South—when the condition of rich and poor rapidly approached toward equality. But when we make a generalization to cover the entire past it is self-evident that there has been a growth of inequality since the days "when Adam delved and Eve span." Attempts have been made to show that under the modern industrial system the tendency towards inequality has been corrected; but history does not bear out this contention. The first reliable statistics that we have regarding the distribution of property are those of the Canton of Basle, where a property-tax such as we have in America was levied in 1429 and is levied again to-day. Changing the money used in 1429, so as to correspond with the prices of to-day, two-thirds of the citizens of Basle at that early period had less than $600 (three thousand francs). At the present day also two-thirds of the citizens have less than $600. But here the similarity ends. At the earlier period these small holdings aggregated seven per cent of the property. At the present period they aggregate barely one per cent. At the other extreme of society holdings above $20,000 formerly aggregated but thirty-three per cent of the total property, while at the present time they aggregate eighty-three per cent, and holdings above $100,000, of which formerly there were none, now aggregate sixty per cent of the total property. The poorer classes, therefore, have remained about where they were four and a half centuries ago, while the wealth of the richer classes has enormously increased.

What has taken place in Switzerland has also taken place in England; but here the situation has become worse, inasmuch as the middle classes have not held their own in regard to the ownership of property. The reliable English statistics which we have, however, relate only to land ownership, and there of course the situation has been aggravated by the rule of primogeniture. The settling of real estate upon the older son has necessarily kept the number of land owners from increasing with the population. Here the earliest reliable statistics that we have are those of Gregory King for the year 1688—the year of the great Revolution. Gregory King's tables, as Prothero justly remarks concerning them, bring out the fact that "whatever allowance is made for errors, the contrast is startling enough" between the England in which "three-fifths of the agriculturists enjoyed proprietary interest in the soil," and the England of to-day in which four-fifths of the agriculturists are hired laborers.

A part of this transition in England was not due to the law of primogeniture that is still operative, but to the burdens laid upon the middle and poorer classes during the long period of foreign warfare during the reign of George III. (1760 to 1820). During this period the war taxes (which

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exceeded one-third the laborers' wages) and the war debt which came to aggregate a thousand dollars for every family, fearfully depressed the position of the middle classes, while the very rich who profited by the high price of grain caused by the war taxes, and the high rate of interest caused by the war debt, found themselves much richer at the close of the war than at the beginning. This was a period during which, not only the rich grew richer, but also the poor grew poorer. Since its conclusion the poorer classes have made some gains, but the inheritance tax statistics show that the gains of the richer classes have been far greater. The wealth of families worth less than $5,000 barely doubled between 1838 and 1891, while the wealth of families worth over $50,000 increased nearly fourfold; and the wealth of those worth over a half a million dollars increased nearly sixfold. Three-quarters of the families in England own no property at all.

In our own country the distribution of wealth has from the beginning been far wider and better than in England. The picture that Travelyan gives of the Northern States, at the outbreak of our Revolution indicates that nearly every family was independent in the sense of possessing the home in which it lived or the farm from which it gained its livelihood. His picture may be somewhat idyllic, but there is no doubt that our Revolution was an uprising of the middle classes in this country against the government of an aristocracy in England supported by the small aristocracy in our own country. There are no statistics by which the distribution of wealth at that period can be accurately compared with the distribution of wealth at the present day. Even when we get to the middle of the present century these statistical comparisons, based upon the records of the Probate Courts, are likely to lead into error unless it is recalled that at this period nearly all our families were farmers, and that farmers then, even more than now, did not have recourse to the Probate Courts, when property passed from parents to children. However, the comparison of the records indicates that in the farming districts the distribution of property has not sensibly changed during the last half century. The separation of classes has come chiefly through the building up of great fortunes in the city. That which is of the greatest interest regarding the distribution of wealth at the middle of the century is the contrast between the condition at the North and that at the South. The census of 1850 presented a most instructive table regarding the ownership of real estate in certain selected counties in seven different States. In a condensed form it ran:

Counties in	Population.	Owning Realty.	Owning Under $5,000	Owning $5,000 to $50,000.	Owning $50,000 and Over.
Free States...	98,534	11,911	11,274	645	2
Slave States..	299,694	11,404	8,642	2,560	202

In other words there were relatively three times as many property owners in the Northern States as in the Southern, but the Southern States had thirty-three times as many families whose real estate was worth over $50,000. In short, the aristocracy of the country was practically confined to the South, and the Civil War was a struggle of the middle-classes of the North against the aristocracy and their dependents at the South.

Since the Civil War the distribution of property in this country has changed most violently from that which preceded it. At the present day the South is the region in which the aristocracy has the least power and the middle classes the greatest. More than four-fifths of the white families in the South at the present day pay direct taxes upon their property, and there are very few families who own large amounts. The distribution of property in the South has become vastly wider and better. Even the negroes, who themselves were property before the Civil War, are now as a rule tax payers upon small amounts. One-fifth of them nearly are the owners of their farms and homes; and the negroes of the whole State of Georgia average about $100 of taxable property for every family. In the North, however, where the great cities have grown up, whose industries were favored by the tariff policy, the financial policy, and the railroad policy pursued, the wealth of the rural districts—which is in possession of the middle classes—has grown relatively less, while the wealth of the cities—which is chiefly in the possession of the rich—has grown relatively greater; and thus a wide separation of classes has taken place.

During the last few years there have been several investigations which make possible an accurate statement of the present distribution of property in our Northern States, and a fairly accurate estimate for the country at large.

In Massachusetts, the probate records, when the estate is accompanied by an inventory, have been carefully summarized by the State Bureau of Labor; and a similar investigation has been made by the State Bureau in Maryland. In New York State the law requires that every estate that passes through the probate courts shall be accompanied by an inventory, and therefore, except in the rural districts, the New York Probate Court records, cover practically all the property that is inherited. In the cities the concentration of property which these records show is extremely great. In New York City, for example—though New York is the center of savings banks and no savings bank account can be transferred from parent to child without passing through the Probate Court—only one man in four who dies leaves any property whatever. The record for the two years ending September, 1894, shows that three-quarters of the families who own anything—the entire mass possessing less than $5,000—held only four per cent of the aggregate wealth; while the class possessing over $50,000—though it numbered but four per cent of the property holders—held over eighty per cent of the wealth. In the rural counties, however, the situation is incomparably better. There nearly three-quarters of the families own registered property, and those owning less than $5,000 own nearly forty per cent of all, instead of four per cent as in the city; and those owning more than $50,000 worth hold less than twenty per cent instead of eighty. The rural districts, therefore, are the strongholds of the middle classes. The wealth of the rural districts is synonymous with the independence, comfort, culture and character of the great body of the people; while all the wealth of the great cities, though it is more than twice as great for the average family, is synonymous with the power and luxury of a few, coupled with the dependence and penury of the many.

When we take city and country together the distribution of property for the nation at large, as indicated by the Massachusetts, Maryland, and New York Probate Court returns, stands approximately as follows?

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Estates.	Number.	Aggregate Wealth.	Average Wealth.
$50,000 and over..	125,000	$33,000,000,000	$264,000
$50,000 to $5,000..	1,375,000	23,000,000,000	16,000
$5,000, to $500...	5,500,000	8,200,000,000	1,500
Under $500.....	5,500,000	800,000,000	150
	$12,500,000	$65,000,000,000	$52,000

Briefly, therefore, while less than half of the families in America are property holders, nevertheless one-eighth of them hold seven times as much property as the remaining seven-eighths; and the richest one per cent of the families holds more property than the remaining ninety-nine.

The distribution of incomes, whether in Europe or here, is, of course much wider than the distribution of property, since the propertyless have income from their labor. Even as regards incomes, however, the income tax returns for European countries shows a great concentration of wealth. The most accurate returns are those furnished in Switzerland and in England. In Switzerland the statistics of the city of Basle are again especially valuable, because the taxes which each citizen pays on his income from property and on his income from personal services are grouped together. The returns show that the wealthiest ten per cent of the families have an income half again as large as the remaining ninety per cent. In England the wealthiest ten per cent hold the same relative place as in Switzerland. But in England the very rich are a much more important class. The richest one per cent receives more than one-third of the income of the nation. The aggregate income of this one per cent at the top of society exceeds that of the eighty per cent at the bottom.

In our own country our richest class is not nearly so rich as in England. We have, however, a great middle class; and even our working classes, except at the South, are far better workmen than those in England and receive proportionately higher wages. In reckoning the distribution of wealth in this country we are obliged to rely largely upon the wage statistics collected by the various Bureaus of Labor, the rent statistics for the city of Boston collected by the Massachusetts Bureau, and the returns from property indicated by the statistics of interest rates on mortgages presented in the last national census. The rent statistics for the City of Boston are perhaps the most convincing of these to the general reader who dislikes detailed estimates. In Boston the houses assessed at less than $5,000 number 36,000, and their aggregate assessment is $91,000,000. Houses assessed between $5,000 and $15,000, number 14,000, and have an aggregate assessed value of $112,000,000. The houses assessed at over $15,000 number 5,000 and have an aggregate assessed value of $153,000,000. In other words, less than one-tenth of the houses have over 40 per cent of the aggregate value, and a far greater value than the poorer seven-tenths. Inasmuch as the finest houses as a rule are those occupied by a single family, while the poorer houses include nearly all the tenements, and inasmuch as the poorer people everywhere pay a larger per cent of their income for rent than do the rich, the Boston statistics make clear that ten per cent of the families have a larger income than the remaining ninety per cent, and about double the income of the poorest seventy per cent. For the nation at large, however, this concentration of income is not so great. In the rural districts the incomes above three or four thousand dollars, such as ten per cent of the families in Boston enjoy, are so few in number that they amount to nothing. The great bulk of the incomes belong to people in medium circumstances. Were it not that the incomes in the rural districts are so small relatively, America would still show a sharp contrast to any of the countries of Europe. Even as it is, the situation here is better than abroad and the table for the nation stands approximately as follows:

DISTRIBUTION OF INCOMES 1890.

Family Income.	Number of Families.	Income from Property.	Income from Labor.	Aggregate Income.
$5000 and on.	$200,000	$2,410,000,000	$700,000,000	$3,110,000,000
$5000 to $1200.	1,300,000	1,330,000,000	1,560,000,000	2,890,000,000
Under $1200.	11,000,000	600,000,000	4,200,000,000	4,800,000,000
	12,500,000	$4,340,000,000	$6,460,000,000	$10,800,000,000

The further division of incomes among the eleven million families with less than $1,200 a year can not be figured with precision, but it is safe to say that the poorer 5,500,000 receive much less than the better-to-do 5,500,000—or hardly more than 2,000,000,000. Similarly at the top of society it is safe to say that the over 125,000 families with over $50,000 worth of property, receive nearly the whole income the richest class from property and more than half of its increase from labor. In other words, the wealthiest 125,000 families have an aggregate increase exceeding $2,500,000,000. We may, therefore, with an approximation of accuracy present a single table for the distribution of both property and incomes in the United States, which runs as follows:

	Number of Families.	Property.	Income.
The wealthy classes...	125,000	$33,000,000,000	$2,500,000,000
The well-to-do classes	1,375,000	23,000,000,000	3,500,000,000
The middle classes....	5,500,000	8,200,000,000	2,800,000,000
The poorer classes....	5,500,000	800,000,000	2,000,000,000
	12,500,000	$65,000,000,000	$10,800,000,000

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Mill, John Stuart	Political Economy.
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NOTES FROM CENTERS

AND EDITORIAL COMMENTS.

Pacific Coast Office of the University Association.—During the latter part of 1898 it became apparent that a change in the management of this office was necessary owing to the failing health of Mr. Geo. B. Allen, who had for the past two years so faithfully represented the Association as Pacific Coast Secretary. Mr. E. C. Newell, who filled that office during the years of 1895 and 1896, and whose interest in the work has never ceased, was induced to again take charge. Associated with him is Rev. S. H. Weller, D.D., so long actively engaged as organizer in the Los Angeles District, and who planned and carried to a successful conclusion in September, 1897, the Southern California University Association Assembly at Santa Monica. Mr. Allen will continue in the work as organizer, devoting as much time as his health will permit.

Desiring a more central location, it was decided to move the office to the Mills Building, the finest office building in San Francisco. Here, with congenial surroundings and an efficient corps of assistants, the new secretary hopes to largely increase the membership during the coming year.

Mr. Newell will be pleased to see all members who may visit San Francisco. All correspondence for California, Oregon and Washington should be addressed to him.

Dr. Weller is now organizing Sacramento on the course in Economics and is meeting with much success. A strong Center comprising representative business men has been organized in the Chamber of Commerce. The *Record Union* of Sacramento publishes several articles relating to the work and says: "There was an enthusiastic meeting of the University Association class at the Chamber of Commerce last night. President Frank Miller of the National Bank of D. O. Mills & Co. was chosen to act as monitor, and every member of the class took part in the discussion that followed."

A Center of eighteen members has also been organized among the employés of Weinstock, Lubin & Co, of Sacramento, with Mr. Weinstock as leader. This is an idea which we especially commend to corporations and large employers of labor. The man who gathers his employés around him and in a friendly and impartial manner discusses industrial problems with them, will be little troubled with strikes and discord. Mr. Weinstock referring to this organization said: "Those who have joined the class had not previously studied economics and social science, but they are much interested in the problems presented, especially as the able professors of the various universities in charge of the matter give all sides of every question in a spirit of fairness."

Professor H. H. Powers, late of the Leland Stanford Jr. University, who is contributing the instructive articles on Sociology to the present volume, is also contributing a series of articles on Wealth and Welfare to the Annals of the American Academy of Political and Social Science. Professor Lester F. Ward, the Nestor of American Sociologists, describes these articles of Professor Powers as brilliant papers.

La Porte, Ind.—La Porte is one of the cities added to the list of Indiana Centers during the past month. The work has been taken up with enthusiasm and we predict for the organization success. The following program of lectures has been arranged:

"The Progress of Coöperation."—Rev. E. D. Daniels.
"Domestic Service."—Rev. Martilla Cox.
"Direct Legislation: Initiative and Referendum."—Herbert Cox.
"Sociology in Fiction."—Mrs. Louise M. Wood.
"Monopolies: Why are they Inevitable?"—Reuben H. Hartley, M.A.
"Production and Consumption."—Lieut. Gov. M. Frye.
"Education, a Factor in the Industrial World."—Prof. John A. Wood.
"The Laborer's Ideal."—Prof. I. N. Warren.
"Industrial Fraternalism."—Rev. C. H. Wheeler.
"The Church and the Social Problem."—Rev. Frank A. Morgan.

Helena, Mont.—Helena is also keeping step with the march of progress. A good organization has been perfected there by Mrs. M. C. Green, which is increasing in membership. Prof. N. H. Johnson is President and Mr. T. S. Hogan, Secretary.

Marion, Ohio.—One of the strongest Ohio Centers recently organized is at Marion. Excellent meetings have been held and reports show increasing interest. The officers are, Mr. E. B. Durfee, Pres.; Mr. M. B. Chase, Leader; Rev. W. E. Thomas, Vice-pres.; Rev. N. K. Guthery, Sec.; Rev. C. E. Sawyer, Treas.

The *Marion Daily Mirror* speaking of the course states: "It developes a knowledge of those things which are ever confronting the public man and bears upon the burning problems of the day. Discovering new forms and new truths as it does, it better prepares a man to cope with the issues of the times."

Terre Haute, Ind.—The success of the work of the large center at Terre Haute has been most gratifying. The lectures have been largely attended and are attracting much attention. We clip the following extracts from the *Terre Haute Gazette:* "The auditorium with the Sunday school room of the First Methodist church was crowded last night to hear Eugene V. Debs deliver his lecture on "The Trend of Our Present Industrial System."

"Mr. Debs, when introduced, was greeted with loud applause, which broke out at frequent intervals in the course of his address."

Profitable Employment.—The University Association will engage a few more gentlemen of ability to organize Centers on this course. Lawyers, ministers, college graduates, and those especially interested in Economic subjects preferred. Liberal pay for services. Address to 916 Association Building, Chicago.

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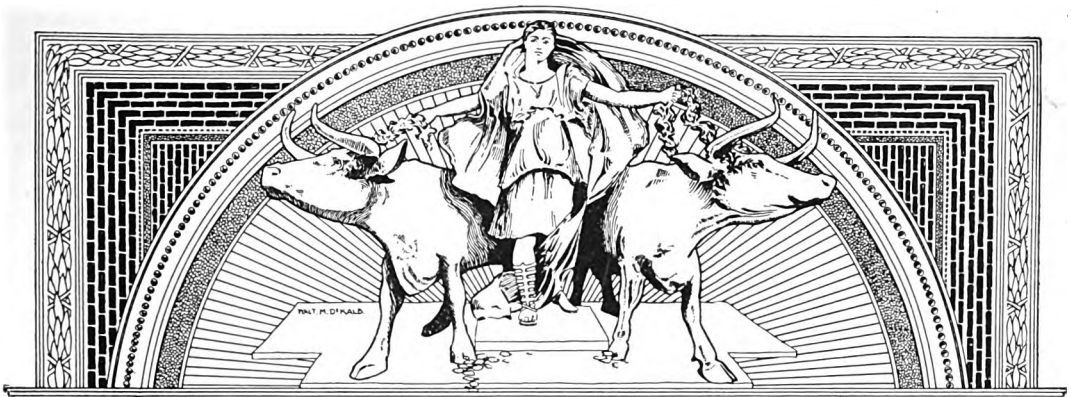

POLITICAL ECONOMY

THE DISTRIBUTION OF WEALTH AND SOME CURRENT SOCIAL PROBLEMS (Continued.)

BY

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1. VESTED INTERESTS.

WE have in our survey of industrial society already discussed briefly, vested interests. Vested interests, it will be recalled, are pecuniary interests which are legally recognized to be such that they cannot be impaired by public action without indemnification. As a rule vested interests arise through property and contract, and it may be questioned whether American law has ever clearly recognized vested interests which could not be traced back to the one or the other. Feudalism gave rise to vested interests resting back on ancient custom; *e.g.*, the exclusive right of a feudal lord to maintain a mill within a certain section of a country with the corresponding obligation on the part of the residents in this section to have their grain ground in the lord's mill. Analagous would be the claim of a street-car or gas company to an exclusive right to furnish transportation or light of a certain sort, although in the latter case, charter rights would usually be urged as the basis of the right, and it would be claimed that the charter rights carried with them a contract expressed or implied. This illustration, however, shows that under changed names the claims of exclusive privileges characteristic of feudalism still persist among us. Exclusive privileges have in our own life-time been granted to a few which are proving far more prolific in wealth than anything attained by feudalism even in its wildest dreams.

But workingmen have claimed vested interests in special skill or in some particular employment, out of which changes and improvements have thrown them. Extremely rare has been the legal recognition of any such claim on the part of workingmen, but Professor Commons in his able article on the "Right to Work" * gives an illustration of one remarkable case of such recognition in Massachusetts. Older countries have recognized vested interests in offices, both public and private, and have indemnified those who have lost their salaries through social changes.

Vested interests in businesses are often urged and often called in question. In England it is claimed by owners of businesses which include the retail traffic in intoxicating beverages, that they have vested interests, and this claim appears to be generally admitted by English statesmen and politicians; so that plans for a

* *The Arena*, February, 1899.

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diminution in the number of places where such traffic is carried on usually carry with them compensation to those deprived of the right to engage in the traffic.

We may say that whenever social changes of moment occur, vested interests are sure to be urged as ground for compensation for those who lose thereby; and the impression produced by claims based on alleged vested interests will be in proportion to the power of the economic class urging these claims.

What significance has this for the distribution of wealth? Very great. An extensive recognition of vested interests tends to preserve the advantages acquired by individuals or a class of individuals. Such recognition means corresponding security for those who have well-established privileges, so that changes brought about to promote the general welfare may not rest with special severity upon a few.

Mr. Henry George and some other radical reformers look askance upon the idea of vested interests in those forms of private property which they wish abolished. Mr. George, for example, says that private property in land is injurious and ought never to have been established, in fact, could not have been righteously established; and because he deems it not to rest upon an ethically right basis, he would refuse recognition of the right of private owners to indemnity. But of private property in land, even granting his main contention, we may say, as of slavery formerly, that society as a whole must bear the responsibility and not any one class of society. And what infinite pain and social disaster did England spare herself by her policy of indemnifying the slave-owner when the slaves in her West Indian possessions were emancipated!

No other land carries the idea of vested interests so far as England, while on the other hand she has a far less rigid view of contract. Changes may be made, contract to the contrary notwithstanding, but the individuals who suffer loss must be indemnified. This general line of policy, viz., a liberal view of contracts with a far-reaching and generous recognition of vested interests, gives us a maximum of change with a minimum of social disturbance and individual suffering.

In their remarkable book, "Industrial Democracy," Mr. and Mrs. Webb have discussed the claims of skilled workers to a vested interest in their special advantages, and they recognize frankly the difficulties which stand in the way of making good to the workers, losses incurred in and on account of social progress. They look with more favor upon a national minimum for all workers as explained in the accompanying quotation. (1)

As to paying for property and rights acquired with recognition of the claims of vested interests, it may be said that a well-devised system of taxation spreads the burden over society as a whole; and if extensive changes are to be made, the taxation of gifts, bequests and inheritances suggests itself as the best method for diffusion of the burdens involved.

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1. VESTED INTERESTS.

(1) **National Minimum.**—The object of the National Minimum being to secure the community against the evils of industrial parasitism, the minimum wage for a man or a woman respectively would be determined by practical inquiry as to the cost of the food, clothing, and shelter physiologically necessary, according to national habit and custom, to prevent bodily deterioration. Such a minimum would therefore be low, and though its establishment would be welcomed as a boon by the unskilled workers in the unregulated trades, it would not at at all correspond with the conception of a "Living Wage" formed by the Cotton Operatives or the Coalminers. It would be a matter for careful consideration what relation the National Minimum for adult men should bear to that for adult women; what differences, if any, should be made between town and country; and whether the standard should be fixed by national authority (like the hours of labor for young persons and women), or by local authority (like the educational qualification for child-labor).

To those not practically acquainted with the organization of English industry and Government administration, the idea will seem impracticable. But, as a matter of fact, the authoritative settlement of a minimum wage is already daily undertaken. Every local governing body throughout the country has to decide under the criticism of public opinion what wage it will pay to its lowest grade of laborers. It can hire them at any price, even at a shilling a day; but what happens in practice is that the officer in charge fixes such a wage as he believes he can permanently get good enough work for. In the same way the national Government, which is by far the largest employer

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of labor in the country, does not take the cheapest laborers it can get, at the lowest price for which they will offer themselves, but deliberately settles its own minimum wage for each department.

During the last few years this systematic determination of the rate to be paid for Government labor, which must have existed since the days of Pepys; has been more and more consciously based upon what we have called the Doctrine of a Living Wage. Thus the Admiralty is now constantly taking evidence, either through the Labor Department or through its own officials, as to the cost of living in different localities, so as to adjust its laborers' wages to the expense of their subsistence. And in our local governing bodies we see the committees, under the pressure of public opinion, every day substituting a deliberately settled minimum for the haphazard decisions of the officials of the several departments.

What is not so generally recognized is that exactly the same change is taking place in private enterprise. The great captains of industry, interested in the permanent efficiency of their establishments, have long adopted the practice of deliberately fixing the minimum wage to be paid to the lowest class of unskilled laborers, according to their own view of what the laborers can live on, instead of letting out their work to sub-contractors, whose only object is to exact the utmost exertion for the lowest price. A railway company never dreams of putting its situations out to tender, and engaging the man who offers to come at the lowest wage: what happens is that the rate of pay of porters and shunters is deliberately fixed in advance. And it is a marked feature of the last ten years that the settlement of this minimum has been, in some of the greatest industries, taken out of the hands of the individual employer, and arrived at by an arbitrator.

The assumption that the wages of the lowest grade of labor must at any rate be enough to maintain the laborer in industrial efficiency is, in fact, accepted by both parties, so that the task of the arbitrator is comparatively easy. Lord James, for instance, has lately fixed, with universal acceptance, a minimum wage for all the lowlier grades of labor employed by the North Eastern Railway Company. Indeed, the fixing of a minimum wage on physiological grounds is a less complicated matter, and one demanding less technological knowledge than the fixing of a minimum of sanitation; and it interferes far less with the day-by-day management of industry, or its productivity, than any fixing of the hours of labor, whether of women or men.— "*Industrial Democracy*," *by Sidney and Beatrice Webb, pp. 774-777.*

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2. PERSONAL CONDITIONS.

When we discuss personal conditions and distribution we are reminded of the old formula which, as Thucydides said, was revealed by the course of human history; viz., A causes B and B causes A. We have to do with continual action and reaction. The distribution of wealth is one of the chief causes determining personal conditions, but on the other hand personal conditions bring about the distribution of wealth.



Thucydides.

Our study must be historical. Slavery is a term describing the personal condition of the mass of toilers throughout a great proportion of human history. What does slavery mean for distribution? It signifies that the slave has subsistence according to an accepted standard, modified more or less by the humanity of his own master, and that the residue of his earning accrues to his owner. Slavery gives us a simple order of distribution. We have product minus subsistence of the workers, equals the share of their owners, and this share ordinarily includes returns to land and to such primitive forms of capital wealth as are employed in slave production. Distribution is brought about by the authority conveyed by a particular order of private property. Custom modifies generally the harshness of slavery. The peculium of the Roman slave illustrates this. The peculium was property which humane custom allowed slaves to accumulate, and while it did not have adequate legal protection, it seems generally to have been respected. It thus happened at times that one slave would own another slave as part of his peculium. Holidays and gifts often helped make the lot of our own slaves before the Civil War so happy a one that frequently the older negroes will tell us that they have never been so happy "since freedom."

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In all justice, too, we must in considering this order of distribution take into account the services rendered by the slave-owners in the organization and management of industry, and if we compare the results of this order with the poverty of inferior sorts of men left without the guidance of superior intelligence and firm wills, we shall not be inclined to estimate these services lightly.

It would be interesting to discuss the effects of caste upon distribution did space permit, but it does not; and we must pass on the conditions of serfdom and half freedom. We have in all these half-free forms an improvement in distribution. The lord bears a large measure of responsibility for the welfare of his dependents and these in turn have narrower limits placed upon their obligations to toil for their superiors. Sometimes the feudal dependent is obliged to render a fixed number of days work to his lord or to pay him a definite quantity of produce from the land he tills, and enjoys for himself what he produces in excess of his obligations. This is a long step toward freedom and always leads to personal freedom sooner or later.

We understand by personal freedom that reciprocal conditions are governed by contract; and all that has been said about contract must be borne in mind in this connection. What is called personal freedom means a thousand and one different things according to circumstances, and the sort of distribution brought about will depend first upon the economic strength of the contracting parties and second upon the conditions which surround contract.

During the Middle Ages and up to the War of the French Revolution, European artisans and mechanics quite generally regulated their conditions by contracts, expressed and implied, and these contracts determined their share in the annual income of society. These contracts were, however, themselves subjected to many regulations. Thus we find in the last century in England, laws of settlement which made it extremely difficult for workingmen to move from one part of the country to another. Guilds, or corporations as Adam Smith usually terms them, laid down general rules for production and custom had a large influence in forces, and sometimes these were established by statute, including the price of labor, or wages. Thus we had free labor, but it was hemmed in by a multitude of conditions, which sometimes acted as protection and sometimes as oppression.

The ideal of the French Revolution was personal conditions determined by individual contract, and combinations both of employers and employed were forbidden. (1) It was sought to bring individual man into direct immediate relations with individual man, and allow men individually to settle between them the terms on which they would coöperate in the work of production. But the development of large-scale production made this impossible. All the time there existed tacit or actually expressed combinations on the part of the employers. Even in his day Adam Smith showed that this was the case; and the truth is, it is only against combinations of workingmen that the law has shown its harsh side. Now, as we have seen, workingmen have during the present century demanded more and more strenuously the right of collective bargaining, and this has in large measure been conceded although grudgingly; nowhere perfectly, but in England to a greater extent than anywhere else.

Then we have springing up a new group of regulations surrounding contract and determining personal conditions. We may mention laws restricting the labor of children and protecting all wage-earners in various particulars. We have also new laws limiting the immigration of foreign workingmen and excluding those from China. Arbitration, voluntary generally, but compulsory in New Zealand, may be mentioned. Education in its various phases, strengthens men in their various economic struggles and must be mentioned in this connection.

We have thus in modern industrial society personal freedom expressing itself through contracts, but contracts limited and regulated; and the aim is to give

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security and abundance to the wage-earning classes. In how far is this end attained?

2. PERSONAL CONDITIONS.

(1) **The French Revolution.**—Previous to the French Revolution an attempt had been made to embrace all the inhabitants of a state in some shape in a fixed and definite social organism. There were the ruling classes, consisting of the nobility and the clergy, and the commons. The latter were, to be sure, hewers of wood and carriers of water for the two higher estates, but they were bound to them in a certain manner. The feudal lord usually felt some sort of concern for the welfare of his vassals, looked after their interests, when these interests were attacked by others, and in a general way afforded them protection to be found only in his wealth and power. The greatest of the feudal lords, the sovereign, was the mighty father of all, and his government was often a shield to the weak and helpless. The third estate, the *bourgeoisie*—those who pursued trades and commerce—were connected together, and with the rest of society, by guilds and corporations. The arrangements of these institutions brought into close personal contact, masters and laborers. Manufactures were conducted in small shops, where the employer worked side by side with two or three journeymen and apprentices, the latter living in the master's house. According to the rules of the guilds the apprentice became a journeyman in a few years, and the journeyman rose in time to the rank of master. Thus there were common experiences and common feelings to unite employers and employed. They were not distinct and separate classes, with interests sharply antagonistic to one another.

It is so unusual to hear one speak a good word for the institutions of the Middle Ages, that I fear the reader will be tempted to exclaim, "Can any good thing come out of Nazareth?" But that it may not be necessary to take my *ipse dixit* for believing that there was a favorite side to feudalism, I will quote the testimony of Thorold Rogers, Professor of Political Economy in the University of Oxford, and one of the most distinguished economists of our time. "It is in vain to rejoice over the aggregate of our prosperity," says Professor Rogers, in his "History of Agriculture and Prices," "and to forget that a great part of the nation has no share in its benefits. It may be that the wisdom of our forefathers was accidental; it is certain that society was divided by less sharp lines, and was held together by common ties in a far closer manner, in the times which it has been my fortune to study [the Middle Ages], than it is now. The feudal system of the Middle Ages was one of mutual interests; its theory of property involved far more exacting duties than modern rights ever acknowledge, or remember, or perhaps know."

The war of La Vendée, in the French Revolution, gives striking corroboration of this view of feudalism. In the western part of France, particularly in Anjou, feudal institutions still retained their better characteristics, while in other provinces large landed proprietors intrusted their estates to agents, that they might lead idle and dissipated lives in Paris. The Landlords of La Vendée and the surrounding country lived on their manors, and took a paternal interest in the well-being of their peasants and dependents. The relations of Church and people, were those of protection and affection. The result was the obstinate adherence of this part of France to the old order of things, and the stubborn resistance of the peasants of Anjou and Poitou to the revolution.

Yes, it is true; much more can be said in favor of the social organization of the Middle Ages than is commonly supposed. Nor were those times so backward as many think. Cities like Nuremberg, in Germany, show remains of the civilization of the Middle Ages which convince one that a considerable grandeur had been attained, and that the people of those times were by no means in every respect inferior to us. But the framework of this past civilization, not admitting of expansion, broke to pieces. It was not large enough for the modern growth of population and wealth. Its institutions were abused by those in power, and in a time of general corruption and oppression they fell with a terrible crash. The French Revolution swept them away forever. While this revolution formed one of the grandest epochs in history, it left society in a singularly disorganized state. No one appeared to be connected with his fellow-man. Each one stood alone by himself. The individualistic and atomistic condition of modern society had begun. In the reaction which followed upon restraint this was thought to be an unmixed good. Each one was left free to pursue his own interests in his own way. Commerce and industries took a wonderful start, and by the aid of inventions and discoveries expanded in such a rapid and all-embracing manner as to astound the world.—"*French and German Socialism in Modern Times*," *by Richard T. Ely, Ph.D., LL. D., pp. 4-7.*

3. CUSTOM.

John Stuart Mill follows his discussion of property with an enumeration of the different classes of persons to whom it gives rise and among whom the income of society is divided, and then he observes that under the rule of individual property competition and custom are the two determining agencies of distribution. We must thus give Mill credit for a recognition of custom as one of the agencies of distribution and also for a fuller treatment of custom than can be found in the writings of other economists.

The writer of the article on "Competition and Custom," in Palgrave's *Dictionary*

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of Political Economy presents competition as the main agency of distribution and custom is put in the category of "disturbing causes." These are his words: "Wealth having been produced is forthwith—or even in the act of production—distributed amongst those who have been concerned in its production, and the share of the product which falls to the lot of each of these is determined in the absence of disturbing causes by competition." Another writer in the same dictionary contrasts competition with combination and monopoly, with governmental regulation, charity and custom. Custom is thus treated as a rival of competition, as are combination and socialism. (1) We have in truth several coördinate—even if not equal—agencies or forces of distribution, and these are Custom, Competition, Monopoly, Authority and Benevolence. Now no system of economics can rightly claim to be complete which fails to discuss all these forces. It is absurd to say that economics as a science is restricted to any one of these agencies. It may well be that the scientific method appropriate to an investigation of the operation of one of these agencies or forces may not be suitable for the investigation of the operation of another one of these agencies or forces, but science is not bounded by any one scientific method. Mill states that only on the assumption of competition can we have a science of economics; yet Mill himself observes that "Competition . . . has only become in any considerable degree the governing principle of contracts at a comparatively modern period. The farther we look back into history, the more we see all transactions and engagements under the influence of fixed customs."

Custom means the doing of a thing because others have done the same thing. It is for society what habit is for the individual. Custom is an essential part of the development of civilization and is present in all human relations, in those which bring about the distribution of wealth as well as in others. Language, law and the use of money grow up with and through custom. Custom regulates exchanges, transfers and the processes of distribution. Custom can be replaced, but only by methods which in turn form a new custom. Even irregularities have their customary procedure. Custom becomes an obstacle to progress when it becomes ossified and inelastic.

Early ages of the world recognized custom and gave it the sanction of religion. This may be necessary to secure the gains of improvement, to prevent falling back into a less advanced stage of development, but it retards an advance to new and improved conditions. But we must notice that custom includes ethical ideas. It could not otherwise have the sanction of religion. It in part gives origin to ideas of right and wrong, but it likewise in part is produced by these ideas.

Early times had its customary distribution brought about by customary productive processes and exchanges at customary prices. The idea of fraternity ran through the customs which regulated the relations of members of communities of earliest times; and these communities themselves were looked upon as brotherhoods, or great families. The unfortunate feature of the situation was that brotherhood and the customs of brotherhood were limited to the narrow circle of the community, the tribe or the little nation. But since the advent of Christianity the little brotherhood has been evolving into a world-wide brotherhood, in which ultimately nobler customs will obtain, and these nobler customs will, with other coördinate forces, give us our distribution of wealth.

The effect of custom on distribution is not to prevent inequality. It does not prevent the existence of poverty by the side of wealth, but it does act like dikes, restraining within narrower limits than would otherwise be the case the extremes of wealth and poverty. It prevents the full utilization of combinations of circumstances unusually favorable for one part of the community, and unusually unfavorable to another part of the community.

It is in the rent of land that custom has been most marked and it is because the idea of fraternity is more emphasized with respect to land, than with respect to

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movable property, and because it persists longer in the break-up of the old order and in the formation of the new. There are parts of England now, where it is said, that a landlord would lose social caste who should charge the full competitive rent of land, and the best landowners in England feel that private property in land carries with it a social mission. Customs of this sort have not become so strong with us and the idea of a social mission connected with landed property and its opportunities is only beginning to take shape in the United States. Yet we have our customs, especially when it comes to "renting on shares."

Custom has considerable force in the rate of interest for long-time loans, but custom changes as wealth and security increase.

It is, however, especially in remuneration for personal services that custom has great power. This is seen in customary wages and customary salaries; also in fees for professional services. There is many a neighborhood in which the head of a family who pays higher wages to domestics than custom dictates will incur odium.

It was especially in retail trade that custom regulated prices fifty or one hundred years ago, and then it could be roughly said that custom and not competition regulated retail prices. Such is not the case now, for the methods of large commerce have been extended into retail trade, and competition has largely broken down the old customs. Yet we see some good new customs growing up precisely in the most active centers of competition, *e.g.* Saturday half-holidays.

It is also in these great centers that we can see the deleterious influence of custom in the easy acquiescence in the excessive five-cent street-car fare. It is an exorbitant charge, but the easy-going American falls into the custom of paying it, not reflecting how serious a matter is the difference between three cents and five cents; a difference of sixty-six and two-thirds per cent. Yet there are many places where a three-cent fare would be an ample return to all actual investments of capital.

3. CUSTOM.

(1) **Both Strength and Weakness.**—In the more complicated economical relations where distribution is concerned, custom as elsewhere may be both a strength and a weakness to those bound by it. It may become an instrument aiding progress or it may become a fetter.

Customary rates of wages may be rates that neither fall so low nor rise so high as the rates that would be fixed by competition in open market and so it is with customary rents and customary prices.

What has always been paid acquires an apparent justification from usage and this is found in the case of taxes, as appears in the very name "Customs," where novelty and unpopularity as a rule go together. The times and ways of payment are largely fixed by custom more than by conscious regard to expediency. Wages for example are paid in the case of the London workmen by the week, of many Scotch workmen by the fortnight, of domestic servants by the month, of many farm-servants by the year.

When wages have been raised by a temporary cause, they may be maintained by custom in the sense that the laborers' standard of living may be permanently raised. This result can hardly be secured without some form of combined action among the laborers.

Combination implies criticism and initiative, and seems a necessary aid if custom is to be a strength instead of a weakness.

It is only roughly true that men are emancipated from custom in proportion to their education. They are seldom removed by it from the influence of fashion which is simply a form of custom where the capriciousness of the unwritten law is not concealed, and where the matters concerned are supposed to be beyond exact utilitarian calculation.

Fashion often determines not only what men eat and wear, but where they buy, and even to some extent, what they pay.

The good will of a business is simply this fashion from the purveyor's point of view.

It is perhaps the tendency of an active commercial community to go from the one extreme, of regard for custom, to the other regard for mere cheapness as measured by price without due account of quality.

Modern improvements, such as railways and telegraphs, and coöperative stores, play a great part in breaking down custom and causing a rough equality even in retail prices.

In the wholesale markets where both sellers and buyers are alive to their commercial interests, the power of custom is a smaller factor than retail dealings, but in the stock markets and elsewhere it is still a factor.

It may be doubted if customary profit is as tangible a conception as it seemed to Adam Smith. Yet in recent Continental Usury Laws it figures still very largely as it did in the Middle Ages.

When instead of prices and profits conditions of bargaining are concerned, it is not only a factor, but the main factor, for commercial Law is simply the customs of merchants to which the state now gives legal effect. There is a sense in which nearly all statute law is custom, defined, and made consistent, and it may be imposed on an unwilling minority, as in the Factory Acts. To make custom our friend for life we bind him under penalties.—"*Dictionary of Political Economy*," *Edited by R. H. Inglis Palgrave.*

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4. COMPETITION AND BARGAINING.

We have already discussed competition and bargaining in our survey of the fundamental features of industrial society and the distinctions made at that time must be recalled. Competition it was found is used in two senses, a larger sense and a narrower sense. Competition in the larger sense means the *struggle of conflicting economic interests on the basis of the existing legal and social order*, but in the narrower and stricter sense it means a *struggle for an economic advantage with one engaged in a like pursuit or occupation.* It is the retail merchant who competes with the retail merchant but bargains with his employés. It is the farmer who competes with the farmer, but bargains with the retail merchant and likewise with his own laborers. This is a distinction of vital importance in a discussion of the distribution of wealth, inasmuch as it is bargaining which really distributes wealth and the office of competition is to determine the limits within which bargaining takes place; and frequently these limits are wide indeed. It is the great merit of Mr. John A. Hobson in various articles, but especially in his remarkable forthcoming book on "*The Economic Bargain, or The Economics of Distribution*," to have pointed this out as no one else has done and on this account his book should become epoch-making in the development of economic theory.

A distinction ought further to be made between industrial warfare and competition. Competition is conceived as a steady, permanent force, leaving to the combatants at least minimum shares in distribution and profits, wages, interest, rent; but industrial warfare is a fierce and destructive struggle which invades the stock of wealth and productive powers, and this must in the nature of things be temporary. The significance of this distinction became apparent in our discussion of monopolies. Popular language instinctively brings out this distinction, for we speak of a "war" in freight rates but of competition in retail trade. It is said that in some way or another competition does bring about distribution and it is frequently described as the exclusive distributive force, which is a serious mistake. It is one of the distributive agencies; and it is difficult to substitute for it another force which will do its work. Yet there are other conceivable forces which might replace it altogether, as public authority, and there are forces which are continually encroaching on what has been conceived to be the field of competition, as for example, private monopoly; but what about the difficulties of distribution in the case of public authority as the exclusive agency of distribution, and what about justice when private monopoly usurps the place of competition? We must examine at greater length the operation of competition before we can answer questions like these.

We have various kinds of competition and among them is what has been called *commercial competition*, which acts in such a way that it tends to bring about equal prices for like commodities; or to use the words of Professor Sidgwick, commercial competition is "the operation of competition by which the terms of similar exchanges are kept approximately similar." Each one seeks to do the best he can for himself, according to competition, and this simple pursuit of individual gain sets in operation powerful forces, tending towards equilibrium in demand and supply. We have the two opposing forces, the sellers competing with each other, and bargaining with the buyers, and the buyers competing with each other and bargaining with the sellers. Now if one seller in a strictly competitive market asks higher prices than others, the buyers seeking their own interest will leave him and make purchases elsewhere. But if one buyer offers a smaller price than other buyers, he will in such a market be neglected by the sellers who are seeking their interest.

But what about fluctuations in price? If the demand increases beyond the increase in supply, the sellers will observe this and take advantage of it to raise prices and to bring about an equilibrium between demand and supply at a higher

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price level. If the increase in supply is more rapid than the increase in demand at the existing price, the reverse process will take place. Naturally every change in price operates on distribution. This simply says that at a dollar a bushel for wheat the wheat-growers receive a larger income than at eighty cents a bushel. (1)

4. COMPETITION AND BARGAINING.

(1) **Theory of Cost of Production.**—It seems to me that a sufficient case has now been made out to justify an attempt at a fresh exposition of the doctrine of Cost of Production. I therefore proceed to submit to the reader that view of it which such reflection as I have been able to give to the subject, has led me to form.

And here I must, in the first place, insist that cost means sacrifice, and can not, without risk of hopelessly confusing ideas, be identified with any thing that is not sacrifice. It represents what man parts with in the barter between him and nature, which must be kept eternally distinct from the return made by nature on that payment. This is the essential nature of cost; and the problem of cost of production as bearing on the theory of value, is to ascertain how far and in what way, the payment thus made by man to nature in productive industry, determines or otherwise influences the exchange products which result.

To find an answer to this question we need not go beyond that fundamental principle of conduct which leads men to seek their ends by the easiest and shortest means. The end of engaging in industry is the acquisition of wealth; and the means, self-denial, toil, forethought, vigilance. The problem of industry is, therefore, to attain wealth at the least expenditure of those bodily and mental exertions—or, as we may say, at the least sacrifice or cost. And the law of cost of production, as governing value, is merely the practical consequence and outcome of the pursuit of wealth under this condition.

In order to perceive this, it is only necessary to keep steadily in view the two following facts: First, that under the influence of the motive just indicated, men, in selecting their occupations, whether as laborers or capitalists, will, *so far as they have the power of choice*, select those which, in return for a given sacrifice, yield, or promise to yield, the largest reward, and secondly, the fact that, under a system of separation of employments, industrial rewards consist for each producer, or, more properly, for each group of producers, employed on a given work, in the value of the commodities which result from their exertions. I say in the *value* of the commodities, not in the commodities themselves; for it is not always that the man who is engaged in industry needs the particular commodity on which his own exertions are bestowed, and it is seldom that he needs more than at most an insignificant quantity of what he produces; consequently his remuneration must come, not from the direct but from the indirect results of his labors—from those things, whatever they are, which the commodity he produces enables him by sale and purchase to command—in other words, from its value. Given the productiveness of a man's industry, this alone will not enable us to determine the amount of his remuneration. In order to do this, we must further know the proportions in which what he produces will exchange for what he wants—that is to say, for the articles of his consumption.

The value of the product resulting from industry forms thus the source from which, under the actual state of things, industry is remunerated. Nor is this conclusion invalidated by the fact that, under the industrial organization prevailing in this and other civilized countries, the laborer commonly receives his reward in the form of wages advanced by the capitalist before the product is completed; since what he receives is subsequently recouped to the capitalist, the sum being drawn from the value of the product; so that it is still *the value of the product* from which the remuneration of all concerned in the creation of that product ultimately comes.

Wages and profits in each branch of industry are thus derived from the value of the commodities proceeding from that branch of industry, and, as (with the exception of the case where rent is also an element in the value of commodities—a case which, those acquainted with the economic theory of rent will perceive, does not affect the general argument) wages and profits also absorb the whole of that value, it follows that, other things being the same, the aggregate of wages and profits received by any given group of producers will always vary with the value of the aggregate of commodities which they produce. Where wages and profits, therefore, in different occupations are in proportion to the sacrifices undergone, the value of the commodities proceeding from those occupations will also be in proportion to the same sacrifices, that is to say, the commodities will exchange in proportion to their costs of production.

Now wages and profits will be in proportion to the sacrifices undergone wherever, and only so far as, competition prevails among producers—wherever, and so far only as, laborers and capitalists have an effective choice in selecting among the various occupations presented to them in the industrial field. Give them this effective choice, and the correspondence of remuneration to sacrifice, not indeed in every act of production, but as a permanent and continuing state of things, is secured by the most active and constant of human motives. Each competitor, aiming at the largest reward in return for his sacrifices, will be drawn toward the occupations which happen at the time to be the best remunerated; while he will equally be repelled from those in which the remuneration is below the average level.

The supply of products proceeding from the better paid employments will thus be increased, and that from the less remunerative reduced, until supply, acting on price, corrects the inequality, and brings remuneration into proportion with the sacrifices undergone. Competition, therefore, is at once the security for the correspondence of industrial remuneration with sacrifice, and also, and because it is so, the security for the correspondence of the values of commodities with the cost of their production.

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This is the sort of competition through which cost of production, as a regulator of value, works; and the question is, How far does competition in this sense prevail in this and other industrial communities?—"*Political Economy*," *by J. E. Cairnes, M.A., Part I., Chapter III.*, § 5.

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5. COMPETITION AND BARGAINING (Continued).

What is called industrial competition operates in such a way as to bring about a tendency toward an equality in profits, interest, and wages. It is that "action of competition by which certain irregularities in the remuneration of dissimilar services tends to be continually removed."* It is conceivable that while in a market every yard of linen of a given quality sells for the same price which every other yard brings, the price of linen may be so high that those engaged in its manufacture may be more highly remunerated than those engaged in the manufacture of shoes. Industrial competition operates to transfer capital and labor from one employment to another in such a way that a tendency is produced in the direction of equal remuneration for equal outputs of economic energy, meaning thereby economic sacrifices of all sorts. It is not necessary that all the capital and labor engaged in the manufacture of shoes should leave that line of work for the production of linen, but a small shifting may be sufficient to restore the balance. Indeed, without any shifting of labor and capital already employed, the balance may be restored by the direction given to new forces of labor and capital. Capital is always being formed and new labor-power is continually offering itself for employment, and a larger proportion of the new forces flowing into the manufacture of linen than into the manufacture of shoes may restore the disturbed equality in remuneration for equal sacrifices.

No one will dispute the immense force of competition in modern life. No one will deny that it is a force which affords a measure of protection to all those engaged in the work of production and to all purchasers of commodities and services. It must be ever remembered that the opposite of competition is monopoly, and that when competition is replaced it is by monopoly, either private or public. But we must inquire more carefully into the limitations under which competition acts. We have seen that it does not give us a price point, but only the limits within which price is determined, and these limits may be wide indeed. At one time economic theory acted upon the hypothesis of universal competition, but both the development of theory and the evolution of industry have, in recent years, laid emphasis upon the restraints upon competition and partial or complete monopoly. We must briefly trace the growth of more accurate thought on the subject of competition.

Even the early economists noticed differences in land, both with respect to its natural qualities and its situation, and these differences formed the basis of rent, the doctrine of which will be considered presently. Without going into rent, however, it will be observed that the competitive race between owners and users of land is in the nature of a handicap. Growers of wheat do indeed compete, but one man has land which with a given output of economic energy will yield twenty bushels to an acre, while the same amount of economic energy expended on the best land which is available to another man yields only fifteen bushels. Similarly one man has a vineyard which yields grapes valued at one thousand dollars, whereas the vineyard of another man who expended upon it an equal amount of economic energy returns only five hundred dollars. Locations of businesses in cities have unequal value because a given effort produces larger returns in some locations than others. We see thus that superior fertility of the soil and preferred locations of business erect, as it were, dikes about the fortunate ones, if we may use this figure, and that they are protected from the full fierceness of the waves of competition, which beat only upon those who enjoy no economic privileges.

Cairnes took another step forward when he called attention to non-competitive groups of workers. Cairnes divided the toilers into four such groups, and held

*T. Y. Edgeworth in the article "Competition and Regulation" in Palgrave's *Dictionary of Political Economy*.

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that within each group there was competition, as the occupation, embraced within it, made similar demands upon strength and capacity, but that each higher group was exposed to comparatively slight competition from those in any lower group, inasmuch as its occupations required a higher order of men. The first group was composed of unskilled laborers, the second of artisans, the third of producers and dealers of a higher order, such as druggists and retail tradesmen, while the fourth group consisted of those who were able to seek careers in science and art and the higher branches of mercantile pursuits. Professor F. H. Giddings of Columbia University has modified and improved Cairnes' theory in giving us the four following groups of non-competitive workers, namely: First, automatic manual laborers; second, responsible manual laborers; third, automatic brain-workers; fourth, responsible brain-workers. There can be no doubt that we have in society these four well-defined non-competing groups. (1)

5. COMPETITION AND BARGAINING (Continued).

(1) **Non-Competing Groups.** — I remarked just now that the youthful labor constantly coming forward to recruit the labor market might be compared to the capital still existing in the form of purchasing power, and ready to be applied to any occupation, according as the prospect of profit might determine. In one important respect, however, the analogy fails. Of the capital existing in this disposable form any portion may be applied to any industrial purpose. But of the disposable labor each element—that is to say each individual laborer—can only choose his employment within certain tolerably well-defined limits. These limits are the limits set by the qualifications required for each branch of trade and the amount of preparation necessary for their acquisition.

Take an individual workman whose occupation is still undetermined, he will, according to circumstances, have a narrower or wider field of choice; but in no case will this be co-extensive with the entire range of domestic industry. If he belongs to the class of agricultural laborers, all forms of mere unskilled labor are open to him, but beyond this he is practically shut out from competition. The barrier is his social position and circumstances, which render his education defective, while his means are too narrow to allow of his repairing the defect, or of deferring the return upon his industry until he has qualified himself for a skilled occupation.

Mounting a step higher in the industrial scale—to the artisan class, including with them the class of small dealers whose pecuniary position is much upon a par with artisans, here also within certain limits there is complete freedom of choice, but beyond a certain range practical exclusion. The man who is brought up to be an ordinary carpenter, mason, or smith, may go to any of these callings, or a hundred more, according as his taste prompts, or the prospect of remuneration attracts him; but practically he has no power to compete in those higher departments of skilled labor for which a more elaborate education and larger training are necessary, for example, mechanical engineering.

Ascend a step higher still, and we find ourselves again in presence of similar limitations: we encounter persons competent to take part in any of the higher skilled industries, but practically excluded from the professions. It is true, indeed, that in none of these cases is the exclusion absolute. The limits imposed are not such as may not be overcome by extraordinary energy, self-denial and enterprise; and by virtue of these qualities individuals in all classes are escaping every day from the bounds of their original position, and forcing their way into the ranks of those who stand above them.



Prof. F. Giddings, Columbia University.

All this no doubt is true. But such exceptional phenomena do not affect the substantial truth of our position. What we find, in effect, is, not a whole population competing indiscriminately for all occupations, but a series of industrial layers, superposed on one another, within each of which the various candidates for employment possess a real and effective power of selection, while those occupying the several strata are, for all purposes of effective competition, practically isolated from each other. We may perhaps venture to arrange them in some such order as this: First, at the bottom of the scale there would be the large group of unskilled or nearly unskilled laborers, comprising agricultural laborers, laborers engaged in miscellaneous occupations in towns, or acting

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in attendance on skilled labor. Secondly, there would be the artisan group, comprising skilled laborers of the secondary order—carpenters, joiners, smiths, masons, shoemakers, tailors, hatters, etc., with whom might be included the very large class of small retail dealers, whose means and position place them within the reach of the same industrial opportunities as the class of artisans.

The third layer would contain producers and dealers of a higher order, whose work would demand qualifications only obtainable by persons of substantial means and fair educational opportunities—for example, civil and mechanical engineers, chemists, opticians, watchmakers, and others of the same industrial grade, in which might also find a place the superior class of retail tradesmen; while above these there would be a fourth, comprising persons still more favorably circumstanced, whose ampler means would give them a still wider choice.

This last group would contain members of the learned professions, as well as persons engaged in the various careers of science and art, and in the higher branches of mercantile business. The reader will not understand me as offering here an exhaustive classification of the industrial population. I attempt nothing of the kind; but merely seek to exhibit in rough outline the form which industrial organization, under the actual conditions of modern life, tends to assume; my object being, by putting the fact in a concrete shape, to furnish help toward a more distinct apprehension of the limitations imposed by social circumstances on the free competition of labor than would be obtained from more general statements.

As I have already said, I am far from contending for the existence of any hard lines of demarcation between any categories of persons in this country. No doubt the various ranks and classes fade into each other by imperceptible gradations, and individuals from all classes are constantly passing up or dropping down; but while this is so, it is nevertheless true that the average workman, from whatever rank he be taken, finds his power of competition limited for practical purposes to a certain range of occupations, so that, however high the rates of remuneration in those which lie beyond may rise, he is excluded from sharing them. We are thus compelled to recognize the existence of non-competing industrial groups as a feature of our social economy; and this is the fact which I desire here to insist upon. It remains to be considered how this organization of industry is calculated to modify the action of the principle of cost of production.

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The exchange of all commodities produced by laborers belonging to the same industrial group, or competing circle, will be governed by the principle of cost—this results necessarily from the fact that competition *is* effective within such groups or circles; but the exchange of commodities produced by laborers belonging to the different groups or competing circles will, for the opposite reason, not be governed by this principle.

Thus all the products of unskilled labor will exchange for each other in proportion to their costs; as will also all the products of ordinary artisan labor *as among themselves*. But the latter products will not exchange against the former in proportion to their costs, nor will the products of artisan labor, or of unskilled labor, exchange in proportion to their costs against those of the higher industrial groups.

The price of a deal table and the price of a common lock will be found to correspond to the sacrifices actually undergone by their producers; or again, the price of a barometer and the price of a watch will be found to correspond to the same conditions; but if we compare the price of either of the latter commodities with that of either of the former, we shall find that the correspondence fails; the prices of the barometer and of the watch will bear a far larger proportion to their respective costs than those of the deal table, or of the common lock, to theirs. If any one questions the fact, the evidence is to be found in the relative remuneration of the producers of the several articles.

That remuneration, as I have shown, comes from the price of the commodity in each case; but, while it is in proportion to the relative sacrifices of production in the case of the workmen who are in competition with each other, it is not in proportion to those sacrifices where the workmen are excluded from mutual competition. The result then is, that the principle of cost of production controls exchange value in the transactions taking place within certain limited industrial areas; while, in the reciprocal dealings of those several areas with one another, its operation fails.

This is the principal modification suffered by cost of production in consequence of the circumstance we are considering. In reality, however, the effects of that state of thing are a good deal more complex than would appear from the statement just made; for in that statement account was not taken of the fact that the same commodity is very frequently the product of labor belonging to different industrial circles. For example, a house is mainly produced by masons, bricklayers, carpenters, plasterers, and others, who would all rank in the class of artisans; but a considerable quantity of purely unskilled labor is also employed in attendance upon these, as labor of a higher degree of skill than that of the ordinary artisan is employed in the finishing and decoration of the house.

Now suppose a commodity of this kind, the joint production of workmen of different orders, to be exchanged against one produced by workmen belonging to some one industrial group, or to several groups, but in proportions different from those obtaining in the other case, what principle would here govern exchange value, or—to express the conception in a more familiar form—the relative prices of the commodities? Manifestly more than one principle will be engaged in determining the result. So far as the two commodities are the products of workmen in competition with each other, their values will be governed by cost of production, but so far as they proceed from workmen not in mutual competition, they will be governed by that other principle, yet to be ascertained, which governs normal value in the absence of competition.

Supposing the commodity with which a house is compared were produced exclusively by the artisan class, the cost principle would be mainly operative in determining the exchange relation; but it would not be entirely so, since a portion, though a small portion, of the house had been produced by workmen not in competition with the producers of the other article.—"*Political Economy*," *by J. E. Cairnes, M.A., Part I., Chapter III., § 5.*

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6. COMPETITION AND BARGAINING (Continued).

We have already noticed failures of competition to bring about strict proportionality between economic effort, economic service and economic merit, on the one hand, and economic reward on the other hand. The chief kind of failure thus far considered is found in rent. The disproportion between reward and effort in the case of the great non-competing groups is explained in part if not wholly by differences in the social value of services. So far as those in reality capable of ascending to higher groups are kept from so doing by positive restraints or by lack of opportunity which could be provided, we may say that the differences of reward in favor of the more highly remunerated groups are not warranted by the nature of things, and in so far there is a lack of proportionality between the rewards of effort and the demands of economic justice.



John Ruskin.

But we have much to add to what has been said about lack of proportionality between effort and service on the one hand, and reward on the other. It was held by earlier writers that with the great exception of land rents, competition did in the main, bring about this proportionality and this was the deep thought underlying the idea of justice which it was maintained governed the present economic order. Each one, it was held, got out of the income of society, out of all the wealth produced for consumption, what he put into this income; rent constituting an exception to the general rule.

The development of economic science has, however, gone on until what was looked upon as an exception is now held to be almost the rule. It is thought that a proper self-respect and regard for one's own work permit, if they do not indeed require, that one should lay claims to what one adds to science, and the present writer looks upon his own work as an important contribution to theory along this line. During the past fifteen years he has been developing his doctrine of monopoly, and has elaborated a more precise definition of monopoly than has heretofore been current, and has worked out the new classification of monopolies already presented, and also framed a law of monopoly price explaining phenomena of distribution not easily understood otherwise. The classification of monopolies which has been presented shows the general prevalence of monopoly, and the law of monopoly charges, to be stated presently, reveals the tremendous significance of monopoly in the theory of distribution. The writer has had the gratification of seeing his views more and more widely accepted by economic science, although when at first advanced there were not wanting those who refused them a scientific character. Under all the circumstances this personal statement seems warranted.

Now the significance of monopoly in the present connection is evident. It shows that in a large proportion of our economic field competition fails to do the work which has been expected of it; inasmuch as those enjoying valuable monopolies have not only a return to labor and capital but a surplus return in addition, and monopolists thus constitute the privileged classes of modern time. Economic science

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is making this clear, so that we begin to perceive that as much as ever before do we have privileged classes, only that they rest upon an economic rather than political foundation.(1)

6. COMPETITION AND BARGAINING (Continued).

(1) **Ruskin on the Competitive System.**—When Mr. Ruskin proceeds to specify in more detail the character of those bargains by which commerce is conducted, he is not so exact in his reasoning or so successful in substantiating his charges. That the law of supply and demand works unjustly, that bargaining does not secure a fair or just price, that exchange is conducted on a basis of fraud and force, these are his accusations against industry, and commercial economy he charges with aiding and abetting these wrongs by misrepresentations of the processes.



The House at Herne Hill, Where Ruskin Passed his Childhood.

In his treatment of his theme he renders one signal service. Although commercial economy never positively affirmed the justice of bargaining as a means of exchange and of distribution, its teaching undoubtedly conveyed the impression that substantial justice was achieved by these processes. The suggestion was that, when an act of sale took place, seller and buyer made an equal gain from the transaction. The unusual candor of Prof. J. E. Cairnes, who said, "I am unaware of any rule of justice applicable to the problem of distributing the produce of industry," never made its way into the current teaching of economics, which still rested on the assumption that competition harmonized the interests of the individual with the interests of society, all working together for the best. Mr. Ruskin's flat denial of any tendency towards fair or equal apportionment of gain in an act of purchase or exchange, is sustained by exact analysis of economic processes.

His simple statement of the working of supply and demand is not to be gainsaid. "In practice, according to the laws of demand and of supply, when two men are ready to do the work, and only one man wants to have it done, the two men underbid each other for it; and the one who gets it to do is underpaid. But when two men want the work done, and there is only one man ready to do it, the two men who want it done overbid each other, and the workman is overpaid." In uncivilized communities force and fraud have always been chief means of acquiring property; in modern industrial societies it is supposed that a just and rational system of exchange has been substituted. But when we closely investigate the actual working of exchange, we find the elements of fraud and force surviving, only hidden. The bargain of a baker with a starving man rests upon a display of economic force which is present more or less in every bargain. It may be urged that Mr. Ruskin's instance improperly assumes inequality by making two sellers face one buyer or *vice versâ*. But the answer is, that over the larger portion of the field of exchange, the number of willing and effective buyers is either larger or smaller than the number of sellers, and the closer competition set in motion among those who find themselves in danger of being left out in the cold, does give to the other side the advantage of monopoly which Mr. Ruskin's simple case serves to illustrate. Nor is it merely a question of numbers: the relative strength of economic resources of the two parties bargaining is the real criterion. In many kinds of bargains there is no direct competition at all upon one side or the other; in hiring labor, for example, the direct needs of employer and laborer chiefly determine the price of the labor, and the more urgent need of the laborer tends to give the advantage to the employer. Even when a number of employers are genuinely competing on the one side, and a number of laborers on the other, there is still no provision for determining a "fair" wage, in the sense of a wage which is equally beneficial to laborer and employer: an equality in numbers and resources of the two sides still tends to give the larger gain of the bargain to one of the two parties.—"*John Ruskin: Social Reformer*," *by J. A. Hobson, pp. 149-151.*

John Ruskin.—This eminent English art critic and writer was born in London Feb. 8, 1819. He entered Christ College, Oxford, in 1833 and gained the Newdigate prize by a poem in 1839. He was graduated in 1842. He inherited an ample fortune, but has always been an enthusiastic worker.

He was appointed professor at the Cambridge School of Art in 1858, and Rede lecturer at Cambridge in 1867. He held the Slade professorship of fine art at Oxford in 1869-79 and in 1883-85. He has since lived in retirement on his estate at Brantwood, on Coniston Lake, in Lake Country.

He is the author of about forty volumes and brochures on various subjects, among them being a number of works of a socialistic tendency.

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FIRST WEEKLY REVIEW.

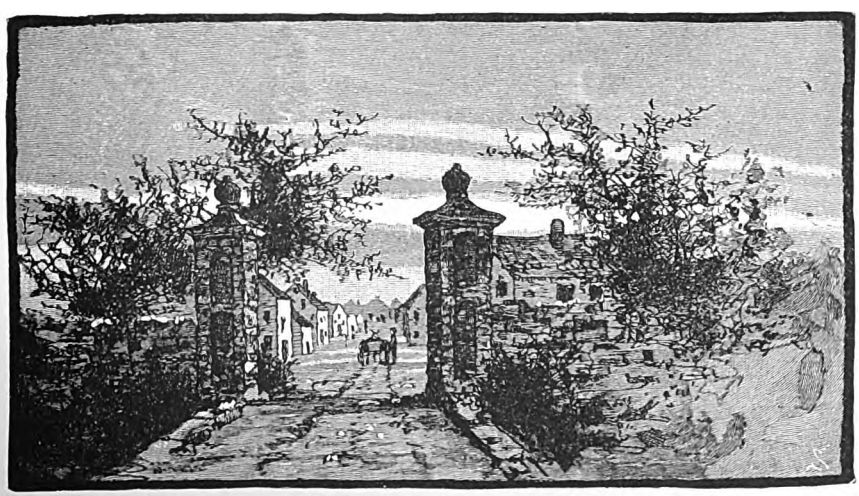
1. **VESTED INTERESTS.**—Vested Interests Defined and Described. Vested Interests and the Distribution of Wealth.
2. **PERSONAL CONDITIONS.**—Slavery. Caste. Serfdom. Free contract.
3. **CUSTOM.**—Custom and Competition. Custom defined. The effects of Custom on Distribution.
4. **COMPETITION AND BARGAINING.**—Competition in the Larger and in the Narrower Sense. Competition and Industrial Warfare.
5. **COMPETITION AND BARGAINING (Continued).**—Industrial Competition. Competition and Monopoly. Limits of Competition.
6. **COMPETITION AND BARGAINING (Continued).**—The Failure of Competition to Apportion Reward to Service.

QUESTIONS.

1. *Define vested interests. Have you observed evidences of an endeavor to extend the idea of vested interests unduly? Under what circumstances is the idea of vested interests most likely to be emphasized? What are the advantages and what the disadvantages likely to result from a far-reaching recognition of vested interests?*
2. *What regulates the share of the slave in the distribution of wealth? What determines the share of the slave-owner? What has been the influence of custom upon the distribution of wealth under slavery? What do you understand by caste? What is its significance in distribution? What do you mean by personal freedom? Does personal freedom always signify one and the same thing?*
3. *What do you understand by custom? Is custom to be regarded as a disturbing cause in the distribution of wealth? Must economics as a science neglect an examinatiou of the influence of custom on the distribution of wealth? If so, why? Why has custom had a greater influence upon rent than upon other shares in distribution? Have you ever observed any influence of custom upon rent in your own neighborhood? What influence has custom upon retail prices? Upon wholesale prices?*
4. *Define competition in the large sense. Distinguish between industrial warfare and competition. Define commercial competition. What is its influence upon price?*
5. *Define industrial competition. Describe its influence on distribution. What are the limits to the influence of competition upon price?*
6. *Describe particulars in which competition fails to bring about strict proportionality between economic service and economic reward. Can anything be done to secure a nearer approximation than now exists between economic service and economic reward?*

SUBJECTS FOR SPECIAL STUDY.

1. *Vested interests and the saloon.*
2. *Custom and the rate of wages.*
3. *Competition and bargaining.*
4. *Results of competition in the scale of prices.*
5. *Competition and monopoly.*
6. *Inability of competition to accord proper wages.*



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7. COMPETITION AND BARGAINING (Concluded).

We have seen that rent and monopoly gains, make great rifts in the older theory that competition gives to each one his just deserts; that is to say, a reward in proportion to social service. But Mr. Hobson shows that apart from monopoly and rent, we have an element of what he calls "forced gain" in bargaining, and this gives us surplus value; a surplus value in the sense that it awards more to one than to another for similar contributions to economic well-being. We have, let us say, a certain price which would induce one economic group to render its economic services, and in bargaining with a stronger class its share in wealth produced may be reduced very nearly if not quite to this minimum. This stronger class, on the other hand, may receive much more than the minimum necessary to secure its coöperation. The competition of wage-earner with wage-earner may give us a bargain for labor at $1.50 a day, and the competition of capitalist with capitalist may give us a return of six percentum on capital; yet it is quite possible that the coöperation of capital could be secured for a return of four percentum; that is, were it not possible to secure more than the last mentioned rate of return, the supply of capital would still be forthcoming. In a case like this we have a surplus gain of two percentum accruing to capital. The point of significance is that competition leaves wide margins between necessary price on one side and necessary price on the other to be contended for by bargaining, and economic force distributes this surplus gain; thus it may properly be called "forced gain." Wage-earners are nominally weak bargainers and it is the exception when they have equal strength in bargaining. Consequently they receive but a comparatively small share of surplus wealth produced. Monopolists are the strongest bargainers, and next to them rank those who have superior advantages; that is to say, superior economic situations of some sort but short of monopoly. In addition to the work of Mr. Hobson, the reader may be referred to another careful discussion of the scientific limitations of competition in Dr. Charles W. Macfarlane's recent book, *Value and Distribution.*

The older economists were more or less puzzled and perplexed by rent, for whatever they might say to the contrary notwithstanding, what they were seeking was an explanation of economic society which would accord with current ideas of justice. Very early the thought was suggested that taxation should rely either wholly or in large part on rent as its source. If the surplus consisted of rent, and this were taken for public purposes, it might seem that all competitors were again placed on such a footing that each one would receive a reward in proportion to economic service and economic merit. Rent was called an "unearned increment," and the thought just elaborated explains the various schemes for taxing rent which began with the Physiocrats and reached the end of one line of logical evolution in the proposals of the late Henry George. Another class of writers, however, sought to satisfy themselves by efforts to prove either the non-existence or the insignificance of rent, but the impartial student will not be inclined to admit that the alleged proof is in the least satisfactory.

We see, however, that we have many sorts of economic surplus or "unearned increment," and that land-rent is only one of these. Proposals for economic reform, resting upon a scientific basis, take now two lines; one leads to a system of taxation which shall take at least a part of the returns which we have called rent, monopoly gains and forced gains; the other leads to suggestions which are calculated to strengthen those classes of bargainers who now receive relatively a small proportion of surplus wealth. These suggestions include the organization of labor, strengthening the wage-earner as a bargainer, a shorter working day, thus securing to the toiler a portion of the advantages accruing from industrial improvements; also education in all its forms, education of the mind, the character and the body, thus again strengthening the masses in their economic bargaining. Then we have

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still more far-reaching proposals, such as profit-sharing, coöperation and socialism. Profit-sharing contemplates a division of profits such that the wage-earner may receive a share in addition to wages; coöperation looks to a combination of the toilers in production whereby they will carry on production without an employer, thus dispensing with one class of bargains, but leaving them to make bargains for the use of capital, so far as they are obliged to borrow capital, and also for the use of land; and furthermore bargains for sales of products. Socialism proposes, as we shall see later, that bargaining shall be reduced to a minimum and that production and distribution shall be effected by social agreements or determinations.

This may be difficult reasoning but the present writer does not see how to simplify it further in the limited space at his command. While it will require much study and careful thought to understand all that this lesson carries with it, it is hoped that every intelligent and pains-taking reader will receive from it helpful suggestions. (1)

7. COMPETITION AND BARGAINING (Concluded).

(1) **Rent and Taxation.**—Before leaving the subject of Equality of Taxation, I must remark that there are cases in which exceptions may be made to it, consistently with that equal justice which is the groundwork of the rule. Suppose that there is a kind of income which constantly tends to increase, without any exertion or sacrifice on the part of the owners; those owners constituting a class in the community, whom the natural course of things progressively enriches, consistently with complete passiveness on their own part. In such a case it would be no violation of the principles on which private property is grounded, if the state should appropriate this increase of wealth, or part of it, as it arises. This would not properly be taking anything from anybody; it would merely be applying an accession of wealth, created by circumstances, to the benefit of society, instead of allowing it to become an unearned appendage to the riches of a particular class.

Now this is actually the case with rent. The ordinary progress of a society which increases in wealth, is at all times tending to augment the income of landlords; to give them both a greater amount and a greater proportion of the wealth of the community, independently of any trouble or outlay incurred by themselves. They grow richer, as it were, in their sleep, without working, risking, or economizing. What claim have they, on the general principles of social justice, to this accession of riches? In what would they have been wronged if society had, from the beginning, reserved a right of taxing the spontaneous increase of rent, to the highest amount required by financial exigences? I admit that it would be unjust to come upon each individual estate, and lay hold of the increase which might be found to have taken place in its rental; because there would be no possibility of distinguishing in individual cases, between an increase owing solely to the general circumstances of society, and one which was the effect of skill and expenditure on the part of the proprietor. The only admissible mode of proceeding would be by a general measure. The first step should be a valuation of all the land in the country.

The present value of all land should be exempt from the tax; but after an interval had elapsed, during which society had increased in population and capital, a rough estimate might be made of the spontaneous increase which had accrued to rent since the valuation was made. Of this the average price of produce would be some criterion: if that had risen, it would be certain that rent had increased, and (as already shown) even in a greater ratio than the rise of price. On this and other data, an approximate estimate might be made, how much value had been added to the land of the country by natural causes; and in laying on a general land-tax, which for fear of miscalculation should be considerably within the amount thus indicated, there would be an assurance of not touching any increase of income which might be the result of capital expended or industry exerted by the proprietor.

But although there could be no question as to the justice of taxing the increase of rent, if society had avowedly reserved the right, has not society waived that right by not exercising it? In England, for example, have not all who bought land for the last century or more, given value not only for the existing income, but for the prospects of increase, under an implied assurance of being only taxed in the same proportion with other incomes? This objection, in so far as valid, has a different degree of validity in different countries; depending on the degree of desuetude into which society has allowed a right to fall, which, as no one can doubt, it once fully possessed. In most countries of Europe, the right to take by taxation, as exigency might require, an indefinite portion of the rent of land, has never been allowed to slumber.

In several parts of the Continent, the land-tax forms a large proportion of the public revenues, and has always been confessedly liable to be raised or lowered without reference to other taxes. In England the land-tax has not varied since the early part of the last century. The last act of the legislature in relation to its amount, was to diminish it; and although the subsequent increase in the rental of the country has been immense, not only from agriculture, but from the growth of towns and the increase of buildings, the ascendancy of landlords in the legislature has prevented any tax from being imposed, as it so justly might, upon the very large portion of this increase which was unearned, and, as it were, accidental. For the expectations thus raised, it appears to me that an amply sufficient allowance is made, if the whole increase of income which has accrued during this long period from a mere natural law, without exertion or sacrifice, is held sacred from any peculiar taxation. —"*Principles of Political Economy*," *by John Stuart Mill, Book V.*

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8. THE LAW OF MONOPOLY PRICE.

It is frequently said that the monopolist, being free from the compulsion of competition, charges whatever price he pleases. A little reflection, however, shows that this is manifestly incorrect. Why do not the publishers of a copyrighted book now selling for $2.00, for example, Bemis' *Municipal Monopolies* charge $5.00 a copy? Evidently at such a price the sales would be unremuneratively small. The intelligent monopolist, seeking his own interest, bears two things in mind, namely, the profit on each article sold and the number of sales, and he strives to combine the two in such manner as to receive the highest total net gains. The monopolist finds his limit in the prices consumers are willing to pay and these vary greatly. Sometimes the consumers are not willing to pay enough for a monopolized article to cover expenses of production. This is frequently the case with a copyrighted book. Sometimes monopoly price, the price which will yield the highest net return, barely yields normal return to capital. Everything depends upon the intensity of demand and purchasing power.

There have been those, who perceiving the limits of the power of monopoly in self-interest, have drawn the conclusion that monopoly gains are not of great significance; but this is as extreme a position as those take who say that the monopolist may charge what he pleases. The prices of numerous and most important monopolized articles, and services are far above the prices which yield ordinary returns to capital and enterprise; and these excessive returns are precisely the most striking feature in the present distribution of wealth.

The limit of monopoly price is due to the falling off in demand which attends rising price. The monopolist experiments, raising and lowering prices, until he hits upon that price which yields highest net returns. It is said that some years ago the express companies quite generally lowered prices, but they did not find that the increased traffic was sufficient to cover the lower profit on each part of the traffic. The managers said, "the lower prices don't pay," but this phrase in the mouth of the monopolist simply means that the lower prices do not yield as large net returns as the higher prices. It is in this sense that three-cent street-car fares would not pay, although doubtless in our large cities they would with the increased traffic thereby occasioned, yield a good return on capital actually invested.

But the falling off in demand with increase in prices will vary inversely as the wealth of a country, especially the general average of wealth in the case of widely consumed commodities and likewise inversely with the readiness with which wealth is expended. This gives us the present author's law of monopoly charges which he states in these words: "*The higher the general average of economic well-being and the more readily wealth is generally expended, the higher the monopoly charge which will yield largest net returns.*"

It is thus that monopoly prices are higher as a rule in the United States than elsewhere. We have a higher general average of economic well being and our people spend their money freely. In Berlin no doubt two and four tenths of a cent (ten pfennige) is the street-car fare which yields the highest net returns while in New York it is five cents. It is thus also that monopoly has led to the accumulation of larger fortunes in the United States than elsewhere, for it is in our country that we have the largest surplus values. (1)

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8. THE LAW OF MONOPOLY PRICE.

(1) **Monopoly Prices.**—A number of considerations relating to "demand" limit the economic power of monopolies to charge high prices.

A monopoly price, as we have seen, exactly measures the marginal utility of the supply, as indicated by the quantity of money which the purchaser of the last increment of supply is just willing to pay for it.

When this marginal utility sinks fast with an increase of supply, the monopoly price will be high for it, and it will pay the monopolist better to resist the output and sell the limited supply at a high price, because a large reduction of price will not stimulate a proportionably large increase

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of consumption. So where the marginal utility sinks slowly, it will pay to increase the supply and lower the price, for each fall of price will stimulate a large increase of consumption.

Since the marginal utility of a number of increments of supply will not be the same in the case of any two commodities, it is evident that the determination of monopoly prices is a very delicate operation.

It is not possible to present even an approximately accurate classification of commodities in relation to the powers of a Trust or Monopoly. But the following considerations will assist us to understand why in some cases a Trust appears to raise prices, in others to keep them as they were, and in others even to lower them :

(a) The urgency of the need which a commodity satisfies enables the monopolist to charge high prices. Where a community is dependent for life upon some single commodity, as the Chinese on rice, the monopolist is able to obtain a high price for the whole of a supply which does not exceed what is necessary to keep alive the whole population. Thus a monopolist of corn or rice in a famine can get an exorbitant price for a considerable supply. But after the supply is large enough to enable every one to satisfy the most urgent need for the sustenance, the urgency of the need satisfied by any further supply falls rapidly, for there is no comparison between the demand of famine and the demand reduced by pleasure of eating.

A Monopoly of a necessity of life is therefore more dangerous than any other monopoly, because it not only places the lives of the people at the mercy of private traders, but because it will generally be the interest of such monopolists to limit supply to the satisfaction of the barest necessaries of life.

Next to a necessary in this respect will come what is termed a "conventional necessary," something which by custom has been firmly implanted as an integral portion of the standard of comfort. This differs, of course, in different classes of a community. Boots may now be regarded as a "conventional necessary" of almost all grades of English society, and a monopolist could probably raise the price of boots considerably without greatly diminishing the consumption. Half a century ago, however, when boots were not firmly established as a part of the standard of comfort of the great mass of the working classes, the power of a monopolist to raise prices would have been far smaller.

As we descend in the urgency of wants supplied, we find that the comforts and luxuries form a part of the standard of life of a smaller and smaller number of persons, and satisfying intrinsically weaker needs, are more likely to be affected by a rise in price.

(b) Closely related to this consideration and working in with it at every point, is the question of the possibility of substituting another commodity for the one monopolized. This everywhere then tempers the urgency of the need attaching to a commodity. There are few, if any, even among the commodities on which we habitually rely for food, shelter, clothing, which we could not and would not dispense with if prices rose very high.

The incessant competition which is going on between different commodities which claim to satisfy some particular class of need cannot be got rid of by the monopoly of one of them. This is probably the chief explanation of the low prices of Standard Oil. As an illuminant oil is competing with gas, candles, electricity, and unless the monopoly were extended laterly so as to include these and any other possible illuminants, the Trust's prices cannot be determined merely by the pressure of the need for artificial light.

Though to a modern society artificial light is probably even more important than sugar, a Sugar Trust may have a stronger monopoly and be able to raise prices higher than an Oil Trust, because the substitutes for sugar, such as molasses and beet root, are less effective competitors than gas, candles, and electricity, with oil.

The power of the railway monopolies largely depends upon the degree in which their services are indispensable, and no alternative mode of transport is open. Sometimes however they miscalculate the extent of their power.

The high railway rates in England have recently led in several quarters to a substitution of road and canal traffic in the case of goods where rapidity of conveyance was not essential. So also in other cases, sea-transport has been substituted.

The stronger monoply of American railway consists partly in the fact that distances are so great and the sea board, or other motor conveyance so remote that over a large part of the Continent the monopoly is untempered by alternative possibilities of transport.

The reverse consideration, the possibility of substituting the article of monopoly for other articles of consumption, and so securing a wider market, has quite as important an influence on prices. The possibility of substituting oil for coal in cooking and certain other operations has probably a good deal to do with the low price of oil. A Trust will often keep prices low for a season in order to enable their article to undersell and drive out a rival article, a competition closely akin to the competition with a rival producer of the same article. When natural gas was discovered in the neighborhood of Pittsburg, the price was lowered sufficiently to induce a large number of factories and private houses to give up coal and to burn gas. After expensive fittings had been put in, and the habit of using gas established, the Gas Company, without any warning, proceeded to raise the rates to the tune of 100 per cent. When we ascend to the higher luxuries, the competition between different commodities to satisfy the same generic taste, or even to divert taste or fashion from one class of consumption to another class, is highly complicated, and tempers considerably the control of a Trust over prices.

The power of a company which holds the patent for a particular kind of corkscrew is qualified very largely not only by competition of other corkscrews, but by screw-stoppers and various other devices for securing the contents of bottles. The ability to dispense with the object of a monopoly, though it does not prevent the monopolist from charging prices so much higher than competition prices as to extract all the "consumer's rent," of the marginal consumer, forms a practical limit to monopoly prices.

(c) Lastly, there is the influence of existing or potential competition of other producers upon monopoly prices.

Where prices and profits are very high, a Trust is liable to more effective competition on the part of any surviving independent firms, and likewise to the establishment of new competitors.—"*Evolution of Modern Capitalism*," *by John A. Hobson, pp. 162-166.*

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9. PUBLIC AUTHORITY AND DISTRIBUTION.

We have already considered public authority in many important particulars, and we have ascertained that it is the foundation upon which rest securely the great fundamental institutions of our economic life. It is now for us to examine it in its more direct and obvious influence upon the distribution of wealth.

First of all, we observe that it is a well recognized principle that public authority may fix prices for monopolized commodities and services and also for commodities and services offered under peculiar conditions of such a sort that the consumer can not well protect himself; moreover, it is likewise a well recognized principle of law that publicly determined prices must be fair prices. Many judicial decisions to this effect could be cited. Manifestly through legislation prices, public authority has great power of influencing the distribution of wealth.

Public authority also frequently fixes the rate of interest, or the price for the use of money. Those who contemplate only the phenomena in the great money centers like "Lombard street" and "Wall street" are inclined to deny the influence of law on the rate of interest, but those who examine into the rate of interest on long-time loans and generally upon debts and loans in the smaller cities and in rural districts will accord it considerable influence. The author well remembers an essay by a student from New York State in one of his classes who wrote on the subject of interest, taking the customary economic text-book position to the effect that law had little or no influence on the rate of interest. A little inquiry, however, elicited the information that this student had been bookkeeper for his father in a small New York town at the time the law changed the legal rate of interest from seven to six per cent and that on the precise legal date he had changed the rate of interest on all notes due from seven to six per cent!

Public authority will be most effective in the regulation of the rate of interest when it is conservative, putting the rate at that point which is somewhat above the lowest market rate for the best security.

Public authority also determines wages, salaries and many conditions of employment for those engaged in the public service and thus exercises a marked influence on the remuneration paid by private employers. It is thus of no inconsiderable significance that governments, especially local governments, are acceding to the demand that they should become model employers.

Public authority also exercises, indirectly a marked influence on the distribution of wealth and that in many ways. A few illustrations will make this clear. The land policy of the United States, offering free land to cultivators of the soil, has tended to lower the price of land and agricultural products, not only in our own country but elsewhere throughout the world. The refunding operations of the United States, lowering the rate of interest on bonds with similar action taken by other governments have, in the opinion of bankers at least, accelerated the fall in the rate of interest. Many cities in Europe have public pawn shops and these operate to reduce the rate of interest on small loans to poor people who can afford only personal property as security.(1)

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9. PUBLIC AUTHORITY AND DISTRIBUTION.

(1) **Interest.**—Any increase in the quantity of silver, while that of the commodities circulated by means of it remained the same, could have no other effect than to diminish the value of that metal. The nominal value of all sorts of goods would be greater, but their real value would be precisely the same as before. They would be exchanged for a greater number of pieces of silver; but the quantity of labor which they could command, the number of people whom they could maintain and employ, would be precisely the same.

The capital of the country would be the same, though a greater number of pieces might be requisite for conveying any equal portion of it from one hand to another. The deeds of assignment, like the conveyances of a verbose attorney, would be more cumbersome; but the thing assigned would be precisely the same as before, and could produce only the same effects. The funds for maintaining productive labor being the same, the

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demand for it would be the same. Its price or wages, therefore, though nominally greater, would really be the same. They would be paid in a greater number of pieces of silver, but they would purchase only the same quantity of goods. The profits of stock would be the same, both nominally and really. The wages of labor are commonly computed by the quantity of silver which is paid to the laborer. When that is increased, therefore, his wages appear to be increased, though they may sometimes be no greater than before. But the profits of stock are not computed by the number of pieces of silver with which they are paid, but by the proportion which those pieces bear to the whole capital employed. Thus, in a particular country, five shillings a week are said to be the common wages of labor, and ten per cent the common profits of stock.

But the whole capital of the country being the same as before, the competition between the different capitals of individuals into which it was divided would likewise be the same. They would all trade with the same advantages and disadvantages. The common proportion between capital and profit, therefore, would be the same, and consequently the common interest of money; what can commonly be given for the use of money being necessarily regulated by what can commonly be made by the use of it.

Any increase in the quantity of commodities annually circulated within the country, while that of the money which circulated them remained the same, would, on the contrary, produce many other important effects, besides that of raising the value of the money.

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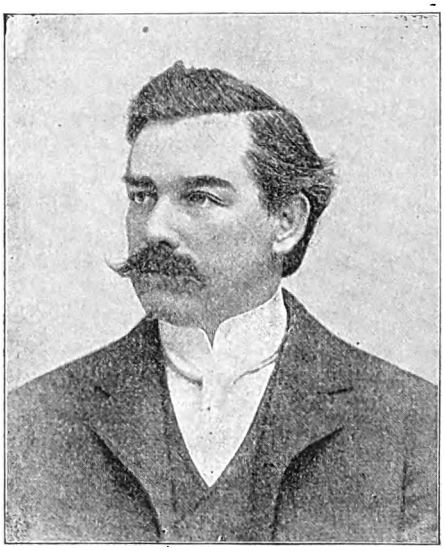
In countries where interest is permitted, the law, in order to prevent the extortion of usury, generally fixes the highest rate which can be taken without incurring a penalty. This rate ought always to be somewhat above the lowest market price, or the price which is commonly paid for the use of money by those who can give the most undoubted security. If this legal rate should be fixed below the lowest market rate, the effects of this fixation must be nearly the same as those of a total prohibition of interest. The creditor will not lend his money for less than the use of it is worth, and the debtor must pay him for the risk which he runs by accepting the full value of that use. If it is fixed precisely at the lowest market price, it ruins with honest people, who respect the laws of their country, the credit of all those who cannot give the very best security, and obliges them to have recourse to exorbitant usurers. In a country, such as Great Britain, where money is lent by Government at three per cent and to private people upon good security at four, and four and a half, the present legal rate, five per cent, is, perhaps, as proper as any.

The legal rate, it is to be observed, though it ought to be somewhat above, ought not to be much above the lowest market rate. If the legal rate of interest in Great Britain, for example, was fixed so high as eight or ten per cent, the greater part of the money which was to be lent would be lent to prodigals and projectors, who alone would be willing to give this high interest. Sober people, who will give for the use of money no more than a part of what they are likely to make by the use of it, would not venture into the competition. A great part of the capital of the country would thus be kept out of the hands which were most likely to make a profitable and advantageous use of it, and thrown into those which were most likely to waste and destroy it. Where the legal rate of interest, on the contrary, is fixed but a very little above the lowest market rate, sober people are universally preferred, as borrowers, to prodigals and projectors. The person who lends money gets nearly as much interest from the former as he dares to take from the latter, and his money is much safer in the hands of the one set of people than in those of the other. A great part of the capital of the country is thus thrown into the hands in which it is most likely to be employed with advantage.

No law can reduce the common rate of interest below the lowest ordinary market rate at the time when that law is made. Notwithstanding the edict of 1766, by which the French king attempted to reduce the rate of interest from five to four per cent, money continued to be lent in France at five per cent, the law being evaded in several different ways.



Charles W. Macfarlane, Author of "Value and Distribution." (*Cf. page 618.*)

The ordinary market price of land, it is to be observed, depends everywhere upon the ordinary market rate of interest. The person who has a capital from which he wishes to derive a revenue, without taking the trouble to employ it himself, deliberates whether he should buy land with it, or lend it out at interest. The superior security of land, together with some other advantages which almost everywhere attend upon this species of property, will generally dispose him to content himself with a smaller revenue from land than what he might have by lending out his money at interest. These advantages are sufficient to compensate a certain difference of revenue; but they will compensate a certain difference only; and if the rent of land should fall short of the interest of money by a greater difference, nobody would buy land, which would soon reduce its ordinary price. On the contrary, if the advantages should much more than compensate the difference, everybody would buy land, which again would soon raise its ordinary price.—"*Wealth of Nations*," *by Adam Smith, Book II., Chap. IV.*

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10. BENEVOLENCE AND DISTRIBUTION.

It is strange that English economists should have attempted to express a final view of distribution without any critical examination of the action of benevolence or what is sometimes more technically called the caritative principle. Its sphere of operation is limited, but it is nevertheless vital, and its effects in moderating the harshness which would otherwise inhere in the economic order, deserves consideration before a final opinion in regard to that order is expressed.

The competitive order means counter-service for service, but the caritative principle has to do with service without any direct and immediate counter-service. It is concerned, we may say, chiefly with secondary distribution. After other forces have brought about the primary distribution, benevolence then effects a further distribution. Take the case, for example, of a feeble old man who would receive nothing out of the social income if he had to depend upon service for counter-service, but whose needs may be adequately supplied by benevolence.

The office of benevolence, considered in our present technical sense, is to fill in gaps and supply omissions. Private economy in itself is not sufficient nor is public action. Its chief but not its exclusive field is the family. Its chief spring is religious sentiment. We see it in care for orphans and for the sick and afflicted generally. We see it also on a large scale in the provision made for better housing of the poor by the Peabody Fund in London and by similar efforts elsewhere.

But the caritative principle has its limitations. Notice, for example, the insufficient means of benevolence and as compared with public funds and operations, its small means. Observe further the unequal burdens which benevolent action entails on the community, some of those best able to give, responding scarcely at all to the appeals of benevolence.

Furthermore, we must not overlook the fact that unwise benevolence weakens self-help and promotes idleness and shiftlessness. Likewise there is a social danger in a spurious benevolence as it may be used to defeat the demands for justice and turn away attention from gross wrongs. Generous giving, giving even to the extent of millions can never atone for wrongs and injustice in the methods of accumulation. (1)

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10. BENEVOLENCE AND DISTRIBUTION.

(1) **Inadequacy of Private Philanthropy for Social Reform.**—Wise words were those uttered two thousand years ago: "When thou doest thine alms, do not sound a trumpet before thee, as the hypocrites do in the synagogues and in the streets, that they may have glory of men." It cannot be said that private philanthropy has always obeyed this scriptural injunction. Especially is it true in our day that the achievements of private philanthropy are heralded abroad with trumpets, and all men are called upon to behold the deeds of private philanthropy with admiration. It has thus happened that the possibilities of private philanthropy have been exaggerated, and its proper place as a social agency has been misconceived. Private philanthropy plays an essential rôle in all higher civilization, and when it is modest and unassuming, and deprecates all sounding of trumpets, it is truly a glorious thing. It is, however, spasmodic, irregular, and insufficient for social reform. It is, socially considered, an auxiliary, a subordinate. Social reform must be accomplished chiefly by established, regularly working institutions, served by individual effort and strengthened by private philanthropy.

The limitations and true functions of private philanthropy may be better understood if we consider it in relation to certain lines of social work. It would seem that charitable relief is the sphere of all others for private effort, yet it may be seriously questioned whether individual attempts to relieve pauperism have not done more harm than good. This is true beyond all question so far as almsgiving is concerned. Ever since the modern era of charities began we have been trying to correct the evils of private philanthropy as well as of public effort in this sphere of social activity. Moreover, the evils connected with unwise giving to alleviate poverty must be corrected with the aid of law and public institutions.

Let us turn our attention to education. Private philanthropy endeavored to provide educational facilities for all sorts and conditions of men, and this effort was continued for centuries with the aid of the Church. With what success, however, did it meet? While it cannot be said that nothing was achieved, it must be acknowledged that what was accomplished was small indeed as compared with the achievements of public schools. The State has done what individual effort, alone and unaided, could never accomplish – it has rendered education universal. Probably the experience of no country is more instructive than that of England, because there private individuals, aided by the Church, were intrusted with the duty of pro-

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viding educational facilities for the nation, and during several hundred years had a fair opportunity to show what could be accomplished in this way. Twenty-five years ago, however, the State undertook to establish an educational system designed to reach every child in England; and in this brief period the State has made more progress than was made by private philanthropy in three centuries. The efforts of despised politicians were incomparably more fruitful in proportion to the expenditure of energy than the sacrifices and exertions of philanthropists.

The question may be raised whether independent private effort to furnish educational facilities does not at present accomplish more harm than good. The author has had abundant opportunity for observation, and while there are many exceptions, and brilliant exceptions, too, he asserts without hesitation that the education furnished by private schools is mostly inferior in quality and, taking it all in all, decidedly below the level established by public schools. As a rule private schools lack the first condition of success, which is the power to establish discipline, because they are too dependent upon those who patronize them. This is not all, however. Private schools divert energy and attention from public schools, and tend to make the latter poorer than they would otherwise be. Private philanthropy, as represented by great educational societies in England, was opposed to State education. It was an obstacle which had to be overcome.

The author often thinks of the labors of the late lamented Charles Loring Brace, the head of the Children's Aid Society in New York. He established schools for poor children, and was at length able, with the support of private philanthropy, to provide educational facilities for several thousand destitute children. When, however, his work was at the height of its success, some fourteen thousand children were turned away from the doors of the public schools because there was no room for them. To any one who knows the amount of energy required to support properly a few private industrial schools like those which Mr. Brace established, it can scarcely appear doubtful that the same amount of effort and private philanthropy expended in the improvement of the public schools would have prevented the disgraceful turning away of children from their doors, and would have improved very appreciably the entire public-school system of the city, thus benefiting the hundreds of thousands who attend these schools. This truth seems to be perceived, because it is now proposed to amalgamate these schools with the public schools of New York. The main point which the author has in mind is well brought out by a writer of much insight, who describes the probable result as "greater watchfulness on the part of the workers in such organizations as the Children's Aid Society, to the end that the public schools may now completely fill the requirements of the present day."

Probably there are no two men in the United States whose judgment concerning the education both of the negroes and of the whites in our Southern States deserves more consideration than Hon. J. L. M. Curry and Dr. A. D. Mayo. They have both recently felt called upon to give emphatic warning against reliance on private schools and the dangerous tendency to concentrate attention and beneficence on these schools rather than on the public schools, which are the chief thing. The following words are quoted from Dr. Mayo, and are unreservedly indorsed by Mr. Curry: "It is high time that we understood that the one agency on which the negroes and nine-tenths of the white people in the South must rely for elementary instruction and training is the American Common school. The attempt to educate two millions of colored and three millions of white American children in the South by passing around the hat in the North; sending driblets of money and barrels of supplies to encourage anybody and everybody to open a little useless private school; . . . all this, and a great deal more that is still going on among us, with of course the usual exceptions, has had its day and done its work. The only reliable method of directly helping the elementary department of Southern education is that our churches and benevolent people put themselves in touch with the common-school authorities in all the dark places, urging even their poorer people to do more, as they can do more, than at present. The thousand dollars from Boston that keeps alive a little private or denominational school in a Southern neighborhood, if properly applied, would give two additional months, better teaching and better housing, to all the children, and unite their people as in no other way."

Sanitary reforms are among the most beneficent and important social reforms demanded at the present time. When we touch upon sanitary reforms, however, we find that individual effort can accomplish almost nothing, except in so far as it aids and supports public authority by helping coöperation. The experience of cities in Europe and America is most instructive. Public authority in Chicago diminished the percentage of deaths in proportion to population by thirty per cent by important sanitary arrangements. The mayor of Chicago, in his annual message of April, 1890, says that the death rate of the city in 1889 was 17.49 to the thousand, and that this lowered death rate was "due mainly to the extension of the sewer system, in conjunction with the vigilance of the Department of Health. Through the efficiency of the corps of factory and tenement-house inspectors, the sanitary police, and others, nearly eighteen thousand official visitations and notices combined have been made and served for the purpose of correcting various violations of the health laws."

Thousands of lives are saved every year in Liverpool, London and Glasgow by the improved conditions of life introduced by public authority, which public authority alone could introduce; and sanitary reforms inaugurated in Berlin a few years ago, under the auspices of Professor Virchow, one of the leading scientists of the world, have already saved hundreds of thousands of lives.

The reader must reflect carefully upon what this means. It does not mean merely fewer deaths, but less illness, greater strength and robustness, for the population as a whole, consequently a greater capacity for self-support and self-help of every kind, less pauperism, fewer dependent widows and orphans. We may contrast what public authority has accomplished in sanitary reform with the achievements of private philanthropy in the housing of the poor in cities, both in this country and abroad, but especially in this country.—"*Social Law of Service*," *by Richard T. Ely, Ph.D., L.L.D., pp. 193-200.*

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11. THE RENT OF LAND. (1)

The term rent is frequently used in a general way to denote payment for privilege or, to speak still more definitely, payment for differential advantage. Rent, then, is a payment for an advantage which one enjoys and, furthermore, an advantage which is peculiar in the sense that it is not universal. The rent of land is payment for a privileged position with respect to rent. It is one of the forms of the economic surplus, that is to say, a surplus over and above returns to capital and to labor. As it comes to the individual as something over and above the returns to his efforts, and as it has a strong tendency to increase with the growth of society, it is frequently designated as the unearned increment.

The desirability of land depends upon what we may broadly designate as its quality and upon its situation. The quality of land includes its extension, its natural fertility, its conformation, and includes likewise the climatic influences which are an inseparable appurtenance of the land. Land differs in both these two great features which are functions of desirability. There is land which it is only just worth while to cultivate, or to use otherwise, as for example, as pasture land, either because the quality is so poor or because the situation is so disadvantageous. Such land will yield a minimum return to labor and to capital, but will afford no surplus value, and it is not at all difficult to find such land. Such land is said to be on the margin of cultivation, as in its course cultivation stops at that point. There is land, however, which is better either in respect to quality or situation or both, and as the inferior land afforded a return to labor and capital, this land yields a surplus called rent. So we can go on up the scale, reaching good, better and best land, and we find continually increasing rent.

It is the growth of population which causes the margin of cultivation to fall. As population grows it becomes necessary to cultivate poorer and poorer land, unless new sources of land supply are opened up or improvements in agriculture are made so rapidly as to offset, or more than offset, the increased demand for food and other products of the soil. Ricardo, who clearly formulated the law of rent and from whom it is called the Ricardian doctrine of rent, laid emphasis upon the fall in the margin of cultivation and made this the central feature of his economic system. Land producing less and less, the remuneration of labor and capital had necessarily to fall, while rent continually increased ; in other words, the toilers received less and less, while those who lived without toil received an ever increasing share of the wealth produced by mankind.

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11. THE RENT OF LAND.

(1) **Rent With and Without Free Land.**—Rent must be considered in two aspects: First, rent while free land remains; second, rent when all land is taken. The latter is seldom realized, but it is the certain outcome if population continues to increase aud private property in land is maintained.

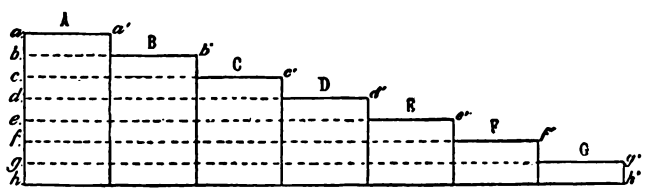

Fig. 4.

Rent With Free Land.—Under these conditions there is a certain amount of land which may be had for nothing. Of this land some is cultivated which pays no rent; other is not cultivated at all. Why, then, will land bear rent under such circumstances? Obviously, because it is more desirable than the land which may be had for nothing. How much rent will it bear? Just as much as it is more desirable. Suppose Fig. 4 to represent the land of a country (foreign land being excluded from competition for the sake of our illustration) arranged in seven groups, according to desirability. The first group, deduction made of enough of the product to pay transportation on the crop, will raise and send to market twenty-eight bushels of wheat per acre, the second twenty-four, the others twenty, sixteen, twelve, eight and four, respectively. Now, if the people are few and need but a small part of the land, they will naturally cultivate A, or the land which best combines fertility and accessibility. So long as there is enough of this land there cannot well be any rent, for a man

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will not pay rent for what he can get for nothing. But the time comes when more land is needed, and cultivation must begin in group B. Land is still free there, but all of group A is taken. If now a man insists upon cultivating land in group A he must pay for the privilege, for the owner will not consent to move off on to poorer land unless he can maintain his advantage. How much is this advantage? Four bushels per acre, for labor alone working upon free land can produce only twenty-four bushels. The land in B, which is free, is now the "margin of cultivation," that is, the grade of land which will pay for cultivation, and no more. The natural reward of labor in agriculture is the total return to cultivation on the margin of cultivation, after deductions are made on account of the returns to capital and its replacement. This advantage which the owners of A land now have over the tillers of free land, whether they let the land or not, is rent. The amount per acre at this point will be the market price of four bushels of wheat.

With the development of population more land is needed, the margin of cultivation descends to C land, the reward of simple labor is diminished, and rent increases. B land now pays a rent of four bushels, and A land a rent of eight bushels per acre. When the margin of cultivation has extended to E, rents on B land equal one-half and on A land four-sevenths of the entire product. It is clear that at this point the productivity of groups E, F and G may be had for the taking. A moment's reflection will show that a portion of the productivity of the other groups may also be had free.

Rent With no Free Land. — Continuing the descent of the margin of cultivation down from E to F and G, we can easily imagine a time when all land should be called for and no free land would be left. Following the law already explained, rent would absorb more and more of the product, until, with the disappearance of free land, the entire product would be consumed as rent. This is, of course, possible if the owners of the land cultivate it with their own hands. In this case rent is indistinguishable from return to labor, the only difference being that owners of the best land are better rewarded than the others. But this direct cultivation by owners is very far from general. Long before land is wholly taken up in any country a great deal of it is held by men who do not cultivate it with their hands but who lease it to others. In this case the owner or landlord appropriates the rent, leaving the free productivity to the tenant as the reward of his labor. As rent increases the margin of free productivity decreases. But there is clearly a limit to this, for tenants cannot work for nothing and turn all the product over to the landlord. Rent may pass down the scale, say to E or possibly to F, but it must stop at a point where the tenant will have enough to live. Thus it is that even in countries which long ago had need of all their land some land bears little or no rent. Under existing methods of cultivation a man cannot pay a rent for it and live off its produce. We may thus picture to ourselves the law of rent as an advancing force which slowly but surely carries everything before it until it is met by the law of wages* which checks and finally arrests its progress. This arrest of the progress of rent practically means that the poorest land, land which will not pay rent or even repay cultivation, is only nominally appropriated, or appropriated for other than purposes of production.

Returning to our figure, let us place ourselves again at the point where all the A land is taken and new members of society are looking for more land. We have assumed that they will take up land in the second group. This is not necessary, however. More labor may be put on the land already cultivated and more will be raised. Suppose that ten men cultivate one hundred acres of A land, raising two thousand eight hundred bushels of wheat.

But the numbers increase, and to each such group one more is added. As the cultivation was, of course, imperfect, additional labor increases the crop. The eleven men raise three thousand and sixty bushels; that is, the eleventh man has raised two hundred and sixty bushels; not so much as the others raise, but twenty bushels more than he could have raised on B land. Of course the owner gives him only so much as he could get elsewhere and secures an additional rent of twenty bushels. Encouraged by this, he hires a twelfth man and secures a crop of three thousand two hundred and eighty bushels. The two extra men have raised four hundred and eighty bushels by their labor; but this is just what the landowner had to pay them for their labor. He therefore finds that while one additional man increases his rent two do not, and discharges the second, who takes up free land.

Thus as numbers increase a part of the increase aids in intensifying the cultivation of the old land, while another part takes up new land. With each fall in the margin of cultivation more labor may be profitably employed on land already cultivated. Thus our landowner who could not afford to employ a twelfth man at two hundred and forty bushels wage can employ a thirteenth or possibly more when the return to labor falls to two hundred bushels. *Each addition of labor (or capital) in the cultivation of land increases the return, but not in the same proportion.*

This is the law of "diminishing returns," one of the most stern-visaged laws in economics, which indicates that, other things being equal, each addition to the number of human beings on the earth, beyond a certain number at least, makes harder the process by which man draws his sustenance from the earth. Before this certain number is reached the law of diminishing returns does not begin to operate, but one of increasing returns obtains. We may suppose that up to the tenth man in the example given every man added more than the previous to the product as a certain number of men is needed for the most effective organization of production.

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It is to be noticed that the power of rent to make laborers work for an even smaller return is due, not chiefly to nature, but rather to the institution of private property. So great has the hardship of rent seemed to some that it has been proposed that society should appropriate rents through the mechanism of government, or, what amounts to the same thing, that private ownership of land should be abolished. This proposition we shall consider later. All improvements in the method of agriculture increase the product more than they increase the cost. The population can thus live on less land, and poorer land is thrown out of cultivation, as to-day in our New England States. —"*Outlines of Economics*," (*College Edition*) *by Richard T. Ely, Ph.D., LL.D., pp. 173-176.*

*Of course there must be at least a minimum return to capital, but that is here neglected as a minor factor.

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12. RENT (Concluded).

The Ricardian doctrine of rent has been much criticised but in its essential features it appears to have survived the criticism. This, however, may be said: Emphasis is now laid upon parts of the Ricardian doctrine which were previously almost entirely neglected; and the result is that modern economists generally take a much less pessimistic view of the future of economic civilization than Ricardo. The growth of improvements in the art of agriculture has been immense and new means of communication and transportation have increased so enormously the available supply of agricultural land, that agricultural rents have in recent years fallen rather than risen. Of course, if the growth of population should continue indefinitely at the present rate in the United States, this would ultimately outrun all improvements in the arts of agriculture and in the means of communication and transportation; but such an increase in population is not now generally anticipated to last permanently. Certainly we have every reason to anticipate low prices for food and consequently low rents for a very long time to come.(1)

Some writers observing the fall in agricultural rents have been inclined to minimize the significance of rent, but this is something which economic science does not warrant. Under rent it should always be remembered we must include urban rents as well as agricultural rents. Let this never be forgotten. Now one of the most marked phenomena of the present century has been the growth of urban rent and perhaps this growth has nowhere been more remarkable than in the United States. We should in this connection bear in mind the present author's law of monopoly charges, which has a bearing on agricultural rents and explains an otherwise difficult point. Professor Knies once asked in one of his classes, why in our new country with its boundless expanse, urban rents should be so enormous, and he could suggest no satisfactory solution of the problem. The solution is found in our high general average of economic well-being and in the readiness with which our people spend money. The result of these two circumstances is that Americans are willing to pay high prices for services and commodities offered in peculiarly favored localities, and these high prices cause high rents. A New Yorker likes to make purchases on Fifth Avenue and an American is generally unwilling to go a few blocks out of his way to save a few cents in a purchase.

The subject of rent is most inadequately treated in these lessons, but we must hasten on to other topics and it is fortunate that in the standard works to which so frequent reference has been made, it is treated from many points of view.

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12. RENT (Concluded).

(1) **Relation of Rent to the Price of Land.**—We have stated the economical doctrine of rent. The price of land and its rental value stand in a certain necessary relation to each other. Land has its price because, and only because, it can command a rent. But while the relation between the two is a necessary one, being no less direct than that of cause and effect, the ratio between the rent of land and the price of land, expressed in terms of produce or of money, varies widely. In some countries, where the amount of accumulated capital is large; where a high degree of civil security exists; where the rights of property are respected, and where the ownership of land carries with it social distinction and perhaps political influence, the price of land may be twenty, twenty-five or even thirty times the annual rental. In other countries from the failure of one or all of the conditions indicated, land may not sell for more than fifteen, ten, or even five times its rental. In the Southern States of our Union, there are, even so many years as this after the civil war, vast breadths of good cotton lands for which a handsome rent, in kind, can be obtained by the owners, but which, if put up at auction, will not, on account of the scarcity of capital, and perhaps from other causes, command seven years' rental.

Rent forms no part of the Price of Agricultural Produce.—From the law of rent, as it has been stated, we deduce the very important proposition that rent forms no part of the price of agricultural produce.

No proposition which the political economist has occasion to announce is so startling, at the first hearing, as this; nor does any other have to contend against such persistent incredulity. When, for instance, we learn that two hundred millions of dollars are yearly paid as the rent of cultivated lands in England, it seems incredible that this vast exaction should have no effect upon the price of wheat in any English market; that the remission of this gigantic sum, by the landlord to the tenant, would not add a pinch of flour to the sixpenny loaf. And, yet, no proposition can be more clearly

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established. We have seen that in the same market, at the same time, there is but one price for different equal portions of any commodity; and we have also seen that normal price is fixed by the cost of producing that portion of the supply which is produced at the greatest disadvantage.

Apply these principles to the case in hand. England does not raise all the wheat needed for the subsistence or her population. Besides cultivating the most fertile of her own fields, she makes heavy draughts upon the United States, France, Egypt, Hungary, and the Black Sea regions. For the wheat of all these countries, however, so far as it is of the same quality, there is but one price. That price is fixed by the cost of raising the million, say, of bushels which are raised at the great disadvantage, which means, in this case, at the greatest distance, viz., on the plains of Dakota. This wheat the English must have: the proof of which is found in the fact that they do have it. Now, if they will have it, they must pay the cost of raising it, that is, must pay enough to induce men to go to that far-off country, undergo the privations of a frontier life, undertake all the risks of pioneer agriculture, and submit to enormous charges for the transportation of their product by land two thousand miles to the seaboard, and, then, three thousand miles by sea, till it is laid down in Liverpool. If the English will not pay this price, they cannot have the wheat. That they get the wheat is proof enough that they pay this price, which, in turn, sets the price for all the wheat raised in England, and for all the wheat brought thither, whether from France, from Egypt or from the Black Sea, altogether irrespective of the cost of raising it in any other locality than that where it is produced at the greatest disadvantage. Wheat may be raised on the fertile farms of Middlesex at an actual cost not exceeding two shillings a bushel; but the Middlesex farmer will not, on that account, sell his wheat below the market price, say, six shillings, which price is fixed, as we have seen, by the wheat from America. The difference, four shillings, is to be profit for somebody; and we will now proceed to show that this body must either be the landlord, or the tenant, not the agricultural laborer, and not the consumer of flour.

What Would Happen If Rents Were Remitted?—Perhaps we shall best make this appear by means of an illustration. Let us suppose that a philanthrophic gentleman, whose rent roll is twenty thousand pounds, being greatly moved by tales of distress, knowing that the quartern loaf is very dear, and believing this to be due to the large rents paid for the use of land, calls his tenants together, and tells them that, in consideration of the hard times and the great suffering of the poor, he has determined to remit one-half of the rent of all his farms, so that the farmers may be enabled to sell wheat at a lower price, and thus the poor be enabled to buy bread at a cheaper rate. What would be the consequence? Doubtless all the tenants would accept the proffered terms cheerfully, and humbly thank his honor. But would they sell the wheat at any lower price? Not at all; why should they? They can get the market price for it, and that price is not fixed by the cost of raising wheat on their farms, or on any farms for which rent is paid. It is the no-rent* land that raises that last portion of the necessary supply of wheat which fixes the price of all wheat.

But suppose, to imagine a most improbable case, that some one out of the fifty tenants on this estate were to go to the dealer in grain to whom he was accustomed to sell his crop, and say: "Mr. B., inasmuch as my landlord has remitted half my rent, this year, I offer you my wheat a shilling less a bushel, in order that you may sell it at a corresponding reduction to the baker." What would the grain dealer do? Clearly he would take the wheat, at a reduced price offered; but would he sell it to the baker for any less? And if two such fools were found in succession, would the baker, getting his flour a shilling "off," put down the price of the loaf? Not if he were of the sort of baker that you and I know.

But perhaps, it is said, we concede that the farmers will not sell their wheat at any lower price, on account of the remission of rent, because this would clearly not reduce the price of wheat to the consumer; but they surely will raise the wages of their laborers correspondingly. Why should they? They can make presents to their laborers, just as they could make presents to grain dealers or bakers, but we are talking now about business, and, as a matter of business, why should these fifty persons raise the wages of their laborers, in consequence of the generosity of their own landlord? The laborers were willing to work for them, before, for the wages that were stipulated, the same wages, it may be assumed, which other laborers in the country were receiving. Why should the laborers now be unwilling to work for them at the same wages? And if the laborers are willing to work at the same wages, why should the farmers pay more?

These illustrations may seem very elementary, but I have known so many persons, after a complete demonstration of the proposition we are considering, go away, showing by look or by remark, that they still clung to the notion that rent has, somehow, something to do with the price of agricultural produce, that I have thought it worth the space required to repeat the demonstration and fully illustrate the argument, in order to overcome this disposition to incredulity which is utterly irrespective of reason. I trust it has been shown, to the conviction of every reader, that rent is a matter between the landlord and the tenant, not between the landlord and the agricultural laborer, or between the landlord and the consumer of agricultural produce. Rent is the surplus of the crop above the cost of cultivation on the least productive lands contributing to the supply of the market. Admitting the private ownership of land, that surplus, necessarily, so far as economic forces are concerned, is left in the hands of the landlord. There, so far as economic forces are concerned, it must remain. The landlord can give it away, if he pleases, just as he can give away his horse, or his house, or anything that is his. He can give it to his tenant, just as he could give to any one else. But if he does, it becomes a pure gratuity to the tenant, who, under the operation of the principle of self-interest, will transmit it neither to the agricultural laborer nor to the consumer of food, but will retain it entire for his own enrichment. — "*Political Economy*," *by Francis Walker, pp. 210-215.*

* The United States gives any settler in Minnesota, or Dakota, or Nebraska, or any of the public lands, who will declare an intention to become a citizen, a farm of 160 acres, exacting only a registration fee of $26. The annual interest on $26, at 6 per cent, is $1.56, so that the settler gets the land on an annual payment of a cent an acre. A rent of a cent an acre may be called no-rent, and these are the lands we have called no-rent lands.

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SECOND WEEKLY REVIEW.

7. **COMPETITION AND BARGAINING (Concluded).**—Monopoly Rent and Forced Gain. Rent and Other Sorts of Unearned Increment.
8. **THE LAW OF MONOPOLY PRICE.**—The Limits upon Monopoly Price. Variations in Monopoly Price.
9. **PUBLIC AUTHORITY AND DISTRIBUTION.**—Public Authority and Monopoly Charges. Public Authority and the Rate of Interest.
10. **BENEVOLENCE AND DISTRIBUTION.**—The True Sphere of Benevolence and its Limitations.
11. **THE RENT OF LAND.**—The Desirability of Land, a Function of two Variables. The Growth of Population and Rent.
12. **RENT (Concluded).**—Agricultural Rents and Urban Rents.

QUESTIONS.

7. *What does Mr. Hobson mean by forced gain? What did the older economists think about rent from the standpoint of justice in distribution? Is rent the only sort of unearned increment?*
8. *State and describe the law of monopoly price.*
9. *Describe the influence of public authority on distribution. What influence has the legal regulation of the rate of interest upon distribution? Describe such indirect influences of public authority upon distribution as occurs to you. Examine the quotation from Adam Smith and tell to what extent he is right, and to what extent he is wrong in the views on the subject of interest therein expressed.*
10. *What technical term is given to the principle of benevolence? Describe the sphere of its operation. Have you noticed evil effects in distribution of unwise benevolence? What is the utmost that benevolence can accomplish in distribution?*
11. *What do you understand by rent in its most general sense? What do you mean by the rent of land? What determines its amount? What causes a fall in rent?*
12. *Contrast the movement of agricultural rent with the movement of urban rent during the past generation.*

SUBJECTS FOR SPECIAL STUDY.

1. *The growth of monopoly in the United States, and its influence upon the distribution of wealth.*
2. *The sphere of benevolence in the distribution of wealth.*
3. *Influence of legislation upon interest and prices.*
4. *Public and private benevolence.*
5. *Various principles governing rent of lands.*
6. *City rents in comparison with agricultural rents.*



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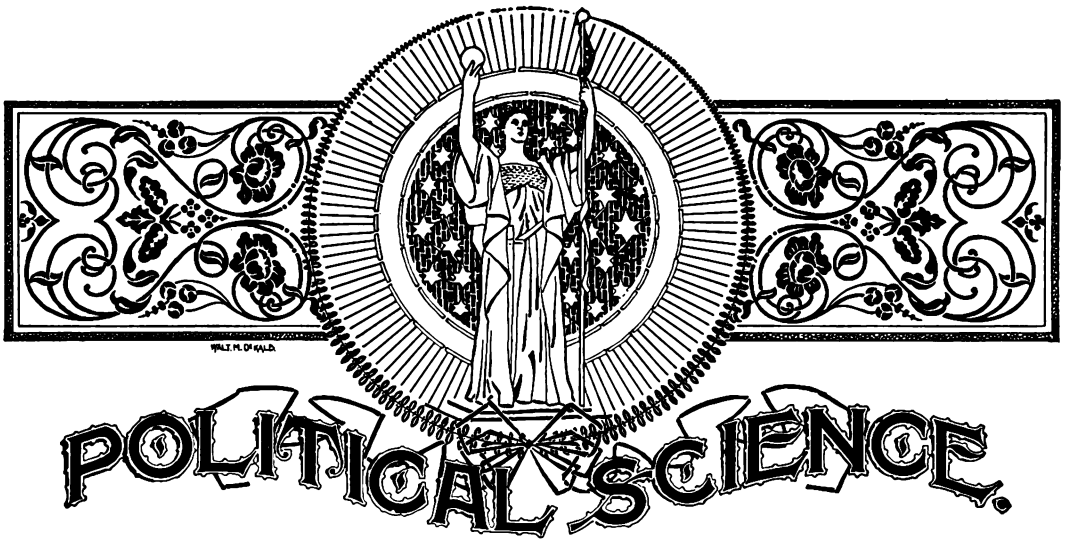

SOVEREIGNTY IN THE STATE.

BY

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13. SOVEREIGNTY IN A DESPOTISM.

AN immense amount of brain tissue has been worn away in the vain attempt to adjust the Asiatic idea of sovereignty to the Western democratic State. Sovereignty in a despotism is of the nature of a physical fact. One man, or a select body of men, holds the war-club; all the rest are disarmed, and are victims of a power over which they have no control. In such a State instead of laws to which all are subject there are arbitrary commands enforced upon the victims by brute force. The sovereign is not subject to any law. He it is who issues the commands which all others are compelled to obey. In a large despotic State there naturally grows up a hierarcy of rulers. In the hierarchy there are those who are accustomed to obey commands given to them from above, and at the same time to exact obedience from those below. The word sovereignty came to be applied only to the authority exercised by the head ruler or by the body which held the place of supreme power. In the despotic State there is no law, no universal authority. The sovereign is autocratic; he gives commands, but he accepts no authority higher than himself; he commands but he does not obey.

The autocrat can brook no superior, not even a god. The Mohammedan can admit that there is one God, but the emphasis of his creed must be upon the claim that Mohammed is his prophet. To the Mohammedan subject the successor to the prophet must be in the place of God. To the subject of the Celestial Empire there is no being higher than the Emperor. So long as the Autocrat of all the Russias can induce his subjects to accept himself as the vice-gerent of God his position may be reasonably secure. But, as his subjects read the New Testament and gain the conviction that there is a higher than he, the autocracy becomes imperilled. All despotic governments need the support of religion; yet a religion which leads to the belief that there are divine beings of a higher grade than the despot, who concern themselves with human affairs, tends to destroy the despotism. Among the Hebrews there could be no continuous despotism, because to the devout Hebrew there was ever present a God in Israel ready to vindicate the cause of the oppressed. Likewise, in all Christian States, when a despot has arisen who was

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disposed to play the part of an oriental tyrant there have not been wanting those who were ready to call him to account in the name of a higher law. In the oriental State the sovereign must not only be above law, he must be in the eyes of his subjects, in the place of God.

In a despotic State a disputed sovereignty means unending and relentless war, or it means a state of anarchy. So far as the masses of the subjects are concerned there must be no doubt as to who the sovereign is. Of course in the history of despotisms there have been disputes as to the order of succession, and by such disputes despotisms have been destroyed. Successful despotisms either avoid such disputes or succeed in keeping a knowledge of them from their subjects.

In the Western, or democratic State, the whole reason and philosophy of sovereignty is changed. There has been infinite waste of intellectual effort in the vain attempt to reconcile the oriental notion of sovereignty with the democratic State. Sovereignty in the Orient is a physical fact. It rests upon the biggest and most effective war-club. If there is spiritual support it is in the form of terror, superstition, deception, and lying. It is essential in an oriental despotism that the will of the people shall be broken. An absolute and impassable gulf is set up between the people and the sovereign. They live in distinct worlds. The more effective is this separation the more succesful is the despotism. In the democratic State a condition the exact opposite prevails. Not one rational sentence can be written about this much-abused word sovereignty, until a preliminary question has been clearly and definitely settled. The question is this: Which sort of State are you going to talk about? If the discourse pertains to the oriental despotism it can be made brief and simple, easily understood and void of all controversy.(1) If, however, the discussion pertains to the Western democratic State, the groundwork of the discourse is so different that direct comparison leads to confusion. In the democratic State there is and can be no such thing as sovereignty in the oriental sense of the term.(2) If the word is used at all it must be with an entirely different meaning.

Mr. Austin, writing about the time of the passage of the English Reform Bill of 1832, said: "If a determinate human superior, not in the habit of obedience to a like superior, receive habitual obedience from the bulk of a given society, that determinate superior is sovereign in that society, and the society (including the superior) is a society political and independent. To the determinate superior the others are subject: or on that determinate superior the other members of the society are dependent. The mutual relation which subsists between the superior and them may be styled the relation of sovereign and subject, or the relation of sovereignty and subjection."(3) It will be seen that this definition is entirely suited to an oriental despotism, and it pretty accurately described the European states at the time it was written. For two hundred years there had been a growing sentiment in favor of democracy. There had been those who had put forth elaborate theories in favor of the view that sovereignty should rest with the people as a whole; but in the Old World there had been no successful attempt to found a State upon the democratic theory. Austin was fatally logical and consistent in his elaboration and exposition of the fundamental principles of the anti-democratic State. The war-club philosophy of which he was an eminent expositor has served to paralyze the brains of millions to the present day. There has been a continuous effort to fit the old cloth into the new garment. It has seemed a pity that so much logic and clear analysis should go to waste. Austin's analysis is correct when applied to the finished despotic State. The democratic States are not yet finished, they are simply in the process of making. Many of the principles of despotism still survive in the most advanced democracies. The majority of the people now living in democratic countries are still victims of despotic modes of thought, of despotic language. Not until quite recently has there been manifest among students of politics a general disposition to rebel against the Austinian mode of thought.

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13. SOVEREIGNTY IN THE STATE.

(1) **Two Methods.**—All monarchies of which we have any record were governed after two several manners; either by a prince and his servants whom he vouchsafes out of his mere grace to constitute his ministers, and admits of their assistance in the government of his kingdom; or else by a prince and his barons, who were persons advanced to that quality, not by favor or concession of the prince, but by the ancientness and nobility of their extraction.

These barons have their proper jurisdictions and subjects, who own their authority and pay them a natural respect. Those States which are governed by the prince and his servants have their prince more arbitrary and absolute, because his supremacy is acknowledged by everybody; and if another be obeyed, it is only as his minister and substitute, without any affection to the man. Examples of these different governments we may find in our time in the persons of the Grand Signor and the King of France.

The whole Turkish monarchy is governed by a single person, the rest are but his servants and slaves; for distinguishing his whole monarchy into provinces and governments (which they call Sangiacchi) he sends when and what officers he thinks fit, and changes them as he pleases. But the King of France is established in the middle, as it were, of several great lords, whose sovereignty having been owned, and families beloved a long time by their subjects, they keep their preëminence: nor is it in the king's power to deprive them without inevitable danger to himself.—"*The Prince*," *by Niccolò Machiavelli, pp. 28, 29.*

(2) **The Patriarchia.**—Slavery is so vile and miserable an estate of man, and so directly opposed to the generous temper and courage of our nation, that it is hardly to be conceived that an "Englishman," much less a "gentleman," should plead for it. And truly I should have taken this, as any other treatise which would persuade all men that they are slaves, and ought to be so, for such another exercise of wit as was his who writ the encomium of Nero, rather than for a serious discourse meant in earnest, had not the gravity of the title and epistle, the picture in the front of Sir Robert's book, and the applause that followed it, required me to believe that the author and publisher were both in earnest. I therefore took the "Patriarchia" of Sir R. Filmer into my hands with all the expectation, and read it through with all the attention, due to a treatise that made such a noise at its coming abroad, and cannot but confess myself mightily surprised that, in a book which was to provide chains for all mankind, I should find nothing but a rope of sand, useful, perhaps, to such whose skill and business it is to raise a dust, and would blind the people the better to mislead them, but is not of any force to draw those into bondage who have their eyes open, and so much sense about them as to consider that chains are but an ill wearing, how much care soever hath been taken to file and polish them. . . . His system lies in a little compass, it is no more than this: "That all government is absolute monarchy;" and the ground he builds on is this: "That no man is born free."*Locke's "Civil Government," Bk. I., Ch. I.*

(3) **Legal Limitation.**—"Now it follows from the essential difference of a positive law," says Austin, "and from the nature of sovereignty and independent political society, that the power of a monarch properly so called, or the power of a sovereign number in its collegiate and sovereign capacity, is incapable of *legal* limitation. A monarch or a sovereign number bound by a legal duty were subject to a higher or superior sovereign; that is to say, a monarch or a sovereign number bound by a legal duty, were sovereign and not sovereign. Supreme power limited by positive law is a flat contradiction in terms.

"Nor would a political society escape from legal depotism, although the power of the sovereign were bound by legal restraints. The power of the superior sovereign imposing the restraints, or the power of some other sovereign superior to that superior, would still be absolutely free from the fetters of positive law. For, unless the imagined restraints were ultimately imposed by a sovereign not in a state of subjection to a higher or superior



Niccolo Machiavelli.

sovereign, a series of sovereigns ascending to infinity would govern the imagined community, which is impossible and absurd."

That this reasoning follows as a logical necessity from our definition of law, is without question. It is to be remembered, however, that by the term "sovereign power," we refer to the highest power of the State without reference to the manner in which this power is exercised or in whose hands it rests. When we come to consider the determinateness with which the sovereign power may be located, we shall find it necessary to differ somewhat from Austin.

In every politically organized community, then, there exists a public authority to which, from the legal standpoint, all interests are potentially subject, and therefore liable to regulation and control by the State when this ruling power decides them to be of public interest.

It is true that there are, and have been since the earliest times, certain subjects that it has seemed just and proper should be left to the free exercise of the individual, and it does not seem reasonable to expect that the time will ever come when this opinion as to many of these subjects will be changed. But this is by no means the same thing as saying that these subjects constitute a domain that can never be entered by the State.—"*An Examination of the Nature of the State*," *by Westel Woodbury Willoughby, Ph.D., page 182.*

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14. SOVEREIGNTY IN A DEMOCRATIC STATE.

The despotic State is openly and avowedly founded upon the relation which subsists between a master and a slave. It is the part of the master to command: it is the part of the slave to obey. The sovereign in the State is in the place of master: the subject is in the place of slave. In a large household of slaves there arises a hierarchy of commanders, but good order requires that there shall be one determinable head who gives commands and is himself not under command. He is the sovereign head, sub-commanders are but his mouth-piece. There is thus one master whom all slaves are equally bound to obey. Likewise in the finished and orderly despotic State there is one master, one determinable head who commands the obedience of the people. The sovereign head himself receives commands from no one. He is sovereign; the people are subject. He is independent; the people hold to him the relation of dependents. This is the simplest form of the State. Add to this, it is the original form. It has held the field for many thousand years. All language, all literature tend to fix this form in the minds of all people who attempt to think and talk about government; hence it is not at all strange that there has been a persistent attempt to describe the democratic State in the language of despotism. We ought not to expect that a single generation of democrats would create a nomenclature as rich and varied as six thousand years of despotism.

What then does the word sovereignty mean as applied to a democratic State? Probably no such word would ever have been invented if human society had always been organized upon the basis of a coöperative brotherhood. So soon as there was a serious attempt to found a State on the democratic idea sovereignty became lost in the midst of legal phrases and distinctions. In the Constitution of the United States(1) the word does not occur. The Constitution does say that the constitution and the laws and treaties made in pursuance thereof shall be the supreme law of the land. But in the Asiatic sense it recognizes no sovereign. No person, no determinate body is in a position to command obedience. Every officer, every body of officers, acts under the restraint of law. In the United States where is the man, or where is the determinate body of men in respect to whom the great body of the people are in the position of dependents and subjects? Who are our determinate sovereign rulers? We have none.

It was the definite intention of the founders of our government that the relation of sovereign and subject should not exist.(2) The people, however, did create many and diverse agencies through which the brotherhood should act. The people as a whole are not sovereign in the Asiatic sense. The people do not issue commands to their Governors, Presidents and Legislatures and demand of them servile obedience. The people assume that all these are men like themselves, and that they will guard the true interests of the brotherhood. A wide discretion is left to the various high officers. If a particular officer proves to be weak or criminal, decent and orderly methods of discipline are provided to save the State from injury. All are under law and all share the responsibility of command. A democracy is a self-conscious coöperative brotherhood. In a perfect democracy no class and no individual would be subject to unrestrained despotic power. Delinquents and defectives would be dealt with under beneficent and wholesome laws.

But the people of the United States, although the word sovereignty was not in their constitution, became victims of a fatal despotic theory upon the subject. One section of the country became convinced that sovereignty of the true Asiatic type rested with the several states. In other sections the view prevailed that sovereignty rested with the general government. The leaders of the state sovereignty party became infatuated with the notion that the states had a right under the constitution to resume the exercise of all their sovereign powers. This was not the only cause of the great Civil War, but all will admit that it was an important cause. It may

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well be doubted whether there would have been any war had not the leaders of the South been honestly convinced that the states had a right to resume the exercise of sovereign powers. We have had our war, and we may conclude that the question is settled that our states have not sovereign powers, though no farther positive contribution is made to the settlement of the question as to who is sovereign. It is now a historical fact that the Federal government did at one time put forth power adequate to the suppression of a formidable rebellion. There still remain, however, enough unsettled questions as to the precise location of the exercise of sovereign power and responsibility to furnish basis for an unlimited number of civil wars. There will be no safety to the Republic until there has been developed in the minds of the people a clear perception of the fact that in a democracy, sovereignty, in the Asiatic sense, does not exist. The very object of the democracy is to eliminate the relation of sovereign and subject.

For ages the minds of philosophers were oppressed with the question as to how the solid earth was supported. Many devices were invented for the sake of psychological relief. Relief finally came with the acceptance as literal scientific fact of the statement, "He hangeth the earth upon nothing." A similar state of mind is manifest in the first crude attempts at thinking and philosophizing about the State. The rudimentary philosopher feels the need of a turtle or some other definite physical monster to serve as a support for the entity which we call the State. And such a philosopher has ever before him an example of the sort of State which does rest upon a physical monster which is far from being imaginary. The Russian State rests upon the State railway, State telegraph, the bureaucracy, the army, while all center in the Chief Person. Such a State does rest upon a physical basis. It rests upon the fact of superior brute force. And the determinate person or persons who wield this force are in the position of sovereign while the people are subjects and dependents.

The democratic State, on the other hand, rests not upon a physical but upon a spiritual fact. It assumes a common sentiment, a common purpose, a common will. The State rests upon that common will.(3) The officers of the State one and all are organs of the common will. There is no rational basis for an enduring democracy except upon the assumption that a spirit of good will and benevolent intent towards all classes and all individuals pervades the State in all its acts. The true democratic State has nothing to impose upon anybody. On the contrary it seeks to prevent all classes and all individuals from being imposed upon. The democracy seeks by positive and aggressive means so to train and so to educate all classes and all individuals in habits of the observance law, in habits of respect for the highest rules of conduct, that each may be freely left to do what he pleases.

Does not the democratic State have its defectives? Are there not the insane, criminals, infants to be dealt with? True, but there is a radical difference in the characteristic treatment of defective classes in the two sorts of States. The despotism treats its normal subjects as dependents. Its safety oftentimes requires the pauperization of the multitude. The consistent democracy, on the contrary, must treat all classes from the stand-point of friendly coöperation. It must seek to discover and develop in all those qualities of character which will make of them free members of society.

A State cannot adopt a policy imposing permanently even a just government upon a subject people and continue to be a democracy. When Lee surrendered the South was conquered in the despotic sense only. Had the work stopped there the United States had ceased to be a democracy. The South began to be conquered, in the democratic sense, when the last military governor left the land and the two sections of the country began to forget the relation of victors and vanquished.

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14. SOVEREIGNTY IN A DEMOCRATIC STATE.

(1) **The Constitution of the United States.**—The fundamental and organic law of the nation was framed by the Constitutional Convention which met in Philadelphia, May 25, 1787 and adjourned September 17, 1787.

It was not ratified without a serious struggle, the result remaining doubtful for many months after the adjournment of the Convention. Delaware was the first state to accept it (on December 7, 1787), the ratification being prompt and enthusiastic. Pennsylvania was the second (December 12). The opposition was sharp, but Franklin was President of the State, and Wilson a delegate to the State Convention. The ratification was effected by a vote of forty-six to twenty-three. On December 18, New Jersey followed, and Georgia less than a month afterward. In these states the vote was unanimous. Next came Connecticut (January 9), by a vote of one hundred and twenty-eight to forty.

The first close struggle was in Massachusetts, but the Constitution was ratified on February 6 by a vote of one hundred and eighty-seven to one hundred and sixty-eight. Maryland came next, and then South Carolina. In Virginia the opposition to the Constitution was led by Patrick Henry, while James Madison and Governor Randolph were the leading champions of the new Constitution. The debate lasted for a month, and the interesting report may be found in the volumes of Elliott.

The ratification prevailed June 25, by a majority of ten in a vote of one hundred and eighty-six. After all, it was probably the influence of Washington which won the day. Meanwhile, the state of New Hampshire ratified the Constitution, but the news had not reached Virginia.

Another close battle was fought in New York, but Hamilton and his party finally won a memorable victory, and New York came into the Union on the 26th of July, with a majority of only three votes. The ratification by nine states having been certified to the Congress of the Confederacy, that body adopted a resolution fixing the first Wednesday of March, 1789, as the day when the new government should go into operation. As the day fell on the 4th of March, that day became fixed for the beginning and end of congressional and presidential terms.

(2) **Parlimentary Sovereignty.**—Where there is a *rigid* constitution, to use the convenient term introduced by Mr. Bryce and Mr. Dicey, there cannot be any one body in permanent existence or habitual activity which possesses unlimited sovereignty. The nearest approach to Parliamentary sovereignty as we have it in England must be sought, in every such case, wherever the ultimate power of altering the written constitution is placed by the constitution itself. In the United States, for example, this amending power is exercisable only with the consent of three-fourths of the States expressed by either their legislators or in special conventions; and, moreover, no State can be deprived of its equal suffrage in the Senate without its own consent. The English doctrine of absolute sovereignty is not capable of being usefully applied to constitutions of this type. In fact it is a generalization from the "omnipotence" of the British Parliament, an attribute which has been the offspring of our peculiar history, and may quite possibly suffer some considerable change within times not far distant. Such a constitution as that of the United States or of Switzerland may be said to give a definite meaning to the sovereignty of the people, as opposed to the power or caprice of transitory majorities — "*First Book of Jurisprudence*," *by Sir Frederick Pollock, p. 260.*

(3) **Sovereignty: Who Gives Law?**—If, then, law be a product of national character, if the power of the community must be behind it to give it efficacy, and the habit of the community in it to give it reality, where is the seat of sovereignty? Whereabouts and in whom does sovereignty reside, and what is sovereignty? These, manifestly, are questions of great scope and complexity, and yet questions central to a right understanding of the nature and genesis of law. It will be best to approach our answers to them by way of illustrations.

In England, sovereignty is said to rest with the legislative power: with Parliament acting with the approval of the Crown, or, not to disuse an honored legal fiction, with the Crown acting with the assent of Parliament. Whatever an Act of Parliament prescribes is law, even though it contravene every principle, constitutional or only of private right, recognized before the passage of the Act as inviolable. Such is the theory. The well-known fact is, that Parliament dare do nothing that will even seem to contravene principles held to be sacred in the sphere either of constitutional privilege or private right. Should Parliament violate such principles, their action would be repudiated by the nation, their will, failing to become indeed law, would pass immediately into the limbo of things repealed; Parliament itself would be purged of its offending members. Parliament, then, is master, is an utterer of valid commands, only so far as it interprets, or at least does not cross, the wishes of the people. Whether or not, therefore, it be possible to say with the approval of those who insist upon maintaining the rules of a strict abstract logic that the sovereignty of Parliament is limited *de jure*, that is, in law, it is manifestly the main significant truth of the case that parliamentary sovereignty is most imperatively limited *de facto*, in fact. Its actual power is not a whit broader for having a free field in law, that is, above the fences, so long as the field in which it really moves is fenced high about by firm facts.

Again, it is said, apparently with a quite close regard for the facts, that in Russia, sovereignty is lodged with the Czar, the supreme master "of all the Russias." That his will is law Siberia attests and Nihilism recognizes. But is there no *de facto* limitation to his supremacy? How far could he go in the direction of institutional construction? How far could he succeed in giving Russia at once and out of hand the institutions, and Russians the liberties, of the United States and its people? How far would such a gift be law? Only so far as life answered to its word of command. Only so far as Russian habit, schooled by centuries of obedience to a bureaucracy, could and would respond to its invitation. Only so far, in a word, as the new institutions were accepted. The measure of the Czar's sovereignty is the habit of his people; and not their habit only, but their humor also, and the humor of his officials. His concessions to the restless spirit of his army, to the prejudices of his court, and to the temper of the mass of his subjects, his means of keeping this side assassination or revolution, nicely mark the boundaries of his sovereignty.—"*The State*," *by Woodrow Wilson, pp. 623.*

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15. SOVEREIGNTY OVER INDIAN AND NEGRO.

The relation of the United States government to our subject Indian tribes may serve to illustrate some of the limitations and qualities of the democratic State. The Indians are in a sense our subjects. We have in many ways imposed our will upon them. Yet as the ideas of consistent democracy have grown in our midst we have entered into the work of training and educating the Indian for citizenship. This is a necessary part of our purpose to become a democratic republic. In the educational policy of this great republic the Indian training school holds a very small place. Yet omit that school, and the spirit and sentiment for which the school stands, and we forego all rational prospect of a free government for our own children. The training of the future democracy cannot leave out the wards of the nation.

But have not the government and the people in many ways played the tyrant over the Indian tribes? It must be admitted that there is a long list of outrages and acts of injustice. But there is also a long list of acts of reparation, of gifts and concessions. We treat our Indians much as we treat ourselves. There are long lists of acts of spoliation and outrage committed by government and people against white citizens. Indian and white man are fellow-sufferers, because we have not yet attained unto the perfect democratic State. Under our spoils system of politics we put over the Indian tribe a spoilsman, who steals their blankets, robs them of rations, and is a party to other outrages. After a time the red man puts on the war paint, lifts the scalps of a few innocent white settlers, kills in fair fight a number of white men in our regular army. The braves are surrounded and forced to surrender. Then the wrongs of the Indian are investigated. We honor him for his courage in fighting for his rights. The criminal agent is removed, wrongs are redressed, and the tribe is at peace till after the next presidential election. How very like this is to the government of our great cities. The lives, and property, and virtue of the good citizens are placed in the keeping of spoilsmen. The people are robbed, they are blackmailed, they have vice forced upon them by the officers of the law. Finally a white chief (a preacher of the gospel or a newspaper editor) makes up his mind that endurance has ceased to be a virtue. He puts on the war paint and calls upon his virtuous fellow-citizens to do likewise. A spasm of civic virtue pervades the body politic. A battle royal is waged at the polls. The criminals are beaten. Some of them are turned out of office. Some reforms are instituted. Then the virtuous impulses begin to weaken, and in a few years the city lapses again into the hands of the spoilsman. We treat our own kith and kin as we treat our Indian subjects. Nay, our Indian subjects fare better in some respects than the Anglo-Saxon. Great and permanent reforms are already accomplished in our Indian service. It may easily happen that our Indian service shall become almost ideally pure and efficient, while the government still continues to rob and plunder the white man. It could never happen, on the other hand, that a State should rob and plunder a subject people and at the same time maintain a just and upright government for its own citizens. This is especially true of a State which is trying the democratic experiment.

After a recent Indian war a newspaper made the statement that during the whole history of Indian wars, ten white men had been slain to one Indian. It was a mere random assertion, and is undoutedly erroneous. Yet, if an exact statement could be made as to the casualties in all Indian wars on American soil, it would probably contain an element of surprise. Instead of the white man exterminating the Indian, the Indian, in a small way, has been exterminating the white man. But the Indian cannot complete the task of exterminating the white American. The white American has bigger guns and more of them, and in a matter of self-defense is disposed to use them. This proposition does not need proof, it is axiomatic. It is

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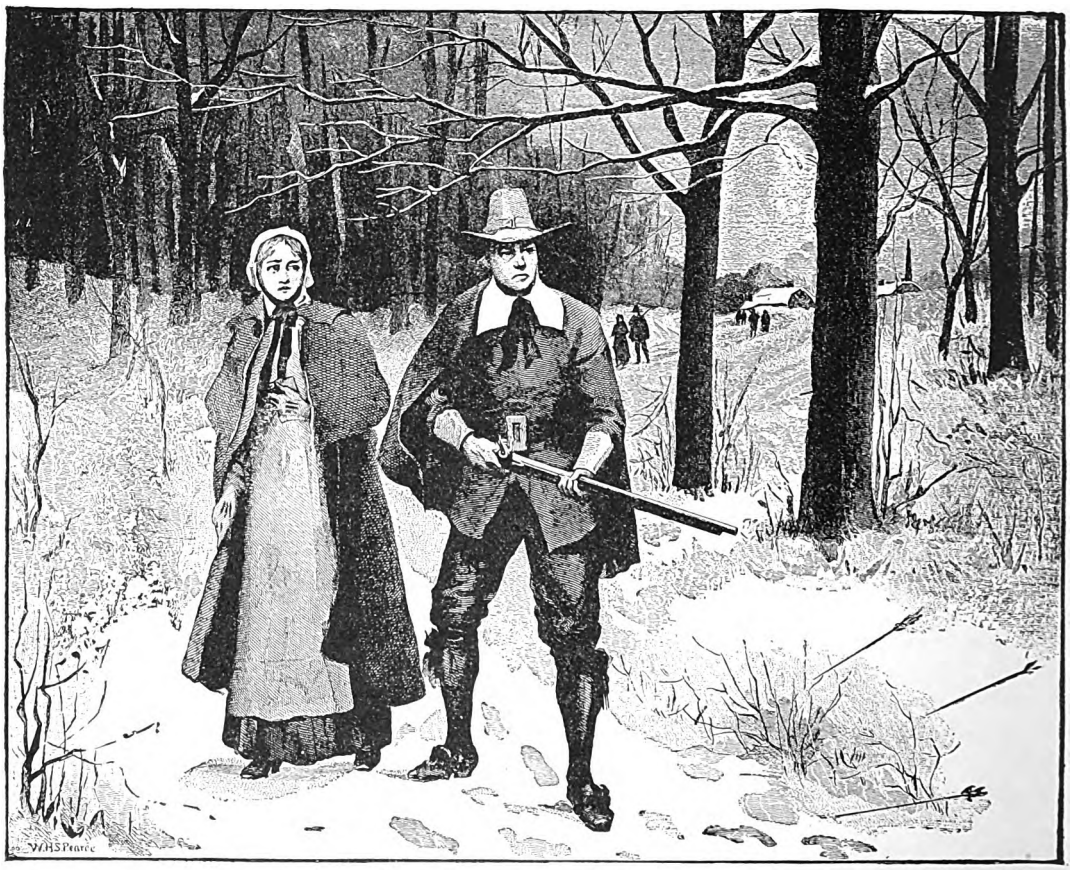
equally true that the white man cannot exterminate the Indian. To the mind of the properly trained democrat this last proposition is just as axiomatic as the former. There are, however, multitudes of the most intelligent and the most highly educated of men who are utterly incapable of understanding the proposition that it is impossible for the white American to exterminate the Indian. They reason as we may suppose the brute reasons. That is, they go by the pound weight and by the yard stick. To them a moral and spiritual entity is intangible moonshine.

Our ancestors were godly men, who came to this country with the definite intention of civilizing and Christianizing the natives.(1) In the midst of all our faults



Puritan Church-Going in New England.

and acts of injustice this motive has never abated its force. It is more than ever our intention to civilize and Christianize the Indian. We are actually doing this work. This original intention of our ancestors is a part of our moral and spiritual inheritance. Without such an inheritance there would be no America such as we know. There would be no democracy, no safe and orderly society resting upon the will of the people. As well expect to turn the waters of the Mississippi up stream as to expect to retain among Americans a tolerably free government after the people had undergone such a moral transformation as would be involved in a plan to exterminate the red man.

Long before such a change could be reached the white people would have reverted to former habits of exterminating each other. It is now many centuries since deadly feuds were common among the English. It is not so long since they were common among the Scotch and the Irish. There are even now limited areas

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in this country where the rule prevails that the men are sacrificed to family feuds. I believe these areas are peopled by pure-blood Saxon families. The Indian in our midst is as safe as the white man. The same lesson is enforced in our relation to the Negro. With the Negro we did become involved in a definite policy of repression. In relation to the Negro, the white people were sovereign and the blacks were dependent and subject. This condition was endured until the fact became evident that virtual slavery was being fastened upon dependent whites as well.(2) To get rid of this condition, one white man's life was given for every eight black men liberated. And the entire penalty is not yet paid. White men will continue to suffer until the Negroes are trained and inducted into the possession of full free and equal privileges in the State.

These illustrations are used for the sake of the principle involved. A democracy may not permanently play the part of the sovereign to a subject people. It may, however, engage in the work of training rude peoples for freedom.

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15. SOVEREIGNTY OVER INDIAN AND NEGRO.

(1) How to Order a Colony.

BY THE MASSACHUSETTS COMPANY (1629).

And for that the propagating of the Gosple is the Thinge wee doo profess aboue all to bee our Ayme in setling this Plantacon, wee have bin carefull to make plentyfull provision of Godly Ministers, by whose faithfull preachinge, Godly Conversacon, and exemplary Lyfe, wee trust not only those of our owne Nation wilbe built vp in the Knowledge of God, but also the Indians may, in God's appointed time, be reduced to the Obedyence of the Gosple of Christ: . . . For the Manner of exercising their Ministrie, and teaching both our owne People and the Indians, wee leave that to themselves, hoping they will make God's Word the Rule of their Accons, and mutually agree in the Discharge of their Duties; and because their Doctrine will hardly bee well esteemed whose persons are not reverenced, wee desire that both by your owne Example, and by comanding all others to doe the like, our Ministers may receive due Honor. . . .

. . . for that wee haue ordered, that the Body of the Government there shall consist of 13 persons, wee are content the old Planters that are now there within our Plantacon and Lymitts thereof, shall choose two of the discreetest and juditiall Men from amongst themselves to bee of the Government, that they may see wee are not wanting to give them fitting Respect in that wee would haue their consent (if it may bee) in making wholesome Constitucons for Government. Alwayes provyded, that none shalbe chosen, or meddle in their choice but such as will live amongst Vs and conforme themselues to our Government: . . . And that it may appeare as well to all the Worlde, as to the old Planters themselves, that wee seek not to make them Slaves, wee are content they shall bee Partakers of such Privileges, as wee, from his Majesty's espetiall Grace, with great Cost, Fauor of Personages of Note, and much Labor, have obtained. . . . *From "Hazard's Historical Collections," Philadelphia (1792). Quoted by Albert Bushnell Hart, "American History Told by Contemporaries," Vol. I., Era of Colonization, pp. 178, 179.*

(2) Customs and Manners.—It is difficult to determine on the standard by which the manners of a nation may be tried, whether *catholic* or *particular*. It is more difficult for a native to bring to that standard the manners of his own nation, familiarized to him by habit. There must doubtless be an unhappy influence on the manners of our people produced by the existence of slavery among us. The whole commerce between master and slave is a perpetual exercise of the most boisterous passions, the most unremitting despotism on the one part, and degrading submissions on the other. Our children see this, and learn to imitate it. * * * If a parent could find no motive, either in his philanthropy or his self-love, for restraining the intemperance of passion toward his slave, it should always be a sufficient one that his child is present. But generally it is not sufficient. The parent storms, the child looks on, catches the lineaments of wrath, puts on the same airs in the circle of smaller slaves, gives loose to the worst of passions, and thus nursed, educated, and daily exercised in tyranny cannot but be stamped with its odious peculiarities.

The man must be a prodigy who can retain his manners and morals undepraved by such circumstances. And with what execrations should the statesman be loaded, who, permitting one-half the citizens thus to trample on the rights of the other, transforms those into despots and these into enemies, destroys the morals of the one part and the *amor patriæ* of the other.

For if a slave can have a country in this world, it must be any other in preference to that in which he is born to live and labor for another—in which he must lock up the faculties of his nature, contribute as far as depends on his individual endeavors to the evanishment of the human race, or entail his own miserable condition on the endless generations proceeding from him.

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And can the liberties of a nation be thought secure when we have removed their only firm basis, a conviction in the minds of the people that these liberties are the gift of God? That they are not to be violated but with his wrath? Indeed I tremble for my country when I reflect that God is just—that his justice cannot sleep forever; that, considering numbers, nature and natural means only a revolution of the wheel of fortune, an exchange of situation is among possible events—that it may become probable by supernatural interference! The Almighty has no attribute which can take side with us in such a contest — *Thomas Jefferson in "Notes on Virginia." Writings of Jefferson, Edited by P. L. Ford, Vol. III., pp. 266, 267.*

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16. LAW AND SOVEREIGNTY.

The true State is characterized by the supremacy of law, while the Anti-State is characterized by the sovereignty of a person, or of a limited determinate class. In the contest with the Stuart despots in England, there were frequent references to the sovereignty of law. But this is a figurative use of the word. The law cannot be sovereign in the same sense in which a despot is sovereign. True, when the law is advanced to a position above the despot, then the despot ceases to exist. (1) There has prevailed a crude notion that the law is something arbitrarily imposed by the sovereign. King Alfred was worshiped in England because he gave the people their good laws and institutions, just as Saint Patrick was worshiped in Ireland be-because he killed their snakes. In the light of riper scholarship each of these state-ments is alike mythical. Snakes are not exterminated by one man's *fiat*, neither are laws given to a people by the *fiat* of a chief person. Laws come from the volun-tary efforts of a people to dwell together in unity. Laws are discovered rather than made. Wherever a chief person has gotten the reputation of giving to a people a body of laws, either the reputation rests upon a myth or the chief person is a chief discoverer. He outruns other men in his ability to discern the popular will, and he discovers the lines of least resistance in giving expression to national aspiration. It was only when both Patricians and Plebeians wanted some method of escape from deadly conflict that it became possible for a committee of the two sections to formulate the laws of the Twelve Tables. Lycurgus is accounted a great law-giver because his name chanced to be associated with such laws as were suited to the Spartan brotherhood. It is a matter of small consequence whether Lycurgus was a myth or a real statesman. In either case the laws of Sparta were discovered and adapted: they were not imposed.

With the supremacy of the law the relation of sovereign and subject as defined by Austin ceases to exist. Only by a figure of speech may the law itself be called sovereign. Even greater confusion follows the attempt to put the people, or some determinate portion of the people, into the position of sovereignty in a State which is subject to the rule of law. In such a State every act performed or imagined is subject to law, or subject to a recognized principle of right conduct. In the Spar-tan State just where did sovereignty rest? Some might say, with the kings; others would name the Ephors; others the Senate; still others would locate sovereignty with the entire brotherhood: some even might include the Perioeci and the Helots. The better answer would be that Sparta was subject to law, and hence sovereignty in the Asiatic sense did not exist. Surely no Greek philosopher ever darkened counsel in the vain attempt to find in the Spartan brotherhood a "person or a de-terminate body of persons" to whom all others in the brotherhood were in the rela-tion of "subjects and dependents." The Austinian might find some comfort in the fact that surely the Helots were in such position, hence above them there must have been a sovereign. As an abstract proposition it may well be granted that the Helots did have a sovereign, yet it may surpass the wit of man to make that sover-eign definite and determinate. But the Helot was external and incidental to the Spartan State. He was governed by brute force. Only within the brotherhood was there the rule of law, and within the brotherhood there was no determinate sov-ereign, because the State was subject to law.

The democratic principle assumes that all the normal members of the State have a positive will in favor of obedience to the law. Stated in another form, legal re-quirements are the result of efforts on the part of the subjects of the State to dis-cover and observe right rules of conduct. Law abolishes the distinction between sovereign and subject by including all under its requirements. Why then have the wise and the learned continued to apply the term sovereignty to the most advanced democracies? An easy answer to this question is the statement that elements of

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despotism still remain in all democracies. Many are yet subject to the rule of force or necessity. But this answer is too easy. Even in the most perfect democracy imaginable there would remain something which would suggest the old despotic relation.

The democratic State is to be explained simply as one of the voluntary human societies such as men and children with a certain advancement in civilization are everywhere seen to be forming. The civilized human being is an organizer. When the Swiss went into their forests they were already organizers. When the despot came, the Swiss village pitted its local organization against the tyrant. The Swiss at no time took kindly to the Austinian view of sovereignty. At the time Austin wrote they had scarcely formed anything which he would recognize as a State. Driven to a choice between a despotic State and anarchy, the Swiss at all times chose anarchy with only such rules of order as they could observe in their local voluntary societies. There is now a well organized Swiss State, (2) but it is a State which has never known a sovereign. The Swiss have had choice of nearly all the sovereigns of Europe, and they have rejected the entire lot. They have preferred their own voluntary societies.

Now what is the difference between the Swiss State and a ladies' sewing circle? If the ladies simply meet to discuss the news of the day as they attend to individual domestic duties, there is a very striking difference. Such a circle is not an organized society, and the Swiss State is a highly organized society. But if the circle develop a common purpose, and if its members determine to carry into effect a common purpose in accordance with some well understood rules of an equal, or an equitable distributions of burdens and labors, and if they create and maintain organs or agencies for carrying into effect this common purpose, then it will be seen that there is a striking resemblance between the sewing society and the Swiss State. We may assume for purposes of illustration that the ladies have determined to relieve the Village Fathers of all responsibility for the care of the village poor. In such a case the officers of the sewing circle will do a work formerly done by the officers of the village. We may imagine that the officers of the voluntary society and all the members of the society will share all burdens and services, according to rules which the society recognize as just and equal; that all parts of the work will be looked after in just and equal proportion. But such a supposition is too good to be true. In a mere voluntary society the blessings of service are likely to be confined to a limited number. Those most in need of training in the exercise of practical benevolence are likely to drop out and become hardened in habits of selfishness. At this point the mere voluntary society would fail of its chief purpose. The few would be found to bear burdens wholly unjust and unnecessary, while others would be freed from all participation in a work absolutely essential to the development of right character.

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16. LAW AND SOVEREIGNTY.

(1) **Supremacy of Law.**—That the king is below the law is a doctrine which even a royal justice may fearlessly proclaim. The theory that in every tate there must be some man or definite body of hen above the law, some "sovereign" without duties and without rights, would have been rejected. Had it been accepted in the thirteenth century, the English kingship must have become an absolute monarchy, for nowhere else than in the person of the king could the requisite "sovereignty" have been found. But, for one thing, nobody supposed that the king with the consent of the English prelates and barons could alter the common law of the Catholic church. If the theory of sovereignty, popular among Englishmen of our own day, be pressed upon the reluctant middle ages, the whole of Western christendom must be treated as one state. Theology can be brought in to explain or to conceal any difficulty that there may be in the conception of a king, who, though subject to no man, is subject to the law. God is subject to law and has even made himself subject to the law for man. The practical question is whether there is any mode in which the law can be enforced against the king.—*Pollock and Maitland's "History of English Law," Vol. I., p. 160, 161.*

(2) **Nationality and State Sovereignty.**—Much as such institutions resemble our own federal forms, the Constitution of Switzerland rests upon formal foundations such as were laid for our Union by the failure of the Articles of Confedera-

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tion, rather than upon such as were laid by our war between the States,—upon a federal, that is, rather than upon a national conception. The Swiss Constitution does indeed itself speak of the Swiss nation, declaring that "the Swiss Confederacy has adopted the following Constitution with a view to establishing the union (*Bund*) of the Confederates and to maintaining and furthering the unity, the power, and the honor of the Swiss nation:" and not even the war between the States put the word *nation* into our Constitution. But the Constitution of Switzerland also, with little regard for consistency, contains a distinct and emphatic assertion of that principle of divided sovereignty which is so much less familiar to us now than it was before 1861. It declares that "the cantons are sovereign, so far as their sovereignty is not limited by the federal Constitution, and exercise as such all rights which are not conferred upon the federal power;" and its most competent interpreters are constrained to say that such a constitution does not erect a single and compacted state (*Einheitstaat*) of which the Cantons are only administrative divisions; but a federal state, the units of whose membership are themselves states, possessed, within certain limits, of independent and supreme power. The drift both of Switzerland's past history and her present purpose is unquestionably towards complete nationality; but her present Constitution was a compromise between the advocates and the opponents of nationalization; and it does not yet embody a truly national organization or power.

At the same time, the Swiss Constitution leaves open a larger debatable ground between federal and cantonal powers than that which is left open by our Constitution between the powers of the federal government and the powers of the States. The Constitution of the United States limits the federal power by drawing a tolerably clear line between state and national provinces: it distinctly enumerates the powers which Congress shall exercise as well as those which the States shall not exercise (secs. 889-892). The Swiss Constitution, on the other hand, makes no such careful enumeration. It contents itself with such indefinite grants as these: that the federal legislature shall have power to pass "laws and resolutions concerning those subjects which the Confederacy is commissioned by the federal constitution to act upon;" to control the foreign relations of the Cantons; to guarantee the constitutions and territories of the Cantons; to provide for the internal safety, order, and peace of the country; to adopt any measures "which have the administration of the federal Constitution, the guaranteeing of the cantonal constitutions, or the fulfillment of federal duties for their object;" and to effect revisions of the federal Constitution.

This indefiniteness is due, in large part at least, to the fact that the federal Constitution has not yet been put upon a thoroughly logical basis. Though the drift of national sentiment has been strong enough to give the federal government great powers, it has not as yet been strong enough to give it complete powers within its own sphere. Cantonal jealousy has withheld logical roundness from the prerogatives of the central authorities; with the result of leaving their outlines a little vague.

The Swiss federal Constitution is more definite in guaranteeing to the Cantons their constitutions than our federal Constitution is in guaranteeing to the States "a republican form of government." The guarantee is made to include the freedom of the people and their legal and constitutional rights; the exercise of those rights under representative democratic forms; and the revision of any cantonal constitution whenever an absolute majority of the citizens of the Canton desire a revision.

So deeply is Swiss federal organization rooted in cantonal precedents, that an understanding of the government of the Confederation is best gained by studying first, the political institutions of the Cantons.

At almost all points the federal government exhibits likeness to the governments of the Cantons, out of whose union it has grown. As our own federal Constitution may be said to generalize and apply colonial habit and experience, so the Swiss Constitution may be said to generalize and apply cantonal habit and experience: though both our own Constitution and that of Switzerland have profited largely by foreign example also.

In some respects the Swiss Constitution is more conservative—or, if you will, less advanced—than the Constitution of the United States. Those who have fought for union in Switzerland have had even greater obstacles to overcome than have stood in the way of the way of the advocates of a strong central government in this country. Differences of race, of language, and of religion, as well as stiffly opposing political purposes, have offered a persistent resistance to the strengthening and even the logical development of the prerogatives of the federal power. The Constitution of the Confederation, therefore, bears many marks of compromise. It gives evidence at many points of incomplete nationalization, even of imperfect federalization. Cantonal institutions are, consequently, upon a double ground entitled to be first considered in a study of the governments of Switzerland. Both their self-assertive vitality, and their direct influence upon federal organization make them the central subject of Swiss politics.—"*The State*," *by Woodrow Wilson, Ph.D., LL.D., pp. 306-308.*

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17. DEMOCRACY AND COERCION.

In the State of Maryland there was an eminent lawyer, a member of the Constitutional Convention of 1787, who in his old age came to want. The legal profession determined to support him, and the method adopted was an annual contribution of five dollars from each member of the bar. We may conclude that there were some mean lawyers in the state, because we find on the statute-book a law compelling each attorney to pay each year five dollars for the support of Luther Martin. The mere voluntary society was unable to carry into effect the common purpose. In

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England there is an annual "Hospital Sunday." On this day every person, society and organization in the realm is expected to make a contribution for the support of public hospitals. At a workingman's Sunday-school I heard the following motive presented, "These hospitals have to be supported. If they are not supported by voluntary contribution their support will come upon the rates, and you know what that means." It would be an ideal democracy if all the citizens were so trained to the observance of just and equitable laws and rules of conduct that each would freely contribute his just share to the support of every public enterprise. On the other hand, so long as the despotic notion prevails that the normal citizen must be forced to pay his taxes there will never be a just system of taxation. With the prevalence of such a spirit the weak, the helpless, and the ignorant will bear excessive burdens, while the powerful and the immoral will live upon the earnings of the weak. There can be no approach to a just government under any form until the normal citizen assumes a positive attitude in favor of an equitable distribution of public burdens. So long as the normal citizen requires compulsory process, rank injustice will prevail.

In Switzerland, taxation is comparatively just, because in a very real sense taxation is voluntary. In the first place the laws express the actual will of the community. The burdens of the State are distributed just as any highly intelligent, moral man believes that they ought to be distributed; that is, according to the ability of the tax-payer. The poorest and the weakest are not taxed at all. Not only so, but the other members of the community tax themselves for their support. It seemed fit that the class just above these wards of the State should be taxed, but that the rate of taxation which they should bear should be low. Above these is a class whose just rate of taxation should be higher, and so on, grade after grade, until for the comparatively rich, the rate is correspondingly high. These laws for adjusting the rate of taxation according to the financial ability of the tax-payers, originated among the wealthier classes themselves. I met in Geneva a wealthy banker whose friends claim for him the honor of originating, thirty years ago, the system of progressive taxation, whereby the poor pay a relatively low rate and the rich a relatively high rate. All classes believe in the system. It is in harmony with intelligent public opinion, and expresses the moral sense of the community.(1) The Swiss are not at all affected by that crude notion of mechanical equality born of despotic rule. Every important movement towards democracy has at the same time been a movement towards diversity of condition. It is despotism which tends to reduce all subjects to a dead level of mechanical equality of dependence.

In Switzerland, since burdens are distributed in harmony with the moral sense of the community, the taxes are voluntarily paid. In our American states we have laws requiring a father to support his children—the precise thing which the normal father is disposed to do. Rarely indeed is any compulsion required. Something of the same feeling prevails in Switzerland in respect to the payment of taxes. The American Consul at Zurich gives an instance in a single case of fraudulent withholding of taxes. The exposure called forth universal reprobation. The full penalty of the law took its course without the least suggestion from any quarter of palliation or mitigation.

In the democratic State the aim must ever be towards the free, voluntary observance of laws or rules of conduct, and to this end the aim must ever be to keep the laws in harmony with the highest moral sense of the community. It is only when the democracy fails in the attainment of this obvious aim that it falls upon the lower plane of repression and coercion.(2) The victim of the war-club philosophy may be wholly unable to see any difference in principle in the case of a democracy confiscating the property of a delinquent tax-payer and the act of a despotic government whose agents lie in wait for the property of its dependent subjects. In the case of the democracy, coercion is an abnormal act, visited upon an abnormal citizen.

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In the other case it is a normal act, visited upon normal subjects. The democratic principle assumes that laws are freely and voluntarily adjusted to the moral sense of the community. Being thus adjusted, they are freely and voluntarily observed. Only in the case of the unsocial, the abnormal, and the defective is there resort to coercion.

In favor of an intelligent and effective despotism it is urged that it is capable of prompt and decisive action. This must be granted, provided also that there are at the same time energetic, intelligent, and obedient subjects. On the other hand, democracies are accounted weak because there is no recognizable sovereign. Thus far democracies have suffered from an attempt to mix despotism and democracy in the same government. It may easily happen that, as democracy becomes more clearly defined it may excel in efficiency, promptness, and adaptability. There are multitudes of questions in respect to which a prompt settlement, even though imperfect, works less injustice than a delayed decision, even though otherwise ideally perfect. Such questions the democracy will naturally differentiate and provide for their prompt and final settlement. The time will surely come when the democratic State will cease to be frightened at itself. Its agents then may have all the power of an ideal despot, while at the same time they are free from the characteristic weakness of the despot—the lack of effective support. Our present democracies are weighted down and hampered and restricted because the people do not believe in democracy. They are still paralyzed by race dread of despotism. As this dread is removed restriction will be taken away, and then it will be seen that in respect to all lines of conduct in which promptness and decision are obviously important the democratic State will be preëminently effective.

From this point of view we get the nearest approach to despotic sovereignty which the democratic State furnishes. The democratic State is and ever remains a voluntary society. It has and maintains the essential characteristics of a voluntary society. And being a practiced and experienced voluntary society, under the reign of law, it comes to have a definite and determined will upon a multitude of questions. In this part of its work the agents of the democracy may act with all the promptness and final decision of an absolute despot. But there is always this difference between the will of the democracy and the will of the despot. The object of the democracy is always some act, some policy, some thing. Only incidentally does the democracy dominate a person. But the object of the despot is always the domination of persons. Moreover, the chief and characteristic aim of the democracy, as respects persons, is the perfection of the race. Its chief aim, therefore, is not the application and administration of ascertained law, but rather the discovery and the application of a more perfect law. The democratic State is growingly conscious of the imperfection and injustice of the many rules which it is accustomed to observe and enforce; yet it will execute them with inflexible promptness until better rules are discovered.

Among the enemies of democracy there is endless scorn and contempt for the majority of one as a means of ascertaining justice. Precisely! The application of majority rule is one of the imperfect and often unjust means which democracy uses only in those cases where no better method has been discovered. Counting heads, as Mr. Richie rightly maintains, is a very good substitute for breaking heads. Grant that counting heads gives an undesirable result, half of the time, breaking heads gives an unjust result more often still. And besides, voting even under crude conditions has high educational value. Settling disputes by violence is, on the other hand, destructive of all right education.

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17. DEMOCRACY AND COERCION.

(1) **The Basis of Apportionment.**—Should one ask why ability is accepted as the basis of apportionment, perhaps the most satisfactory reply would be that it approves itself to the moral sense of man in all cases where common expenditures are met by means of contributions. A church, for

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example, in which the sense of duty in the matter of payment is more highly developed than in any other voluntary association, holds it as a common law of religious sentiment that the rich member should pay more for common ends than the poor member; and the measure of his greater payment is his ability, all things considered, to bear the payment. This is the New Testament doctrine of service, and its acceptance as a canon of taxation shows that the modern science of finance recognizes one of the fundamental principles of Christian ethics. Not alone in the church is this the rule of service recognized, but in all voluntary associations, whether temporary or permanent, it is admitted as a principle of action, provided only the association acknowledge a solidarity in the interests of its members.

It may, then, be asserted without further comment that the rule of apportionment which calls for the levy of taxes according to the ability of citizens to pay finds its sanctions in the moral sense of the community, and this in all matters of social right and social duties must be accepted as final.—"*Finance*," *by H. C. Adams, p. 329.*

(2) **Principles of Government.**—"The principles upon which the settlers of Pennsylvania sought to base their government were: (1) Perfect democracy. This hardly needs qualification. For, while the governor was nonelective and to some extent thwarted the will of the people, this was probably not the original intention, but rather an unexpected development of proprietary rights as construed by the unsympathetic heirs of William Penn. (2) Perfect religious liberty. There was no restriction on the free worship of any orderly sect, and originally no religious test for office, except a profession of belief in Jesus Christ. It is not unlikely that this limitation was imposed by English authority, or from fear of English veto. (3) Perfect justice and fairness in dealing with aborigines and neighbors. Without concerning themselves to define the Indian rights in the soil, whatever existed were purchased, and all complaints were met by an evident desire to recognize in others the same personal privileges they claimed for themselves. (4) The absence of all military and naval provision for attack and defense. They recognized the necessity for force through police and other agencies, in internal disturbance. They would never need any force for attack, because they would never be the aggressors. In the matter of defense, there were differences of opinion."—"*Quaker Experiment in a Commonwealth*," *by Isaac Sharpless, p. 1.*

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18. SOVEREIGNTY IN THE RELATION OF STATE TO STATE.

The acts of a democratic State may be conveniently divided into three classes. First are the acts of discovery. The State aims to perfect the race. To this end it seeks in all ways to advance the bounds of knowledge. The Smithsonian Institution illustrates one phase of this work. Next, there are the enterprises in which the State is an agency for coöperative labors as witnessed in works of education, sanitation, transportation, and the like. For the most part these operations go on without any thought of coercion or repression, after the analogy of a purely voluntary organization. There remain the acts of the State which involve coercion and repression. These divisions are not exhaustive, nor does one exclude the others. It is only in respect to those acts in which coercion is involved that we may discover anything in the democratic State at all resembling despotic sovereignty, and in the enforcement of those crude and imperfect rules which involve coercion the fully developed democratic State may act with even greater promptness and decision than is possible in a despotic State.

Thus far sovereignty has been discussed with reference to the internal affairs of the State. The term is also used to designate relations external. A State is sovereign and independent when it is subject to no external power. (1) Egypt is nominally subject to the Sultan, and in a very real sense it is subject to British rule. Egypt is therefore not a sovereign State. Bulgaria is also nominally a part of the Turkish Empire, and as a State it is also subject to the guiding hand of the Great Powers. Bulgaria therefore lacks something of being a sovereign State. Canada has nearly all the powers of a sovereign State, yet, being a part of the British Empire, it is in a sense subject to the United Kingdom and is not independent. Belgium has agreed with the surrounding states that in time of war its territory shall remain neutral and inviolate. Belgium remains a sovereign State because no limitation upon its action which the State itself sets, detracts from its independence. It will be observed that so far as the relation of a State to other States is concerned there is no difference between a democratic and a despotic State. A democracy in its international relations is independent and sovereign in the same sense as an autocracy.

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There was a time, however, when diplomatic agents of republics were treated with less respect than the agents of monarchies. This discrimination is passing away and the free governments are accorded their full measure of respect and influence. The advent of democracy is, however, working a revolution in diplomatic relations. While diplomacy was in the hands of sovereigns who ruled subject peoples, wars were undertaken on account of the personal spite of sovereign rulers. Subject peoples were sacrificed to gratify the personal ambition of Grand Monarchs. There were endless dynastic wars; States were sacrificed to the pride of a family. While the home government of a despotism is, as we have seen, largely a matter of intrigue and conspiracy, its international relations are characterized by duplicity and falsehood. With the advent of democracy all this is being changed. The agent of the democratic State is obliged to consult his constituents. He must act in the open. His power of deception and falsehood is being removed. (2) Since monarchs are compelled to hold official relations with the agents of free governments their policies also are exposed to the light of day. Personal intrigue and dynastic wars, of the old sort, have become impossible. The Czar of Russia may be wholly uninfluenced by public opinion in his own realm, but he is controlled by public opinion in his international policy. In many ways the Czar has shown that he appreciates the good opinion of the people of the United States. In the United States we know no sovereign, and he who gets the good will of the people gets all. The Russian government may be callous to the criticisms of its Nihilist subjects, it cannot wholly disregard the criticisms of the peoples of enlightened Christian nations. The democratic States will inevitably more and more pass by the alleged sovereigns of despotic States and speak directly to the peoples of those States. How much do the people in the United States and in England care about the acts and opinions of the German Emperor? Very properly they care a great deal just now, because he is in a position to do a great deal of harm. But what do they care for the Emperor's views when weighed against the opinion of the great German people. The enduring factor is the opinion of the nation. A nation can no longer afford to incur the enmity of a great people. Diplomacy must therefore be more and more based upon appeals to a high moral sense. The United States has just had a war with the Spanish government, but there has been no war with the Spanish people. We have a higher respect for them and a livelier interest in their welfare than we had before. But to make the war a success we must gain the respect of the former Spanish subjects who have become our subjects, and we must not incur the lasting enmity of the Spanish people.



Emperor William II.

In the despotic States the sovereigns are naturally disposed to side with the rulers of other despotic States in their conflicts with their subjects. It was perfectly natural for the parties to the Holy Alliance to coöperate in the suppression of popular uprisings. On the other hand, it is equally natural for democracies to take the side of the people against their oppressive rulers. The abomination known as the Turkish Empire would not to-day cumber the earth except for the existence of the so-called Christian despots who do not dare to give aid and comfort to an oppressed people struggling for liberty.

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There are but the two sorts of States, the voluntary and the despotic. If the people of a given area do not succeed in making their will supreme, then they will be ruled despotically. The democratic State is therefore a compulsory voluntary association. All people are driven to choice between democracy—that is government by voluntary coöperation—and government by brute force. Wherever a people refuse, or neglect, or fail, to stand together and maintain their independence under orderly rules of their own choice, despotism in some form must inevitably follow. Democracy is not a mere form of government. The democratic State may assume any form which the people approve. All that the democratic State requires is that the people shall approve and continue to approve. Continued approval assumes continued and ever more thorough training in the affairs of the State. In all States there remain elements of despotism. Every failure to secure the active and aggressive will of the whole people in support of the State, strengthens despotic tendencies. All people everywhere are being forced to become active members of a voluntary State upon pain of becoming perpetually subject to despotism.

18. SOVEREIGNTY IN THE RELATION OF STATE TO STATE.

(1) **Persons in International Law.**—Primarily international law governs the relations of such of the communities called independent states as voluntarily subject themselves to it. To a limited extent, as will be seen presently, it may also govern the relations of certain communities of analagous character. The marks of an independent state are that the community constituting it is permanently established for a political end, that it possesses a defined territory, and that it is independent of external control.

It is postulated of those independent states which are dealt with by international law that they have a moral nature identical with that of individuals, and that with respect to one another, they are in the same relation as that in which individuals stand to each other who are subject to law. They are collective persons, and as such they have rights and are under obligations.

These postulates assume the conformity of the nature of such states as are governed by law to the conditions necessarily precedent to the existence of law, because the capacity in a corporate person to be subject to law, evidently depends upon the existence of a sense of right, and of a sense of obligation to act in obedience to it, either on the part of the community at large, or at least of the man or body of men in whom the will governing the acts of the community resides. In so far, moreover, as states are permanently established societies, their works represent a necessary condition of subjection to law.

A society, for example, of which the duration is wholly uncertain cannot offer solid guarantees for the fulfillment of obligations, and cannot acquire the rights which are correlative to them. It cannot ask other communities to enter into executory contracts with it, and at any moment it may cease to be a body of people capable of being held responsible for the effects of its present acts.—"*Treatise on International Law*," *by W. E. Hall, M.A., p. 18.*

(2) **Diplomacy.**—Diplomacy, and we include in this term both its theory and practice, has been of great service; it has continued to soften international relations and to lessen the number of wars. The first negotiators were more frequently the conquered, who, on one side, appeared as pleaders in their own cause, and on the other, conquerors, often brutal, who did not think themselves bound to give any quarter, or obliged to show any consideration. Generally they never met again. Human respect, public opinion, and so many other restraints which moderate the expression of violent passions, either did not exist then, or had no influence. But when, especially after the peace of Westphalia, the custom of permanent missions became general; and the men sent on these missions were chosen either from the higher nobility or from persons frequenting the court, customs of courtesy became established of necessity, the value and importance of which it would be wrong to underestimate. One of the most direct results of these customs was to decrease the number of wars. The facility given the sovereign of a country easily to confer with the representative of a government with which he had had a dispute, was enough to smooth over many difficulties.

The evils of war are so great that nations generally prefer to come to an amicable understanding rather than expose themselves to them. Besides, the more relations become intimate, or merely frequent between two men, the more they feel a repugnance to commit injustice against each other. This restraint is of course not always strong enough; but, whatever may have been its action before the growth of public opinion, there was no power but that of the diplomatic body capable of putting a certain restraint on governments in their international relations.

The intervention of this body was not caused solely by the solidarity existing between all civilized states, a solidarity close enough to cause to be felt, even in the farm lands of France and England, the effects of a civil war which raged on the banks of the Potomac and the Mississippi.

This intervention is founded also on the principles of eternal morality, and sometimes even it has been able to limit itself to invoking social decorum. It was in this way that the diplomatic corps, led by the representative of France at Lisbon, Hyde de Neuville, prevented, in 1824, by common action, the insurrection of Dom Miguel against his father. And this is not the only act of this kind recorded by history. Diplomacy has more than once modified the severities of war and religious persecution. Diplomacy has thus been an instrument of peace. Why, then, is it in such ill repute? Is not diplomacy often taken as a synonym of cunning and dissimulation? Is not a diplomat, who must be distinguished from the

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diplomatic agent, in the estimation of many persons, a deceitful man with a talent for "using language in such a way as to conceal his thought?" There was a time when this unfavorable opinion had a certain foundation. But it was not altogether the fault of the institution. We may say here, like master, like man. An ambassador, or minister plenipotentiary, is simply an agent; he is obliged to execute the orders of his government and of the sovereign, "his august master."

At the time when all these sovereigns were absolute monarchs, and some of them despots in the strictest sense of the word, ideas of honor, of loyalty and good faith, were not so general as they are now, and society was not so exacting on this point as at present. It is easily understood why absolute and ambitious princes gave their agents tasks morally reprehensible, and why these agents in order to succeed, had to employ deceit, falsehood, intrigue, and other means, which arouse our indignation. Pursuing an end which frequently it would not do to acknowledge, and generally through means which were still less to be acknowledged, diplomats had also to shroud their actions in the most profound mystery, and their most highly valued power was that of knowing how to speak and say nothing.—"*Cyclopedia of Political Economy, Political Science, and United States History*," *by Maurice Block, Vol. I., pp. 804, 805.*

THIRD WEEKLY REVIEW.

13. **SOVEREIGNTY IN A DESPOTISM.**—Austin's Definitions.
14. **SOVEREIGNTY IN A DEMOCRATIC STATE.**—It does not Exist in the Despotic Sense.
15. **SOVEREIGNTY OVER INDIAN AND NEGRO.**—A Democracy may Train, it cannot Play the Tyrant over a Subject People.
16. **LAW AND SOVEREIGNTY.**—Wherever a People are Ruled by Law, Despotic Sovereignty is Excluded.
17. **DEMOCRACY AND COERCION.**—Democracies are Characterized by a Voluntary Obedience to Law. Coercion Ensues when the Principle of Democracy Fails.
18. **SOVEREIGNTY IN THE RELATION OF STATE TO STATE**—Democracy is Revolutionizing Diplomacy. It is the Will of the People and not the personal Will of Rulers, which Counts in International Relations.

QUESTIONS.

13. *Upon what does sovereignty rest in a despotism? Can the despot obey law? How were the Hebrews saved from despotism? What is Austin's definition of sovereignty?*

14. *Can the democratic State be described in the language of despotism? Does the democratic State need the idea of sovereignty? Are the people sovereign in the despotic sense? Where does sovereignty rest in the United States? What is the foundation of the democratic State? What is the aim of the democratic State in dealing with defectives?*

15. *Could democracy in America survive the neglect of a class? How does our treatment of Indians resemble our treatment of whites in our great cities? Which race is being exterminated? Could the American democracy exterminate the red man? Could democracy survive the permanent enslavement of the negro?*

16. *Can law be sovereign? How does law originate? Does law eliminate the personal sovereign? Where did sovereignty rest in the Spartan State? Does law involve voluntary organization? What is the difference between the Swiss State and a ladies' sewing circle? Could the sewing circle without coercive power insure an equitable distribution of society burdens?*

17. *Can a just system of public burdens be maintained by purely voluntary effort? Can a just system of taxation be attained by coercion? The Swiss experience in matters of taxation? What essential difference is there between taxation in a democracy and taxation in a despotism? May a democracy act with greater promptness and decision than a despotism? In what limited field of action does a true democracy most resemble a despotism? Is majority rule a just rule? Ans. No. It is only less unjust than its despotic substitute.*

18. *What is a sovereign State? What is the effect of democracy upon diplomacy? Why do despots support despots against popular uprisings? Why do democracies side with oppressed peoples in their struggles for liberty? Why is the enmity of a whole people dangerous? What is the effect of the failure of a people to establish and maintain a democracy?*

SUBJECTS FOR SPECIAL STUDY.

1. *Austin's view of sovereignty.*
2. *The hopeless conflict over sovereignty in the United States.*
3. *Our relations to subject peoples.*
4. *The triumph of law over Stuart despotism in the seventeenth century.*
5. *The ever widening field of voluntary coöperation in the democratic State.*
6. *Modern diplomacy vs. ancient diplomacy.*

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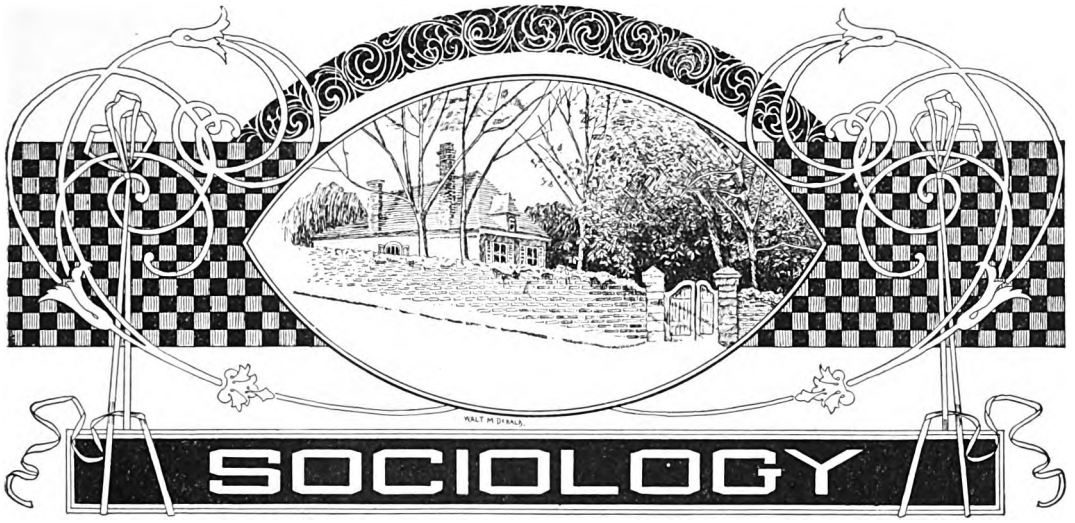

INDUSTRY AS A SOCIAL FACTOR.

BY

H. H. POWERS, Ph.D., Late Professor of Economics and Sociology, Leland Stanford Jr. University, Cal.

19. INDUSTRY AND WAR.

IT is well known that there is very little that can be called industry among savages. They live from hand to mouth appropriating what nature spontaneously produces and taking little thought for its increase or replacement. And this is the way that men have lived throughout most of their existence as a race. Doubtless from a very early date there have been some traces of industry such as tanning of skins and making of weapons, but these have been incidents of a life which was essentially non-industrial. Only in comparatively recent times has industry assumed the vast proportions with which we are now familiar and which has so completely modified the character of society.(1)

Another striking fact in connection with savage life in the constant warfare which prevents all serious achievements in civilization and keeps society (if such we can call it) in perpetual turmoil. Settlements are scarcely formed when they are raided and destroyed with as much damage to the settlers as the raiders can inflict. The wonder is that men contrive to exist at all with such constant menace to life and such a ban upon all life-sustaining efforts. But paradoxical as it may seem, science makes it perfectly clear that this decimating warfare is a means of preserving the race as well as a selective agent for its improvement. When nature is not encouraged in her productive efforts and her resources thoughtfully husbanded, the natural increase of man or any other species quickly brings it to the starvation point. War thins out the species and keeps it within the limits where nature can meet its requirements. And there is very little danger that war should ever exterminate the race. However destructive the struggle may be, a remnant is always left and the exuberant power of life to multiply and replenish the earth when given opportunity to do so soon makes all losses good. Particular forms of life as of society may perish, but some form is sure to persist so long as nature is anything like what she is at present.

The life of society is therefore divided into two periods which we may call the

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militant and the industrial.(2) They are not sharply distinguished nor is industry unknown in the militant stage, or war in the industrial, but in the one, war is the paramount consideration and industry in the other. In principal they are squarely opposed. In the militant stage, man is continually trimmed down to fit nature, while in the industrial, nature is carefully extended to meet man's growing requirements. The organization in the one case is destructive and the other constructive.

We are so familiar with the industrial type of society that we have hard work to realize how any other type can exist or be worthy the name of society. We regard war as an incident of social life, usually a most unwelcome and disturbing one. War is the price we pay for peace which is the only true social existence to us. Yet there are not wanting civilized peoples to-day who show much of the old martial spirit, the feeling that war is an end of social organization rather than a disagreeable incident to it, thus manifesting a temper which is a survival of past conditions.

While recognizing the truly social character of militant organization it must not be forgotten that industrial civilization is of a far higher type. It binds men together far more firmly and durably at the same time that it offers them far more liberty in the exercise of the individuality which industrial specialization develops.(3) An industrial society coöperates in a vastly larger number of things, creates an immense body of stable institutions and material aids or implements which become both a source of efficiency and a guarantee of sobriety and good behavior. Just as industry and wealth are impossible in a militant age, so war becomes impossible when these things have been largely developed. Nations with cities and intricate systems of communication and extended trade relations, have too much to lose by the rude meddling of war. It is noteworthy that the most advanced nations are increasingly averse to war,(4) and that even the military preparations which are now maintained at such vast expense are a genuine if a mistaken effort to avert war.

The nature of industry also requires a far greater personal initiative and development of the individual than war requires or permits. The rise of modern industry has been everywhere followed by the development of free institutions and popular government. Religious tolerance and popular education, too, have followed in its train. The social organization has become looser, vaguer and seemingly more confused, but it is at the same time stronger and more elastic. The most industrial societies are to-day the most firmly established.

19. INDUSTRY AND WAR.

(1) **Primitive Germans.**—Thus the Germans in the days of Tacitus were preëminently militant in spirit. He says of them that they disdained to get by toil that which they could get by blood and plunder. The hordes of Tartars and others now on the horizon of European civilization are but slowly emerging from that state of society and the imperfection of their social instincts is a just ground of apprehension to their neighbors. The attitude of the Kurds in the recent Armenian atrocities is another example of the survival of this primitive feeling that there is a certain legitimacy and nobility in these daring forays for carnage and plunder. The dawn of the higher civilization in Europe which has made such progress in the last three or four centuries is to be observed in the triumph of the constructive over the predatory instincts. But the general privateering of the days of Sir Francis Drake suggests how incomplete this triumph was, even in the days of Elizabeth.

(2) **Two Types.**—The two social types thus essentially contrasted are the militant and the industrial.

It is doubtless true that no definite separation of these can be made. Excluding a few simple groups such as the Esquimaux, inhabiting places where they are safe from invasion, all societies, simple and compound, are occasionally or habitually in antagonism with other societies; and, as we have seen, tend to evolve structures for carrying on offensive and defensive actions. At the same time sustentation is necessary; and there is always an organization, slight or decided, for achieving it. But while the two systems in social organisms, as in individual organisms, co-exist in all but the rudimentary forms, they vary immensely in the ratios they bear to one another. In some cases the structures carrying on external actions are largely developed; the sustaining system exists solely for their benefit; and the activities are militant. In other cases there is predominance of the structures carrying on sustentation; offensive and defensive structures are maintained only to protect them; and the activities are industrial. At the one extreme we have those warlike tribes which, subsisting mainly by the chase, make the appliances for dealing with enemies serve also for procuring food, and have sustaining systems represented only by their women, who are their slave-classes; while, at the other extreme we have the type, as yet only partially evolved, in which the

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agricultural, manufacturing, and commercial organizations form the chief part of the society, and, in the absence of external enemies, the appliances for offense and defense are either rudimentary or absent. Transitional as are nearly all the societies we have to study, we may yet clearly distinguish the constitutional traits of these opposite types, characterized by predominance of the outer and inner systems respectively.—"*The Principles of Sociology*," *by Herbert Spencer, Vol. I., pp. 576, 577.*

(3) **Industrial Specialization.**—This relation, in which the mutual rendering of services is unforced, and neither individual is subordinated, becomes the predominant relation throughout society in proportion as the industrial activities predominate. Daily determining the thoughts and sentiments, daily disciplining all in asserting their own claims while forcing them to recognize the correlative claims of others, it produces social units whose mental structures and habits mould social arrangements into corresponding forms. There results this type characterized throughout by that same individual freedom which every commercial transaction implies. The coöperation by which the multiform activities of the society are carried on, becomes a *voluntary* coöperation. And while the developed sustaining system which gives to a social organism the industrial type, acquires for itself, like the developed sustaining system of an animal, a regulating apparatus of a diffused or uncentralized kind, it tends also to decentralize the primary regulating apparatus, by making it derive from more numerous classes its deputed powers.—*Ibid., pp. 589, 590.*

(4) **English Aversion to War.**—The aversion of England to war has been so great as to inspire in some of the martial nations of the continent a certain contempt for English diplomacy which has been expressed in the assertion: England will bluff, but she will not fight. Recent events indicate that England's desire for peace cannot be relied on too far, but her aversion for war is a fact and one altogether to her credit.

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20. SLAVERY.

Slavery is in a sense the connecting link between militant and industrial society.(1) Although slavery often exists independent of war and industry always emancipates itself eventually from slavery, yet it is not too much to say that without war there would have been no slavery, and without slavery there would have been no industry. The reason is that men are not originally adapted to industry either physically or mentally. They have soft, flabby muscles fitted for sudden and violent exertion but not for long continued strain, and such a strain involves an amount of discomfort for them which is altogether unknown to the modern workman. Intellectually, too, he is quite unable to foresee those future rewards of industry which are the necessary inducement to it. A being conscious only of present pleasures and present pains can hardly be expected to submit to great present hardships for the sake of satisfactions which are wholly beyond his horizon. It is quite certain that if primitive man had been left entirely to his own inclinations he would never have settled down to work.

War was for a very long time unsparing and sanguinary. The conquered were killed without mercy and perhaps eaten. Women and children, however, seem always to have been spared. They were not the objects of the conqueror's fury and were easily made useful to him. Eventually the more submissive of the males were added to the list. The lot of these captives was not enviable, but probably both they and their captors esteemed it a great favor that they were spared on any terms. They lived, as it were, under suspended sentence of death, and on condition of making themselves useful to their masters. And this naturally meant labor in one form or another enforced by the severest penalties. Doubtless this began as some form of personal service, something which ministered to the immediate comfort of the short-sighted master, but the latter, relieved from all the discomfort of labor, would naturally discover other and remoter means of increasing his comfort so industry would begin. With the extension of industry and the development of wants, the value of slaves would necessarily increase. Thus it happens that slaves who are at first an accidental result of war come to be its object and wars are undertaken merely to secure them.

Slavery, and especially primitive slavery is necessarily a very brutal thing. The slave has no rights and his master is not likely to have very tender feelings. Moreover while the master is developing new wants and new incentives the slave is not. He still lives from hand to mouth and works under compulsion. Labor is for him

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a hardship, a source of weariness and pain unrelieved by any hope of personal advantage to come from it. The divergence of interests between master and slave is a constant source of irritation and brutality. In these early days the lives of slaves were cheap and taken for slight reason. This very brutality, however, has had its function in the evolution of industry. We must bear in mind what was said at the outset, that primitive man is incapable of systematic labor. He is "constitutionally tired," as some one has facetiously but not inaccurately said of a lazy man. This characteristic, however, like every other, varies in different individuals, and thus furnishes a basis of selection, that indispensable process by which nature effects all her transformations. For nothing is more certain than that this natural incapacity for labor can not be eliminated by training. The industrial type of man is produced precisely as the trotting type of horses is produced, by breeding from selected stock. That which the wisdom of the slave master is not able to do, his brutality tends to accomplish. Those slaves who are least efficient and least docile will irritate him most and most often suffer for their misadaptation, while those who prove themselves industrious and patient will be preserved both by his good nature and his cupidity. Slowly therefore muscles become more tense and labor becomes more endurable and more efficient. Thus is laid the substantial basis of that industry which eventually makes both war and slavery impossible. Slave industry necessarily low, simple and comparatively inefficient for the incitement of prospective enjoyment to be secured by it, is confined to the masters who can communicate their impulse to their slaves only in the lower and far weaker form of compulsion through fear of pain.(2) But even slavery brings men to a recognition of industry as the universal goal and means of social organization. The rest comes in due time.

20. SLAVERY.

(1) **Slavery.**—But the most important characteristic of this period is slavery. Men now cease to kill their prisoners of war, but make them slaves instead. Slavery begins long before agriculture, but it now attains its full magnitude as an institution. It is hard work to till the soil, and men, especially primitive men, are not fond of hard work. So they save the lives of their prisoners in order themselves to be spared the necessity of work. This is a poor reason for becoming humane, perhaps, but it is well to become humane even for a poor reason. There have been many discussions as to whether slavery is right or wrong. It is both. There is a time in human development when slavery represents a step in human progress, the best and longest that men are able then to take. Such a step is always right. It is wrong when men have learned how to do better. The slavery of the early period we are now considering was not only inevitable, but, inasmuch as slaves, like other property, were seldom bought and sold, it was very mild. The existence of a large slave population, however, which can be kept regularly at work greatly increases the wealth of society. We now know that free labor is better than slave labor, especially in the later stages of industrial development; but, inasmuch as primitive man is with difficulty induced to work at all, slave labor is a great improvement on free idleness. Of course all that we have said is subject to many exceptions, for as men develop they become more diverse. Among some peoples slavery never became an important institution, while in others it was highly developed, affecting their entire social life.

With every increase of wealth the tendency to trade increases, but as yet the occasion for it is comparatively slight, for men's wants and wealth are still much the same everywhere. Fixed residence develops village communities—not cities; these have a different origin—and these have little to gain by trading with others like themselves. Such trade is usually by barter; that is, goods are exchanged for goods, not for money. Money does not at this time perform important functions in the life of every day.

But we must notice the change or enlargement in men's ideas during this period. This we shall find in their laws and customs; the Mosaic code is our best example, as it was designed to govern a people in the pastoral and agricultural stages. Before this time there were numerous customs regulating life, and there may have been such a thing as even the tyranny of custom, but we are struck with the immense increase of duties and restrictions which are now recognized. With fixed residence has come the State, with its institutions of justice, guidance and protection, its numerous *thou shalts* and *thou shalt nots*.—"*Outlines of Economics*," *by Richard T. Ely, Ph.D., LL.D., p. 10, 11.*

(2) **Political Freedom.**—The agricultural stage had in the greater part of Europe culminated in the feudal system. The feudal lord occupied a commanding position, like that held by the Patriarch in an earlier state, and he owned the land occupied by the tribe, and the tillers of the soil had become serfs; that is, while they could not be sold they were obliged to stay on their lord's domains and work for him for such pay as he chose to give them, or such remuneration as might be established by custom and public opinion, especially as manifested through the Church. The manufacturing cities were the natural rivals of these great feudal estates. The lords felt their powers threatened and bitterly opposed the cities. And so there were wars and alliances and treaties until finally the cities conquered, as they were bound to do in the end.—*Ibid., p. 16.*

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21. INDUSTRIAL SPECIALIZATION.

Slave industry is crude and simple. This is due to the necessary limitations of the incentives on which it rests. There are some things that you cannot coerce men to do. You can cowe them and keep them at work, but you cannot make them thoughtful or vigilant or inventive by any such means. These higher industrial qualities have never been obtained from men by pain. They are always the product of pleasures, either pleasures won as the reward of effort, or, better still, pleasure in the effort itself. The tasks that a slave can be forced to perform must therefore be simple tasks, requiring no more skill than the master can easily specify and exact.(1)

We now come to a form of industry which is incompatible with slavery, and which, by its vastly greater efficiency, inevitably drives slave industry off the field. This is specialized industry; that is, industry in which men perform unlike tasks and produce wares of various kinds which they afterwards exchange with one another. The peculiarity of this system is that each man becomes something of an expert and necessarily somewhat his own master. Nobody can tell him in detail how he shall work or how much he shall accomplish, because no one outside the trade understands it well enough to know what is possible. In a word, the expert is in a most important sense the superior of the non-expert, no matter what the rank of the latter may otherwise be, and is, therefore, not a fit subject for coercion. In the higher specialties, too, the workman not only will not, but cannot do the best work unless he is in the most favorable frame of mind.

Thus specialization bears with it the seeds of freedom, and though it has been known to make considerable progress in slave industry, it has always brought with it great modifications in slavery itself, and has eventually led to its abolition. This has been due, not to the greater humanity of free industry, but to its greater efficiency. Specialization involves many economics, such as economy in time, economy in tools, economy in labor power, and above all, economy in skill. Time is saved which would otherwise be lost in passing from one employment to another, and in the long preparation which must often precede the beginning of each operation. Tools are saved, because the man who does a dozen things has to have a dozen sets of implements, while the man who does one thing has to have but one. Labor power is saved because employments are much better distributed. There are many complicated employments which are easy for the most part, but are difficult at some particular point. If these are considered as wholes they can only be assigned to persons able to do the most particular part, but divide them up and a large part of these operations can be performed by persons of less strength or skill.(2)

But the most important gain of specialization is the greater skill which comes from constant employment at the same thing. Very often this gain is so great that one accomplishes a hundred times as much when well accustomed to his task as a novice could do. And this is just the difference between the two industries. Unspecialized industry is the work of novices and specialized industry the work of experts. The possibilities of the former are so meager that the great majority of the occupations with which we are familiar, are entirely impossible in such a society. Its utmost achievement is a rude agriculture and the simplest manufacture of implements tributary thereto.

Specialized industry is accompanied by great changes in the distribution of population and the organization of society. It involves exchange of products on a large scale, and to effect this most ecomically, all those not engaged in agriculture are disposed to come as close together as possible. This gives rise to cities with enormously greater stimuli for intellectual development and new problems in social organization. Men have to learn forbearance and coöperation on a very much larger scale than before. So long as men live scattered and unspecialized, they

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must necessarily be very self-sufficient. They have little in common in property, feelings or ideas. In a city there is a steady growth of common property and collective processes and feelings and ideas. Men are caught in the meshes of their own products and find it impossible to escape from one another. The city is often regarded as a place of awful vices and danger, and it undoubtedly is, simply because it is a place where there is need of unusual virtues and where men's shortcomings in wisdom and self-control and social spirit are most manifest. But the city is the great civilizer and socializer of men, because it supplies the conditions which render that civilization and association necessary. Nature relentlessly but surely does the rest.

21. INDUSTRIAL SPECIALIZATION.

(1) **Slavery.**—The influence, however, of such a state of society on production, is perfectly well understood. It is a truism to assert, that labor extorted by fear of punishment is inefficient and unproductive. It is true that in some circumstances, human beings can be driven by the lash to attempt, and even to accomplisn, things which they would not have undertaken for any payment which it could have been worth while to an employer to offer them. And it is likely that productive operations which require much combination of labor, the production of sugar for example, would not have taken place so soon in the American colonies, if slavery had not existed to keep masses of labor together. There are also savage tribes so averse to regular industry, that industrial life is scarcely able to introduce itself among them until they are either conquered and made slaves of, or become conquerors and make others so. But after allowing the full value of these considerations, it remains certain that slavery is incompatible with any high state of the arts of life, and any real efficiency of labor. For all products which require much skill, slave countries are always dependent on foreigners. Hopeless slavery effectually brutifies the intellect; and intelligence in the slaves, though often encouraged in the ancient world and in the East, is in a more advanced state of society a source of so much danger and an object of so much dread to the masters, that in some countries it is a highly penal offence to teach a slave to read. All processes carried on by slave labor are conducted in the rudest and most unimproved manner. And even the animal strength of the slave is, on an average, not half exerted. The mildest form of slavery is certainly the condition of the serf, who is attached to the soil, supports himself from his allotment, and works a certain number of days in the week for his lord. Yet there is but one opinion on the extreme inefficiency of serf labor. The following passage is from Professor Jones, whose Essay on the Distribution of Wealth (or rather on Rent), is a copious repertory of valuable facts on the landed tenures of different countries:

"The Russians, or rather those German writers who have observed the manners and habits of Russia, state some strong facts on this point. Two Middlesex mowers, they say, will mow in a day as much grass as six Russian serfs, and in spite of the dearness of provisions in England and their cheapness in Russia, the mowing a quantity of hay which would cost an English farmer half a copeck, will cost a Russian proprietor three or four copecks. The Prussian counsellor of state, Jacob, is considered to have proved that in Russia, where everything is cheap, the labor of a serf is doubly as expensive as that of a laborer in England. M. Schmalz gives a startling account of the unproductiveness of serf labor in Prussia, from his own knowledge and observation. In Austria, it is distinctly stated, that the labor of a serf is equal to only one-third of that of a free hired laborer. This calculation, made in an able work on agriculture (with some extracts from which I have been favored), is applied to the practical purpose of deciding on the number of laborers necessary to cultivate an estate of a given magnitude. So palpable, indeed, are the ill effects of labor rents on the industry of the agricultural population, that in Austria itself, where proposals for changes of any kind do not readily make their way, schemes and plans for the commutation of labor rents are as popular as in the more stirring German provinces of the North."

What is wanting in the quantity of the labor itself, is not made up by any excellence in the direction and superintendence. As the same writer remarks, the landed proprietors "are necessarily, in their character of cultivators of their own domains, the only guides and directors of the industry of the agricultural population," since there can be no intermediate class of capitalist farmers where the laborers are the property of the lord. Great landowners are everywhere an idle class, or, if they labor at all, addict themselves only to the more exciting kinds of exertion; that lion's share which superiors always reserve for themselves. "It would," as Mr. Jones observes, "be hopeless and irrational to expect that a race of noble proprietors, fenced round with privileges and dignity, and attracted to military and political pursuits by the advantages and habits of their station, should ever become attentive cultivators as a body." Even in England, if the cultivation of every estate depended upon its proprietor, any one can judge what would be the result. There would be a few cases of great science and energy, and numerous individual instances of moderate success, but the general state of agriculture would be contemptible.—"*Principles of Political Economy*," *by John Stuart Mill, Book II., Chapter V., Section 2.*

(2) **Specialization.**—The great division of labor or specialization which has marked the development of industry during the present century has enormously increased the opportunities for the employment of women and children, and to this fact must be attributed a part of the increase of production which has become so enormous. Of course, this employment of women and children has had its disadvantages, and has necessarily encountered the sternest opposition in the shape of restrictive legislation, etc. But the very necessity for such laws shows how great is the economic advantage which they were framed to counterbalance.

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22. HAND MANUFACTURE AND INDUSTRIAL ORGANIZATION.

The industry which we considered in the last lesson was of a kind which has already largely passed away. (1) It may, perhaps, be called the industry of hand manufacture since the work was mostly done by hand. Its great characteristic was the specialization of individuals and so the development of trades. The cities were filled with artisans who, after a routine preparation and examination duly passed, set up in business as "masters." (2) Each master had a little shop of his own where he lived and worked with a few assistants and sold his wares. As these assistants in turn attained to maturity of age and skill, they in turn became independent and set up establishments of their own precisely as children in our day start families of their own when they marry. The industrial unit, like the domestic unit, was small and relatively independent. (3)

All of this is of concern to us here, only in so far as it affects the organization of society. This shop industry resulted in a social organization which was peculiar to it and very different from that of our day. It was primarily an organization for exchange. The more trades multiplied the more exchanging had to be done to get things to the right place. To secure independence to the little manufacturing units and preserve the conditions of orderly and fair exchange was the purpose of this social organization. Politically it consisted of two widely separated parts, the state and the city. The former was a very loose organization based on agriculture. The cities, which were a later growth, never came into any organic relation to the state in this stage of industrial development. The significant organization of the period was that of the city, which was a creation of trade industry, and necessarily adapted to it. (4) This organization was very simple in principle. The separate trades were organized into guilds, and these chose representatives which formed a city government. There was nothing in the industry of the day to suggest those great systems of public works, those vast coöperative undertakings which characterize modern cities, but such ends as were possible and desired at the time were well secured by this system. It has been judged altogether too harshly by people who have had in mind its misadaptation to later conditions. In two respects it eventually proved quite unequal to the demands which new conditions made upon it. The first was the development of a new state which desired to effect a closer coördination of the cities and secure fuller control over them for its own larger purposes. The second was the development of a new kind of manufacture, which of course caused much transition hardship, and to which the old guild system was not in the least adapted. (5) The old system died hard, and before it was thoroughly cleared away a good many people got impatient at the restraints which it imposed on the new life of society, and it is the feeling of these apostles of the progress which has come to us, and which often conceals from us its adaptation to its time and conditions. (6)

But we must beware of confounding social with political organization. Society is always much more than the state, and never more conspicuously so than at the time which we are considering. The great regulator and organizer of society at this period was a public opinion which, for definiteness and assertion, was perhaps never exceeded in any time known to us. This public opinion controlled a multitude of questions which could not have been controlled by law. Competition between manufacturers, for instance, was confined to quality, but was not allowed to affect the price of goods. Wages were kept constant and there was no thought of strikes or lockouts on that subject. It was considered audacious, almost wicked to try to change one's position or rank in life, either for one's self or one's children. All these things and many others which received the vigorous sanction of religion were of a nature to give the utmost stability and order to society, a very important and difficult task when we remember that this was the first organization of society

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with specific reference to industrial pursuits. The turbulance of the preceding period had, above all things, to be overcome, and order was for a time far more essential than progress. Indeed order is always more essential than progress, and temporary disorder can only be justified as a preliminary to a higher and more stable order. In the artisan society, which we have been considering, this order was achieved, and at the same time an unusual degree of independence was secured to the individual, a condition which was both congenial to established habits of mind and favorable to individual development. This was the world's apprenticeship which made the vaster industry of our time possible and reacted upon every department of social and individual life.

22. HAND MANUFACTURE AND INDUSTRIAL ORGANIZATION.

(1) **Results of Competition.**—That is, it has passed away in those countries which are best known to us and which are industrially most significant, England and America. It is passing away in Germany and France, where the competition between old and new is still sharp and bitter in the great cities, while in the smaller towns and remoter districts the mediæval shop system is still comparatively undisturbed. Thus the great silk industry of Lyons, France, is still pretty much on the old basis, the silk being woven mostly in small shops, rooms, and even attics of private houses and on hand looms. There is little significance in this, however, for the sociologist, for the organization of society which was effected by this early system of manufacture has passed away, even here. There is no guild system left and the modern state has completely enveloped these remnants of mediævalism.

In the Orient, however, we still have the primitive system in both its economic and its social aspects. There is something of the local government, and still more of the imperious rule of custom in dictating the terms of trade and the method of all transactions. Oriental society, however, presents many peculiarities which have never had any close counterpart in western society.

(2) **Master of Arts.**—We still say a man is "passed master" at some art, an expression so meaningless to most people now that the first word is usually spelled *past*. It means originally one whose training is complete and who has "passed" his examination as "master." The old system has left still its trace in our academic system where men still become "Master of Arts" by passing an examination. The order of Free Masons preserves this terminology in a great variety of terms which have, of couse, quite lost their original signification.

(3) **Hand Manufacture.**—The system of hand manufacture was still in general operation. The principal manufacture was woolen goods, of which England exported in 1770 about £4,000,000 worth, or nearly a third of her entire export trade. The manufacture was, however, primitive. A writer somewhat before this time thus describes it: The land "was divided into small inclosures from two acres to six or seven each, seldom more; every three or four pieces of land had a house belonging to them, . . . hardly a house standing out of a speaking distance from another. . . . We could see at every house a tenter, and on almost every tenter a piece of cloth or kersie or shaloon. . . . At every considerable house was a manufactory. . . . Every clothier keeps one horse, at least, to carry his manufactures to the market; and everyone generally keeps a cow or two, or more for his family. By this means the small pieces of inclosed land about each house are occupied, for they scarce sow corn enough to feed their poultry. . . . The houses are full of lusty fellows, some at the dye vat, some at the looms, others dressing the cloths; the women and children carding or spinning, being all employed, from the youngest to the oldest."—"*Outlines of Economics*," *by Ely, p. 27.*

(4) **Organization Illustrated.**—This organization was best exemplified in the case of the Hanse towns and the free cities of Italy, Florence, Siena, Verona, etc.

Florence rose to prosperity in the twelfth century, when the inhabitants of Fiesole removed thither, and in time it became a great commercial center.

It was the scene of continual struggles between the Guelphs and Ghibellines in the thirteenth century. It took the leading part in the Renaissance movement. Under the lead of Savonarola it was a "theocratic republic," about 1495-98.

The Medici family, expelled in 1494, were restored about 1512 and banished in 1527, and again restored in 1530, after a siege by the emperor Charles V. In 1432 they became dukes of Florence. In 1569 the history of Florence merges in that of Tuscany, of which it was the capital.

Verona was ruled by the Scala family in the thirteenth and fourteenth centuries. It was conquered by Venice in 1405, and played an important part in the history of art in the fifteenth and sixteenth centuries.

(5) **The Old Customs.**—The old customs and laws were so outgrown, so selfish in their later form, and, above all, so utterly inadequate to the new industry that was growing up, that all activity of the State was distrusted. Then, too, the change has been going on so rapidly and constantly that it seemed impossible to devise laws for the new society. The result is that this stage has been characterized, especially at first, by a minimum of law and moral sense in economic life. It would be a mistake to suppose that men were less moral than formerly, but circumstances have turned moral effort into other channels and left the economic life relatively *non-ethical*.—"*Outlines*," *p. 24.*

(6) **Smith's Criticism.**—In particular Adam Smith's extended criticism of this system can be justified only by the exigencies of the revolution of which he was a part. As an appreciative historical judgment, it leaves much to be desired. Adam Smith was too much of a participant to be a good judge. In the determination of what was best for his own time, he was a man of unrivaled insight.

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23. MODERN INDUSTRIAL ORGANIZATION.

Americans can hardly imagine such a condition of things as that described in the last chapter. We never knew a time when the goods we bought in the store (notice that we do not call it a shop as they do in England) were manufactured in the same building by the storekeeper and his apprentices. In fact this system was hardly ever known with us. We began after it was past. But in any large city in Europe, especially on the continent, it may still be found side by side with the great industry which is surely displacing it. It is this new industry which we have now to consider in its reaction upon society.

The distinguishing characteristic of this industry as contrasted with that which preceded it is the use of power, as it is generally called, that is, the force of nature utilized by mechanical devices. Something of this is indeed very old. Men learned thousands of years ago to make the wind drive boats and even grind corn. Animals have been used also since the earliest times in Egypt to raise the water used to irrigate the soil,(1) and use was made of them all through the period of which we have been speaking to furnish power for transportation and even to some extent for manufacture. Water wheels in some crude form or other are also a very old contrivance. But all these attempts to harness nature into man's service were so very crude that they exercised very little influence on social or industrial development. They were applied only to the simplest tasks, all tasks that required any skill being left to the unaided power of the artisan.

Strictly speaking, therefore, the new industry began when these forces of nature began to be utilized in what may be called skilled manufactures. This concides with the development of machinery in the larger sense. Machines, too, existed long before. In fact there is no very definite line between machines and tools, the machine being a more complex tool. The spinning wheel and loom have a very long history as well as other like devices for increasing the effectiveness of hand labor. But machines count for little as social factors until they are attached to some great natural power by effective mechanical devices. This is of very recent occurrence. In England it dates from the latter part of the eighteenth century;(2) in other countries it is still later, in many not yet accomplished.

The immediate result of the introduction of power machinery was the development of the factory system.(3) This is merely the union of many artisans of different grades in one place to carry on their work together. The occasion for this union is primarily the power which has to be shared by them. Such power, be it water or steam, can be utilized only in large masses and by the aid of expensive devices which put it quite beyond the reach of individual artisans. Their utilization by a number, in combination, however, proved so advantageous as to make competition on the old plan impossible. Other things were in its favor, the advantageous redistribution of employments and the speedier adoption of better methods which it facilitated. In short, the factory became a necessity almost as soon as it became a possibility.

This combination of artisans was in itself an important item in social organization, but it was but one among many. New relations in ownership and control quite naturally followed. It might seem the natural thing that workmen previously independent should utilize the new advantages by a sort of partnership, but such a development would have been more logical than sociological. Ownership rapidly passed into the hands of the few who assumed the control of the new undertakings, together with their new and unusual risks. Tremendous vicissitudes of fortune distributing very unequal prizes eventually sifted the would-be leaders in the new order and assigned to the few who satisfied its requirements the honors and the burdens of this new function. Society evolved a new class of leaders, the capitalist-enterpreneurs, who are characteristic of our age. But the end was not yet. It not

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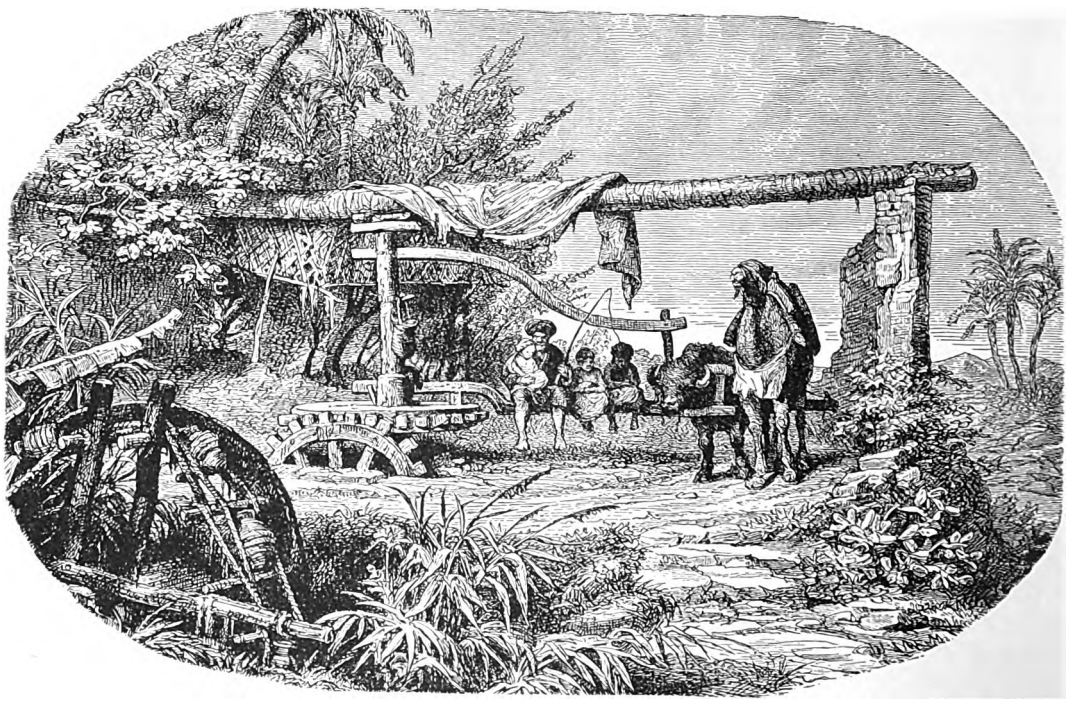
unfrequently happened that by inheritance capital found its way into the hands of men who were not natural organizers and that men were born with ability to organize but without capital. The difficulty was at first met by credit, the former man lending to the latter. But elements of risk and other friction made this difficult. Then arose the stock company in which men who have money without genius combine to employ the man who has genius without money. In this way the needful combination is secured again and perpetuated. As the organization of stock companies becomes more general, more familiar and more secure, the ownership tends to become more diffused. We, therefore, again tend toward that diffused well-being which characterized the artisan industry while securing the enormous advantage which comes from able organization and the effective exploitation of nature.



Egyptian Water Wheel (From "Picturesque Egypt," by George Ebers).

23. MODERN INDUSTRIAL ORGANIZATION.

(1) The above cut shows a process which has been used in Egypt with little change since the days of the Pharaohs.

(2) **Water-Frame.**—Arkwright's water-frame, a machine for spinning which derived its name from the remarkable fact that it was driven by water-power, is a curious illustration of the way in which this innovation impressed people at that time. Who would think of calling a roller flouring machine a water-frame just because it was driven by water-power? Arkwright's experiment was but the beginning of a series of inventions in the textile industries, which in themselves constituted the essence of the so-called industrial revolution. The invention of the steam-engine in 1769 was perhaps the most important in this series of inventions on account of its wide applicability.

(3) **The Factory System.**—In fact it started long before, but its advantages were not great enough to overcome the prejudice accumulated against it until power manufacture was introduced.

Economic historians have traced four stages in the development of industry; which it is now very generally the custom to describe as the *family system*, the *guild system*, the *domestic system*, and the *factory system*.

In the first, the work was carried on by the members of a household for the use of that household. Whether the household were that of the villain, or that of the great noble or ecclesiastic, did not alter the essential character of the situation, which was, that men did not work to meet an outside demand; there was no sale.

In the second stage, industry was carried on by small masters, employing two or three men (distinguished later as journeymen and apprentices). The masters very often bought the materials and sold the finished goods, *i.e.*, they were shopkeepers as well as artisans. But even where the crafts-

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man received the materials from a customer and was paid so much per piece for his work,—as was probably the case, as a rule, with fullers and shearmen,—even then he had to deal either with craftsmen in much the same position as himself, or with persons who intended themselves to use the commodity on which his labor was spent. There was a market; *i.e.*, there was a demand from persons outside the family; it was small but comparatively stable.

In the third stage, which in England occupies the period from the middle of the fifteenth to the middle of the eighteenth century, many of the terms remained the same. There were still small master-artisans, with journeymen and apprentices; the work was still carried on in the master's or journeyman's own house, and the craftsmen were personally free as to their daily actions. But the master had lost his economic independence, and no longer acted as a shopkeeper or merchant. He often received the raw material from, and always gave up the finished goods to, a merchant, factor, or middle-man of some sort, who took the risk of the fluctuating demands of that greater market which had now come into existence.

In the fourth, the workmen are gathered together in great masses, usually in large buildings, under the immediate control of capitalist employers. Technical skill is now far less important than capital; the workman has completely lost his industrial independence, and the market is increasingly wider and more fluctuating.—"*Introduction to English Economic History and Theory*," *by W. J. Ashley, M.A., pp. 219, 220.*

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24. INDUSTRIAL REORGANIZATION.

In the last lesson we noted the great change which has taken place during the past century in industrial methods and the new combinations which have been effected among men in consequence for purposes of production and ownership. It will be noticed, however, that no mention was made of political changes as occurring in this connection. Of course it must not be supposed that in political development this period has been uneventful. It has been on the contrary one of great activity, and yet it seems true that changes that have taken place in the political organization of society have not been of the far-reaching and revolutionary character which might perhaps have been expected from analogy with the past. New laws have been passed and new functionaries appointed to meet new industrial needs, but to an observer the essence of political institutions has not changed. (1) There are those who argue that these institutions are a survival from effete conditions and that we are approaching the time when the reorganization of industry will express itself in a completely reorganized state unlike the present in both form and essence. It is worth while to briefly consider the possibility of this change.

The argument is briefly as follows: Once every man was, or might become an independent business man, owning his own capital, producing his own wares and receiving his own profits. The government, at least that part of it with which he was most concerned, was representative and regardful of his interests. This democratic society has been destroyed by the vast industrial organization which has proved more productive of goods but destructive of liberty and equality. The efficient industrial organization must be retained, but in a way to maintain our liberty. This, we are told, can be accomplished by having the State own capital and manage industry in the common interest.

There can be no doubt that the vast wealth created by modern industry has been unequally distributed and that much of it has passed into the hands of a few. It is not certain, however, that this is inimical to the general welfare. This accumulation of wealth consists, it must be remembered, of capital, that is, factories and machines and railroads, all of them things which must still exist and must be under centralized control if our great industry is to continue. What are the dangers to be feared from great fortunes? Essentially two. The first is that the wealth should be spent in luxury and that society should thus see its substance wasted without being able to interfere. But it must be remembered that the men who accumulate great fortunes are men who enjoy capital and industrial power more than they do luxury and display. The instincts which make them rich, tend to prevent undue waste of their wealth. Their heirs are less sure to

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be thrifty and industrially minded, but the spendthrift always tends to eliminate himself from the capitalist class, and from the trusteeship of society's industrial interests. The capitalist class no doubt live well, but as a class they are less wasteful than any other, (2) and in the nature of the case must ever be so. Powerful traditions develop in the class and in wealthy families within it, which tend to conserve the industrial interests with which they are charged. The extravagance which is always going on among the few is a means by which society sloughs off the unworthy and incompetent among its industrial trustees, and that too with less loss than would at first appear.

The present system, therefore, insures a large and growing body of capital which is a necessity of our industrial progress. Does it result in social tyranny? To an extent, yes. It at least results in social control, and a certain abuse of power is to be expected. But here again abuse of power is sure to injure the offender. In the long run those leaders who lead best and who best win the support of their followers are bound to succeed and the others to fail. All such competitive struggles are slow and attended with painful incidents, but there are no exceptions to the rule that they result in the survival of those who best adapt themselves to the conditions. And among these conditions in the present case, the feelings and interests of those they have to lead are among the most important.

Finally, it must be remembered that the development of stock companies and the popularization of investments of this kind permits of the diffusion of capital while retaining its centralized management.

These are precisely the ends sought by those who urge the government ownership and management of capital. What is the likelihood that this plan would work better? Social capital would have to be maintained as before by levying on the product of industry. Would elected officials be more economical, or more enterprising, or more competent, than those who are forced to the front by the present system? All experience is against such a conclusion. The cry for state control of our great industries is an illustration of the popular ignorance of social forces. What we want is *social* control of these industries, but that does not mean *state* control. Laws and officials are the most conspicuous agents of social control, but not the most efficient ones. We must not be tyrannized over by wealth, but in the growth of industrial traditions and the eventual discovery of self-interest we have far surer guaranties against this tyranny than in laws and officials which, necessary as they are, are among the most wasteful of all the means of social control. Government is indispensable and needs constant elaboration and reorganization, but its function is limited. The great functions of society must always be performed by self-evolved rather than by consciously chosen functionaries.

24. INDUSTRIAL REORGANIZATION.

(1) **Various Changes.**—It is not always easy to distinguish between changes of essence and changes of detail. Certainly the changes have been very great. In labor legislation, for instance, there can be no doubt that the spirit of the law has been well-nigh reversed.

"The result of this, (need of protection) was a series of Acts of Parliament known as the Factory Acts, beginning in 1802 and culminating in the Consolidation Act of 1878, which Mr. Jevons, one of the most distinguished of English economists, calls "one of the brightest achievements of legislation in this or any other country." He well adds: "The great fact is that it embodies disinterested legislation; the health and welfare of the people at large form its sole object; no one class or trade is to be promoted, as in almost all the older industrial laws." This remarkable act—"the mere table of contents filling eight pages and the text sixty-five" —cannot be thoroughly stated in a few words. In general it establishes: (1) the fencing in of all dangerous machinery; (2) ventilation and other sanitary conditions in factories; (3) a working day for women and children of not over ten, or ten and one half hours; (4) a Saturday half holiday; (5) prohibition of employment of children under ten years of age, and under sixteen years of age unless furnished with a certificate of fitness; (6) schooling for children half of each day, or on alternate days; (7) government inspectors to supervise and enforce the law. This last provision is a necessity without which the law would be a dead letter. In contrast with this law, limiting the work of women and children to *not more* than ten and one-half hours per day (ten in cotton factories and the like), let us notice the old law of apprenticeship by which a boy must work *at least* from five o'clock in the morning until between seven and eight

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o'clock at night, with time off for meals, and which punished him with imprisonment if he refused. Is it not plain that the old act was in the interest of employers rather than in the interest of the people?"—("*Outlines of Economics*," *by Ely, pp. 45, 46.*)

(2) **Capitalists.**—It is manifestly unfair to assert that capitalists are merely more saving than other men. They are primarily more able than other men. And yet it is true that as a class they are more thrifty and saving than any other. Any one at all familiar with the homes of the poor knows that *as a class* they are characterized by poor judgment and are addicted to wasteful habits. There can be no doubt that to transfer the keeping of social capital to this class, or to any class other than the one which has come into possession of it by the exercise of exceptional shrewdness and thrift would be to diminish its chance of preservation. Imagine a *règime* in which the managers of industry should be chosen, not by pure industrial competition, as now, but by popular election under political methods now in vogue.

The rub with many comes here. They say that under the present system, industry progresses, but the few great organizers reap all the benefits. The fact is merely that the few great managers tend to secure all the capital as the nature of the system requires. But the control of society's capital is not the only benefit of industrial progress, if indeed it is a benefit at all. It only seems so to those who forget that it is capital, and who would be inclined to indulge themselves extensively with it if they had it, which the manager is prevented by both circumstances and temperament from doing.

FOURTH WEEKLY REVIEW.

19. **INDUSTRY AND WAR.**—Indolence among Savages.
20. **SLAVERY.**—Connecting Link between Militant and Industrial Society.
21. **INDUSTRIAL SPECIALIZATION.**—Crudeness of Slave Industry.
22. **HAND MANUFACTURE.**—Industrial Organization.
23. **MODERN ORGANIZATION.**—Development of Machinery.
24. **INDUSTRIAL REORGANIZATION.**—Changes in Industrial Methods.

QUESTIONS.

19. *What can you say of industry among savages? Cite examples of early industry. What can you say of industry in recent times? Mention another striking fact in connection with savage life. What can you say of their settlements? What can you say of the results of this warfare? How is the life of society divided? What can you say of industry in the militant stage? Of war in the industrial? How do we regard war? What can you say of the social character of militant organization? How does an industrial society coöperate? What nations have the most to lose by the meddling of war?*

20. *What position does slavery occupy between militant and industrial society? What can you say of man among the uncivilized peoples? To what use were their captives usually put? What conditions caused the increased demand for slaves? What is your opinion of slavery? Can natural incapacity be eliminated by training? What can you say of slave industry?*

21. *Why is slave labor often crude and inefficient? What can you say of specialized industry? What is the peculiarity of this system? What can you say of the expert? In what way does specialization bear with it the seeds of freedom? What does specialization involve? How is time saved by it? How are tools saved? How is labor power saved? What is the most important gain of specialization? What is the difference between the work of novices and the work of experts? By what is specialized industry accompanied? What does it involve? To what does it give rise?*

22. *What is the great characteristic of hand manufacture? What can you say of the "masters"? How did the shop industry result? How was independence secured? Of what did social organization consist? Upon what were the organizations based? What was the significant organization of the period? What can you say of the organization of the city? How were the separate trades organized? How was a new State developed? What element may be considered as the great regulator and organizer of society?*

23. *Mention some of the primitive mechanical devices. When may the new industry be said to have begun? What is the relation between tools and machines? What can you say of the spinning wheel and loom? At what time do machines count for little as social factors? When were they attached to some great natural power? What was the immediate result of the introduction of power machinery? What is the factory system? In what way did the factory become an important item in social organization?*

24. *How has democratic society been partially destroyed? Of what does the accumulation of wealth largely consist? Are the men who accumulate great fortunes inclined to be spendthrifts? Why not? What can you say of their heirs? In what way is prodigality fostered in them? What does the present system insure? In what does it result? What does the development of stock companies permit? What are your opinions in relation to government ownership of railroads and telegraph lines?*

SUBJECTS FOR SPECIAL STUDY.

1. *The early forms of industry.*
2. *The institution of slavery.*
3. *Reasons for the frequent crudeness of slave labor.*
4. *Early methods of hand manufacture.*
5. *Development of machinery in its early forms.*
6. *Social results of the factory system.*

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GAZETTEER AND GLOSSARY.

Cairnes (kārnz) **John Elliott.**—Born at Castle Bellingham, County Louth, Ireland, Dec. 26, 1823; died near London, July 8, 1875. A noted British political economist. He was appointed professor of political economy in University College, London, in 1866.

His works include "Character and Logical Method of Political Economy" (1857), "Essays in Political Ecocomy" (1873), "Political Essays" (1873), "Some Leading Principles of Political Economy Newly Explained" (1874), etc.

French Revolution. — The name specifically given to the revolution which occurred in France at the close of the eighteenth century. The meeting of the States General, May 5, 1789, marks the beginning. The end is taken either as 1785 (end of the Convention), or 1789 (end of the Directory), or 1804 (end of the Consulate).

The whole Napoleonic period is often included in the treatment of the revolution.

Hart, Albert Bushnell.—Professor of history in Harvard University. Author of "Formation of the Union," "Epoch Maps," "Practical Essays" "American History, as Told by Contemporaries," consists of a set of four volumes—Vol. I., "Era of Colonization," 1492-1689; Vol. II., "Building of the Republic," 1689-1783; Vol. III., "National Expansion," 1783-1844; Vol. IV., "Welding of the Nation," 1845-1897. The first two volumes are complete, the last two are in course of preparation.

Hazard, Samuel.—An American antiquarian, who was born at Philadelphia, May 26, 1784, and died there, May 22, 1870. He published "Register of Pennsylvania" (1828-1836), "United States Commercial and Statistical Register" (1839-1842), "Annals of Pennsylvania," and "Pennsylvania Archives," and other works.

Locke, John.—Born at Wrington, Somerset, Aug. 29, 1632; died at Oates, High Lanes, Essex, Oct. 28, 1704.

A celebrated English philosopher, whose father was a lawyer and a captain in the Parliamentary army. Locke was educated at Westminster School and at Christ Church, Oxford, where he was graduated in February of 1656.

He continued to reside at Oxford, and was for a time lecturer on Greek, and afterward on rhetoric.

In 1667 he became a member of the family of the (later) Earl of Shaftesbury, at first as physician and afterward as confidential agent.

After the fall of Shaftesbury, Locke became an object of suspicion, and found it necessary in 1683 to escape to Holland, where he remained until 1689. In this year he became commissioner of appeals.

His principal work is the "Essay Concerning Human Understanding" (1690). Among his other works we find "Two Treatises on Government" (1690), "Some Thoughts Concerning Education" (1693), and other productions.

Various collective editions of his works have been published.

Machiavelli, Niccolò.—One of the great Italian writers belonging to the sixteenth century, the other two being Ariosto and Tasso

He was born in Florence, on the 3d of May, 1469, and died in 1527. He belonged to a noble family that had given up a small lordship in Monte Spertoli for broader rights of citizenship in the good days of Florence.

Machiavelli's father was a lawyer and his mother, Bartolomea Nello, had a taste for poetry. After a liberal training in the study of the classics, he entered, at about the age of twenty-nine, into the service of the Signory.

He was afterward made chief Secretary of the Government of the Republic, having charge of the home and foreign political correspondence and the drafting of treaties. He was sent to represent the Republic twenty-three times on embassies, and in 1502 was sent on a mission to Cæsar Borgia.

But the city of Florence, which he had sought in every way to strengthen, was fast going to decay. The one source of strength was wanting. There was classical culture in abundance, but fine scholarship without faith in God had failed to save the State.

A State that makes distinction between public and private morality, will fall as Italian cities fell.

Besides "The Prince," Machiavelli wrote "Discourses upon Living," through which he further illustrated his political ideas. He wrote also upon "The Art or War," and a "History of Florence."

Massachusetts Bay Company.—A colonizing company chartered in 1629, and growing out of the Dorchester Company.

Its immediate cause was the danger to political and religious freedom in England under Charles I.

Endicott was the first local governor. In 1630 Winthrop, as the new governor, conducted a large expedition which founded Boston.

Pollock, Sir Frederick.—An eminent lawyer who was born in 1845. Author of "First Book of Jurisprudence" and other works.

Sharpless, Isaac.—President of Haverford College. Author of "A Quaker Experiment in a Commonwealth," etc.

Vendée, La, War of.—The royalist war against the French Republic, which was carried on chiefly in Vendée and in Brittany. It broke out in Vendée in March of 1793, and reached its height in the Vendean victory at Saumur in June of 1793.

The Vendeans suffered a decisive defeat by the republicans at Le Mans, Dec. 12, 1793. The war was continued in Brittany (war of the Chonans) and was suppressed in Vendée by Hoche in 1796.

Wealth of Nations, by Adam Smith.—The modern science of political economy has been developed largely from negative inductions. The wisdom of government in the days of Adam Smith was to extend the area of government. Such a policy found its earliest refutation in the reasoning of Smith in the *Wealth of Nations.*

This work was translated into most modern languages. It was translated into French by Garnier, and into Spanish by Ortiz. Five English editions were printed during the author's lifetime, and though other writers have occupied the field, and have extended the inquiries of the first master of this science, this old work is still, and will probably always remain, a landmark in the history of the science of economics.

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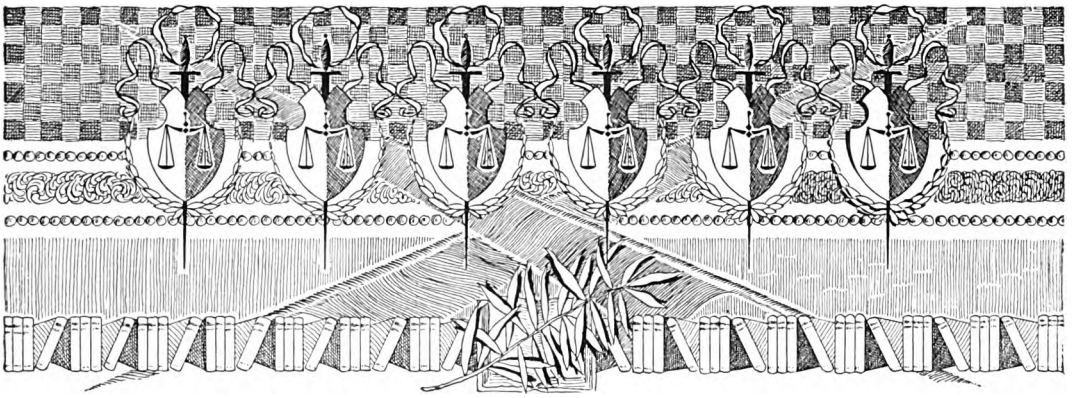

DIRECT LEGISLATION.

BY

ELTWEED POMEROY, President National Direct Legislation League.

DIRECT Legislation concerns only one of the three departments of government, the drafting and enacting of laws. In one sense it has nothing to do with the duty of the executive, which is the administration of the laws, or with the duty of the judiciary, which is the judging under the laws; but inasmuch as simple and proper laws are easy both to execute and to judge under, if Direct Legislation will produce strong, simple and fit laws, it will be a reform that will have a great effect on both the other departments of government. And inasmuch as the executive only executes the laws which the legislative makes and the judiciary only judges under them, both these other departments are secondary to the legislative. In these two senses Direct Legislation is a primary and fundamental reform.

Direct Legislation is law-enacting by the electors, as distinguished from law-enacting by representatives, or by some aristocratic body, or by a single ruler, such as a king, emperor or czar. In small communities this is accomplished by the electors meeting together and voting on every law or ordinance by which they are to be governed. This is done in the New England town meeting, the Swiss and Teutonic Landgemeinde, the Russian Mir, the early Grecian and Italian Agora or market meeting, and in fact in all simple and early communities. Of the New England town meetings, Jefferson said over a century ago that they were, "the wisest invention ever devised by the wit of man for the perfect exercise of self-government and its perpetuation." And Charles Sumner said: "The towns of Massachusetts, like the municipalities of Switzerland, have been the schools and nurseries of freedom. In these small bodies, men were early disciplined in those primal duties of citizenship which, on a grander scale, are made the foundation of our whole political system. The true glory of the towns then was that they were organized on the principle of self-government when that principle was not generally recognized, that each little town by itself was a little republic where the whole body of the freemen were voters, with powers of local legislation, taxation and administration." And Prof James Bryce, in his "*American Commonwealth*," says: "The town meeting has been the most perfect school of self-government in any modern country."

Many other authorities could be cited as to the satisfactory results of Direct Legislation in small communities, but these three are typical, being over a century apart and from representative men, one of whom was not reared amongst such communities, one inside of them, and one of them was a foreigner. What are the results of Direct Legislation? In the rural part of New England there are better roads, better schools, more free libraries, more public water works, in fact more of all that goes to make life enjoyable, and less debt, either per capita or per acre, than in the rural parts of the rest of the United States. Yet the cities of New England suffer under bad government, as do the other cities of our country. Then the town meeting is so firmly rooted in country New England, that no one thinks of opposing it or even of suggesting a change, and it is spreading to other states.

In communities too widespread or too numerous for the voters to meet together and decide on the laws by which they are to be governed, Direct Legislation is accomplished by the use of imperative petitions, through what is known as the Initiative and Referendum. The right of petition for the redress of grievances, is an old, highly valued, and now largely useless, Anglo-Saxon right. It is stated in the *Magna Charta* and every other bill and declaration of rights since that time. Ordinary petitions are now so largely disregarded that this ancient right has become of little use. Direct Legislation makes this ancient right of petition effective and valuable.

By the Initiative, a reasonable minority of the voters by signing a petition for a law, can force the council, legislature, congress or parliament to consider and vote on the proposed law; and if it does not pass as petitioned for, it then goes to a Referendum or a vote of the people at the next election. If they vote in favor of it, it becomes a law, not needing any legislative or executive sanction, but enacted by the people. At present members of the legislature are the only ones who have the power of initiation, and in this country even that is often seriously limited by the smothering power of committees The executive has large powers of suggestion in messages and can effectively influence public opinion, but he cannot directly initiate laws. The judiciary has no powers of initiating laws, and, by common custom, it rarely ever suggests or tries to influence public opinion.

There are two forms of the Initiative. One by

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which the full text of the law is petitioned for and voted upon, and if passed by the legislature as petitioned, it is not submitted to the people unless a Referendum petition is signed and filed. The other form of the Initiative is that in which the full text of the law is not embodied in the petitions, which simply ask that a law for a certain purpose be drawn up and enacted by the legislature. This is in the nature of a resolution and it goes to a poll of the people. If a majority favors it, it is then the duty of the legislature to draft and pass a law for that purpose. Usually the legislature of its own volition submits that law when drawn up and passed to a poll of the people, and at times the people reject the method while favoring the purpose. Both forms are used in Switzerland, but the latter is more frequent. In the agitation in this country, the first is the one usually understood. The form of submitting a resolution, instead of the full text of the law to a vote of the people is sometimes called a plebiscite to distinguish it from the Referendum. Thus the people of the whole of Canada voted on Sept. 5, 1898, on the liquor question and the Liberal party, which is the one now in power, pledged itself before it went into power, that it would obey the will of the people and enact such a law as the people might decide by this plebiscite. A year or two ago, the people of New York City voted on the street railway question, but its legislative body has never carried out this plebiscite. The Referendum means the vote of the people on a measure already adopted by a legislature or council. There are five or six forms of getting that vote:

1. The Compulsory Referendum which provides that all laws, or all laws of the class to which it applies shall be submitted to the people. We have this Compulsory Referendum on constitutional amendments in every State in the Union save Delaware. In Missouri, California and Washington, there is a Compulsory Referendum on city charters; in other states on incurring a debt, moving the capital, chartering a bank, and a great variety of other questions. The Cantons of Berne and Zurich have had the Compulsory Referendum on all laws for nearly thirty years and it works admirably. But the Compulsory Referendum is not what is usually understood in this country when the word "Referendum" alone is used. It is rarely if ever advocated in this country for all legislation, although it works well on our constitutional amendments and the many other questions on which it is used.

2. The Optional Referendum is generally understood when the word "Referendum" alone is used. The Referendum is optional where the vote of the people is had on a law for which a reasonable minority of the people sign a petition for its reference to popular vote. This right is naturally accompanied by the provision that no laws shall go into effect till the opponents of them have had time to get signatures to the petitions, such as thirty days for a city, sixty or ninety days for a State and four to six months for the nation. Usually there is an exception of laws which are immediately necessary for the preservation of the public peace, health and safety. These are classed as urgent laws and can go into effect at once, though very frequently it requires more than a majority to pass them. But should the Referendum be demanded on these laws, they would be repealed from the date of the vote, provided a majority of the people voted in favor of such repeal. On other measures, if the requisite number sign a petition, the law is withheld from operation till a majority vote in favor of it.

3. The Executive Referendum provides that the executive, President in the nation, Governor in a State, or Mayor in a city, has the power to refer a matter passed by the law-making body to the people. This was strongly advocated for and actually came near insertion in the constitution of Belgium when it was revised some ten or fifteen years ago. It is in the charters adopted by the cities of San Francisco and Vallejo in California regarding certain forms of legislation, such as the granting of franchises, and will likely soon go into other city charters. It is in use in some local and State matters here. The dissolving of the British and Colonial Parliaments by the executive and the calling of a new election is a crude form of this Executive Referendum.

4. The Legislative Referendum provides that a number of the legislature less than a majority can refer a law to a vote of the people. The percentage advocated is usually 20% or 25% of either house. It is a form not much advocated.

5. The Disagreement Referendum is a form of the Legislative Referendum. Under this, when there is a disagreement between the two houses of a legislature, the bill can be referred to the people by the lower or more popular house, or by either. Sometimes the law must be twice passed in the lower house. This form is quite extensively advocated in Australia, where bills to put it into effect have been introduced in all of the Colonial legislatures. In New Zealand such bills have passed the lower house and probably in the near future will pass both houses. It was strongly advocated for incorparation in the constitution for a Federated Australia recently drawn up and submitted to a Referendum of the people and by them defeated. It is what is usually understood by the word "Referendum" in England.

A curious variation of this has arisen in Australia in the discussion of this form. It is called the Dual Referendum and means that any law referred to the people must be passed by both a majority of those voting on it, and majorities in a majority of the States composing the federation. This it is thought would preserve States's rights, but it is a useless precaution as the experience of Switzerland for over a quarter of a century shows that a case has never occurred where a majority of the States were on one side, and a majority of the people were on the other. Usually the majority is very decisive in both methods of counting.

6. The Judicial Referendum provides that whenever a law or a part of a law is declared unconstitutional by a supreme court, that law must be submitted to a vote of the people at the next election, and if a majority, some say a two-thirds or three-fifths majority, vote in favor of it, it becomes a law, anything in the constitution to the contrary notwithstanding, although it does not repeal that part of the constitution with which it comes in contact, save for the special instance mentioned in the law voted upon. This is very generally advocated among a certain class in this country as being a control over the courts. It has never been advocated elsewhere, because the power of declaring laws void on account of unconstitutionality is not vested in any other courts than those of the United States. Certain other bodies are sometimes invested with the power of the Referendum in certain cases—such as the G. A. R. in certain matters in Iowa. But the above are the main forms.

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What are the main arguments for the adoption of Direct Legislation?

1. It is in clear and perfect harmony with the spirit of our institutions, the teachings of the fathers of our country and the lines of our national development. It would have been nearly impossible to have had a national Referendum a century ago, but the progress of invention has not only made it possible but practical, and absolutely necessary in the near future. One hundred years ago it took a week to go from New York to Washington; now only five hours. Then the representative system was sufficient, and the one nearest in touch with the people, of any existing system; now we have need for some system which will be closer in touch with the people and more efficient. To-day people are not afraid of new inventions in art, science, or industry. We adopt at once new ploughs and reapers, the telegraph, telephone and all the many inventions of this age of material things. But many people are afraid to adopt anything new in government.

2. It is necessary. So much work has been forced on our legislatures that they are breaking down. So much irresponsible power has been centered in their hands because of the growing interdependence of the many branches of our economic life that the people are repeating and believing what Senator Smith of New Jersey recently said on the floor of the Senate: "The great majority of the people are disgusted with Congress," and repeated by Senator Vilas of Wisconsin when he said: "Partizanship and imbecility have again striken Congress with paralysis." The same is true of our subordinate legislatures. It is often looked on as a disgrace to be in a city's Common Council. Direct Legislation would make all legislative halls true council chambers to the people and their members councillors to the people. It would lift them above corruption because there would be no gain or need of it. It would restore the fast-waning reverence for lawmaking; and that reverence is at the foundation of all civilized order.

3. It does not mean more laws and more complex ones, but fewer, shorter, simpler, and more understandable laws. During the last twenty years the Cantons of Berne and Zurich in Switzerland under the Obligatory Referendum, have passed an average of between four and five laws a year. During twelve recent years, New York State passed an average of over five hundred and fifty laws a year. In a recent session of the Swiss National Legislature, there were sixty-five measures introduced, twenty-four of which passed. In the last Congress twenty-four thousand measures were introduced.

4. It does not mean more partizanship, more elections, more turmoil and more trouble, but less. It means a smoothness in the working of our legislative machinery now unknown. Partizanship centers around men; rarely upon measures.

5. Hence it means less expense and not more. Only a few simple, inexpensive additions to our present election machinery are necessary. There are only three classes of laws which would be involved; first, those in which there was thought to be some corrupt motive or end and such laws which are now a very large class in public opinion, would soon be almost completely wiped out by the publicity and difficulty in persuading the people to enact a law which would be contrary to their own interest. Second, all great measures on which the people might be nearly evenly divided, and these are few and should be submitted to the people. Third measures which would be brought up by one set of the people for educational purposes, and these are not many.

6. Wherever used, it is already settling in a slow, thorough and successful manner all the great questions which are troubling our political and economic life, such as the money, the railroad, the telegraph questions, monopolies, and local, state and national taxation. It is doing this in Switzerland.

7. It is practicable here and now. It is widely used in local and state matters and simply needs to be extended and universally applied. Its use is extending, although it often happens that those who apply it do not call it by the names here given and perhaps would not recognize it under those names.

8. It is really a conservative and not radical measure. Or rather it conserves what is good in the past and permits progress as soon as the people are ready for it but not until they are ready for it. In England, it is advocated by such men as Lords Salisbury and Roseberry, Arthur J. Balfour, Professors Lecky, Dicey and Bryce.

9. Its indirect effects are as valuable, if not more valuable than its direct effects. It secures better laws, better legislators and a wider and finer education among the people.

10. It is an educational force of great potency and value. It will be a parliament for man, informing, inspiring, developing him. As a celebrated Swiss statesman has said, a communion in voting produces an identity of interest and develops the social conscience.

Lastly, whether wise and practical or not, it is coming. The method of its growth, the spontaneous generation of the agitation for it not only all over this country but in the most civilized portions of the globe, the rapid but sturdy growth of that agitation, the fact that a step in its advance once taken is never receded from, all betoken the inevitable. It is a part of the Zeitgeist, the spirit of the times. All other forms of government are failing, but democracy, the spirit of self-government, is growing stronger and stronger.

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NOTES FROM CENTERS

AND EDITORIAL COMMENTS.

Trusts.—The next number, in addition to the regular matter, will contain a special article on Trusts. The forming of an immense number of trusts, representing a capitalization of hundreds of millions of dollars, has created a widespread demand for more extensive information on the subject. There is a diversity of opinion as to whether these trusts will prove a benefit or an evil. There is certainly no public question of more importance at the present time. It will undoubtedly be one of the main issues of the next presidential campaign. This article should, therefore, receive the careful attention of all members.

South Bend, Ind.—During the past month a Center of nearly 150 members has been completed at South Bend. The program of lectures is as follows:

1. Monopolies and Trusts .....Stuart MacKibbin
2. National Expansion.....Hon. A. L. Brick
3. Municipal Ownership of Public Service Systems.....Walter A. Funk
4. Social Solidarity.....Rev. C. D. Case
5. Money.....Myron Campbell
6. Social Organization in Relation to the Law .....Judge T. E. Howard
7. Education as a Factor in the Solution of Social Problems.....J. B. Stoll
8. Coöperation.....Prof. John Ewing, Notre Dame, Ind
9. The Church and Social Problems.....Rev. G. B. VanArsdall
10. Democracy in the Swiss Republic.
    (*a*) Historical Development.....
    (*b*) Initiative and Referendum.....Prof. D. Lotz
11. Woman's Place in the Industrial World.....Noah Shupert
12. Social Life of the Indians.....Prof. Charles H. Bartlett

The officers are: President, C. P. DuComb; Vice-President, Amy Ruth; Secretary, S. E. Boys; Treasurer, William Clem.

Prof. John Ewing, Rev. W. D. Furey and Mills Case were elected leaders for the three sections.

The plan of arranging in advance for a series of lectures on timely topics by the best available talent is one which we would again advise all Centers to adopt. In every section are men and women who have made a study of some of these great subjects, who will gladly coöperate. Such lectures will greatly aid in keeping up interest and attendance, as they are of especial help to the members who have little opportunity for study.

Ohio.—Mt. Gilead, Galion, and Delaware have been added to the Ohio group of Centers. Strong clubs at each of these places attest the popularity of the subject.

Officers for Mt. Gilead are: Prof. M. W. Spear, Superintendent of Schools, president; Dr. J. W. Wood, vice-president; Mr. A. T. Goorley, secretary; Dr. W. C. Bennett, treasurer. Leaders, Judge L. K. Powell, Mr. C. H. Wood, and Rev. G. H. Ashworth.

Officers at Galion are: M.. W. J. Geer, president; Mr. A. W. Lowe, vice-president; Mr. L. C. Barker, secretary; Mr. W. F. L. Block, treasurer; Dr. A. W. Clokey, D.D., leader.

Delaware officers are: Dr. A. D. Hawn, president; Dr. E. M. Hall, vice-president; Robert J. Cox, treasurer; Prof. John H. Grove, leader. Delaware has nearly thirty members.

Attica, Ind.—It is a pleasure to record the organization of a Center of thirty members at Attica. This is strictly a man's club, there being no lady members. We hope this organization will accomplish so much good that the ladies of Attica will not feel that they have been slighted. Officers—Mr. J. S. Nave, president; Mr. J. R. Zeigler, vice-president; Mr. E. R. Campbell, secretary. The thanks of the Association are due to Mr. W. A. Millis, Superintendent of City Schools, for the hearty coöperation extended.

Mansfield, Ohio.—Mansfield has produced a remarkable organization of nearly seventy members, composed almost entirely of business and professional men. Dr. D. J. Meese is president, Prof. E. D. Lyon, vice-president, and Mr. Myron Jones, secretary.

The *Mansfield Shield* says: "The organizer, Miss Grace C. Whitworth, is an adept at perfecting an organization. She has studied the field carefully. In the course of a week or two she has organized a Center of nearly seventy members. The members of the organization are all representative citizens. The Center will be productive of much good."

Richmond, Ind.—"In this great age of progress, when the changes in our industrial and political systems are revolutionary in their character, when invention and other forces are changing the manner and methods of doing the world's work, when trusts, combines, and monopolies are assuming such vast proportions, all should be led to a fuller realization of the needs of society to require such training of the people as shall best adjust themselves to the varying and rapid changes.

"The University Association is organizing a Center in this city. It will largely follow the plan of University extension, but on new and improved methods. Its object is to unite people, irrespective of party, creed, or bias, for the purpose of disseminating unbiased and correct information among the masses. A large number of the citizens of Richmond are interested in this movement and are giving it their support and encouragement."—*The Evening Item, Richmond, Ind.*

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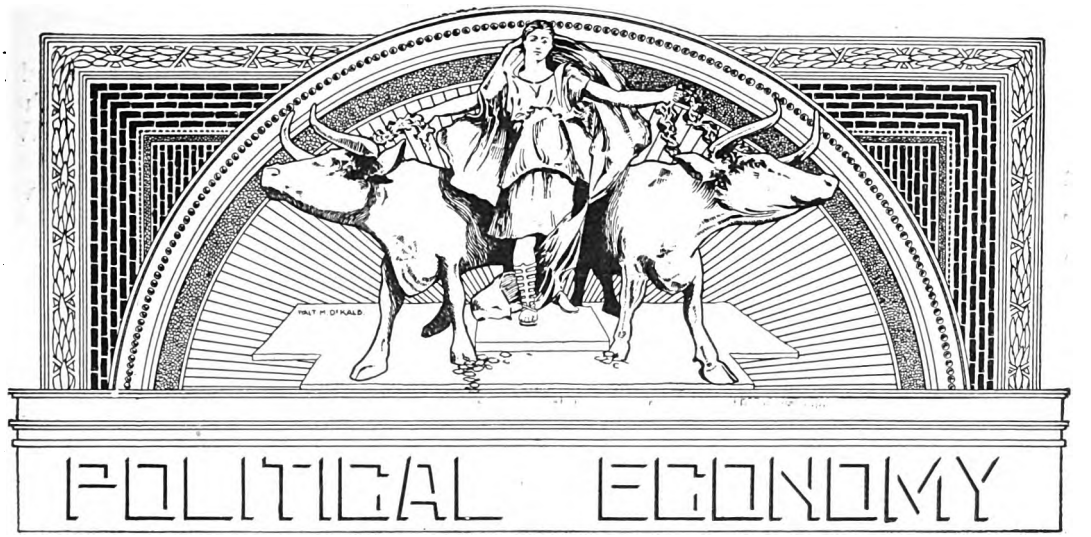

THE DISTRIBUTION OF WEALTH AND SOME CURRENT SOCIAL PROBLEMS (Concluded).

BY

RICHARD T. ELY, Ph.D., LL.D., Professor of Political Economy, and Director of the School of Economics, Political Science and History, in the University of Wisconsin.

1. INTEREST.

WHEN one thinks of the voluminous literature on the subject of interest, making in itself a library of no mean dimensions, and when one reflects further on the number of theories of interest which have been maintained with much ability and learning, one is appalled by the effort to present an intelligible account of interest in a few pages. The most that can be hoped is to throw out a few suggestions calculated to direct the thoughts of the readers along lines which, with reflection, will lead to clear and sound views. All the problems involved are not easy of solution and a presentation of them as such is simply misleading.

First of all, we must have a clear idea of what we mean by interest. It is the return for capital as such, the share in the social income which accrues to the capitalist simply as the owner of capital. It is not a return for personal effort and must be distinguished from profits which are a return for the management of industry. When the capitalist is at the same time a business man using his own capital, he must divide his income into several parts, and sharply separate out interest from the other parts; otherwise his analysis is imperfect and he cannot know precisely with what success he is meeting. This is not fanciful, for it is something which is done every day by careful business men. All this, together with other items involved in what may be termed gross profit is brought out in the accompanying quotation which should be read with care.(1)

The most general statement which can be made with regard to interest is this: it represents the difference in value between present goods and future goods. The sum of fifty dollars to-day is more valuable than fifty dollars, six months from to-day. Likewise, apart from price fluctuations, a quantity of produce, let us say fifty bushels of wheat, is worth more to-day than fifty bushels one year from to day. The illustration may be continued indefinitely and applies to commodities and

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services. Interest is this difference in value between present and future goods. What is it which makes this difference? First of all, we may notice the pyschological element, the preference for present enjoyments over future enjoyments. We are so constituted that the present has a stronger attraction for us than the future, and in addition to this difference between present and future considered in themselves, we have, altogether apart from the risk-element in the loan itself, an added difference due to the comparative certainty of the present and the relative uncertainty of the future. Men differ among themselves in respect to valuation of present and future good, but interest reflects general social conditions. Different ages and different societies of men at the same time have different relative valuations of present and future; and those ages and societies which are primitive and childlike undervalue the future more than highly civilized ages and societies, and consequently pay a high rate of interest. In addition to this, we have the fact of greater abundance in advanced societies as a result of which we have a better satisfaction of present wants, and as a result of the better satisfaction of the present wants, they are less urgent, less clamorous, giving the future a better opportunity to assert its claims.

1. INTEREST.

(1) **Interest and Profits.**—We have considered the return which under the present system of distribution accrues to land and labor. These, taken in their broadest sense, are the only original elements in production. Of course, land includes not only building lots and farming land, but mines and rivers and fisheries and, in short, all portions of the earth which contribute to production. Labor, too, is to be taken quite inclusively. We now come to the third element in production, capital, which is not an original but a derivative element. Capital, like other goods, is produced, but it is produced for the purpose of production in turn. We are concerned here only with social capital, the treatment of individual capital, when it is not at the same time social capital, coming later, as it is then not a factor of production. Now, although capital is produced and not original, when it has once been produced and lodged in the hands of owners it acts exactly like a natural element having a power of its own to exact a return according to its own law. This return is variously known as interest, profit, and, in some languages, as rent, a term which we have confined to land.* Common usage calls the return to productive capital in the hands of an *entrepreneur* profit, while interest is the return on capital lent. This usage is thoroughly inaccurate, as each term partially includes the other, as well as one or two more elements of an entirely different nature; but here, as elsewhere, it is usually easier to redefine old terms than to adopt new ones. We must therefore notice two or three distinct ideas commonly included under profits.

There is first the pure return to capital, a return which is paid to the owner of capital who lends it without any accompanying labor or risk. This is *interest*, and it is obvious that it is precisely the same whether a man lends capital, or uses it himself in business. The return on the capital is interest, whether there is any loan or not. We shall consider it under that head, though it is usually called profit when the capital is owned by the *entrepreneur*, and even the older economists so considered it.

The second element under this name is the payment for risk. Every one knows that the revenue from a given business varies much from year to year. Some years it is very high, and then again there is little, nothing at all, or even a loss. The return for a given year may be entirely abnormal. If the business is to succeed the large revenue of one year must help out the small revenue of another. So from the profits of any good year must be taken a sum to help cover past or future losses. This deduction from "profits" we call, for lack of a better word, *insurance*. This is exactly the right word except that it must not be confounded with fire insurance, etc., in which a policy is taken out and a definite premium paid.

A third element in what is commonly called profits is really counter-balanced by wear and tear. The capital used has lost in value, and of course the loss must be made good by a fund for the *replacement* of capital. But the analysis may be carried still further, and for practical purposes is at times carried further. The *entrepreneur* may be paid a salary or allow himself a salary as wages of superintendence. This is, then, a fourth element. The fifth element is the *entrepreneur's* profit, a profit due to wisdom and productiveness of management. This we shall call *pure profit*. Sometimes four and five are classed together as pure profit. It is not, strictly speaking, a return upon capital as such, but it is considered here because it is conventionally included under profit. This vague term profit, which includes these five elements, we may better designate as *gross profit*. We have, then,

Gross Profit:
- Replacement.
- Insurance.
- Interest.
- Wages of Superintendence.
- Pure Profit.

These five elements are perfectly distinguished in the book-keeping of many large business concerns, and in such establishments the first three at least are kept distinct from four and five, if no separate account is kept for wages of superintendence. The first two obviously are not profit in any true sense. They represent no permanent productive increase. We shall therefore consider only interest and pure profit, as the wages of superintendence would fall under wages or salaries. —"*Outlines of Economics*," *College Edition, by Richard T. Ely, Ph.D., LL.D., pp. 209-211.*

* Sometimes the return to capital is called capital-rent.

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2. INTEREST (Concluded).

But something else must be added to explain the phenomenon of interest. Interest is payment which accrues to capital and comes out of product. Capital, it will be remembered, is a factor in production, although not one of the primary factors like nature and man. It is derived from man and nature, and is one of the conditions of roundabout and fruitful methods of production. The extent to which new capital enables additions to be made to production, will be one of the elements which will go to make up the estimates of men in regard to the difference between present and future goods. When the marginal investments of capital, that is, the investments of capital which are open to competition, the new investments in free fields of industry, add very largely to man's productivity, the owner of capital is in an advantageous position for making a bargain, and if the supply of capital is comparatively small his advantage is a double one. The truth is, the theory that interest represents a difference between present and future goods, is not inconsistent with the bargain theory of interest; the theory that interest emerges from bargains between the owners of capital and those who borrow capital.

We are in a position now to examine causes leading to an increase and those leading to a decrease in the rate of interest. One is man's development in foresight. More and more we look forward to the future aud consider its claim with care. There are those who would accumulate capital and lend it out for an equal return in the future, provided they could secure no surplus. But these are not enough, and their accumulations are not sufficient, to furnish the amount of capital needed, and thus they are able to share with others in the premium offered by economic society for capital. However, their number is considerable and the intensity of desire to provide for the future may be seen in the fact that those who are called provident men seek to accumulate an increasingly large quantity of capital, as the rate of interest falls; inasmuch as the lower the rate of interest, the greater the accumulation of capital required to yield a desired income. All this raises the question: Is interest necessary? Will a time ever come when interest will disappear. To the first of these questions the present writer returns an affirmative answer, to the second a negative, although he does hold that it is not possible to assign any fixed limit to the fall in the rate of interest. Two per cent may yet become common on loans with the best security.

We have as causes decreasing the gross rate of interest, a decrease in risk owing to an improvement in society giving greater security. This also lowers the net rate of interest, inasmuch as such a state of society cultivates the habit of mind which values the future. Diminished opportunities for investment lower the rate of interest, other things being equal, while new and fruitful fields of industry tend to raise the rate of interest. Movements of capital from old countries to new, tend to keep the rate of interest from falling so low as it would otherwise in the former, while in the latter they operate to produce a fall in the rate.

One word about the ethics of interest. The essence of the Bible doctrine seems to be this: We must do good with our substance and we must help the needy. Loans were chiefly made in earlier times for personal uses, especially to assist some one in distress. There was the same reason why the one who had a store of wealth should make a loan gratuitously that there was that he should render any other service to the brother needing his help. The spirit of the Bible doctrine seems to hold still; and this requires that we should use our substance by loans and otherwise—and loans are especially emphasized—to help others. But in modern times loans are usually made for use in industrial undertakings in order that profit may be derived therefrom, and they assume an entirely different complexion. Ethically it is difficult to see any more reason why industrial loans should be gratuitous than the use of land, perhaps less.

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The distinction between the loan of capital, and the loan of non-capital wealth, suggests a line of inquiry, but this cannot be followed up in these lessons. Of course, in all cases the true source of interest must be the product of industry. (1)

2. INTEREST (Concluded).

(1) **Borrowed Capital.**—In rendering an account of interest we have to account for two phenomena.

The first that it should be necessary to guarantee to lenders, not merely the repayment of the principal on the loan, but of a further sum.

The second that borrowers should be willing to pay such additional sums, or to put the same matter otherwise, that they should prefer to borrow, and to repay a sum greater than that borrowed, rather than to abstain from borrowing at all.

It may be said that lenders ask for interest because they know that it can be obtained, and that they simply take all they can get. While this is true, it is also true generally, that if the payment obtainable by way of net interest, be increased or decreased owing to any cause whatever, the disposition of money lenders to make advances, responds to such changes of the conditions of loans, and the amount of capital available to borrowers depends upon the terms they are able to offer.

In regard to the other side of the question, it is not sufficient to urge that sheer necessity for ready capital, accounts sufficiently for the offer of a premium in order to obtain it.

This may be quite enough when we consider the case of a spendthrift or that of an individual who finds himself unexpectedly called upon to meet demands beyond his means, but it does not suffice to account for the deliberate borrowing by merchants and manufacturers for the purpose of extending their business operations—borrowing which they would closely avoid, if it did not promise to yield them a profit over and above the sum paid by way of interest on their loans.

Böhm-Bawerk, in his account of the matter dwells on the fact, that immediate enjoyment is preferred to a remote though certain enjoyment, precisely equal in all other respects, or, to use more general terms, that present goods are worth more than future goods of equal amount. He deduces the result, that the repayment with interest, at the end of the period of the loan is a payment of a value precisely equal to that borrowed; that to use an illustration, if the rate of interest be five per cent, £105, a year hence, has precisely the same value now as £100 in hand.

To take into account the difference in valuation of present and future goods is doubtless essential in our problem, and it has long been recognized that this is the case. It is, however, hardly sufficient of itself for a complete solution of the problem, and some of the contentions urged in the theories which Professor von Böhm-Bawerk rejects, need to be given a place even coördinate with that assigned to the substitute which is offered.

In stating the theory, it is necessary to insist on one point, namely, that we are considering the rate of interest on current loans and current investments, that is to say, the rate of *net* interest on present investments either in old or new enterprises.

The fact that old investments return to the investors rates either greater or less than the rate actually paid on current loans is discounted by the changes in price of the shares in such enterprises. We have, in addition to accounting for the willingness of borrowers to pay interest, and for the unwillingness of lenders to make loans without interest, to attempt to render some account of the influences determining the actual rate of interest.

Let us first consider the borrower's side of the question, and consider not the case of a borrower forced to obtain ready money to meet his engagements, but of a borrower who can choose whether he will borrow or not, and is influenced by the prospect of realizing profit or loss on the transaction.

The use of capital in industry, as has been so often pointed out by writers on economics, enables the producer to adopt indirect methods of production instead of direct processes, and these are adopted because, though the product is, by their means, obtained only after considerable delay, its amount is largely increased as compared with what is obtained by processes yielding a more immediate return. From the increased product, besides the wages of labor and the reward of the *entrepreneur*, and the rent of any land used in the process, the capital itself must be replaced, a due allowance be made for the risk involved of complete or partial loss, and we have then left, in general, a sum available for payment of interest. We may conveniently refer to this as the net yield of capital. It is the net amount by which the product is increased through the adoption of the indirect, in place of the direct process of production. It must be clear that this net yield is not likely to be identical in all the different avenues open for the investment of capital. In some it will be greater in some less. Those investments which promise the greater net returns will be sought after in preference to those which can offer only the less. A borrower who is in possession of an opportunity for using capital thus productively, will be deterred from increasing his borrowings if the expected returns be less than he must pay for the loan, but stimulated to increase his borrowings in the opposite case.

If we suppose that the amount of capital which can be borrowed is limited, we may also assume that the richer fields for investment are first occupied, and that gradually the poorer opportunities are utilized as far as the capital available will permit. This tacitly assumes that the amount of capital available is limited independently of the rate of return offered. In this case then, the investments would proceed until the available capital was exhausted, and the rate of expected net return on the poorest investments would not be made on our hypothesis if the rate to be paid were greater than the rate which it is anticipated will be earned.

Since the amount of capital offering for investment is not fixed, but varies with expected rereturn, the above investigation requires some modification. We have indicated, however, the nature of such change as must be made. If, for precision, we assume the market rate to be three per cent per annum, we may conclude, from the point of view here taken, that those who can offer a *net* return of three per cent or more, are all able to obtain the capital they can employ at this rate,

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while those opportunities for investment which promise any smaller return cannot be developed so long as the lending rate does not fall.

In thus expressing the conditions of the equilibrium rate, we have partially anticipated the other side of the question, the lender's position. The explanation of interest as the reward of abstinence on the part of the lender, has been the subject of a great deal of ridicule at various times, and the notion that the lending of larger sums by millionaires involves a degree of painful abstinence proportioned exactly to the magnitude of the sum lent is, indeed, calculated to provoke ridicule (see especially La Salle's *Herr Bastiat Schulze-Delitzsch*). Professor Marshall has preferred to substitute the word *waiting* for the word *abstinence*, and to speak of interest as the reward of waiting, so as to avoid the association of ideas which suggest inevitably that abstinence involves self-denial, even to a painful degree. It is certainly true that the amount of capital which can be borrowed depends in general on the (net) rate which can be offered in payment. The owner of goods, or of the means of obtaining goods, which can be used in production, may be conceived as having the choice of entering on production himself, of lending to another, or of obtaining and consuming unproductively the value of the wealth which is at his disposal. Whether he will do the one or the other, is largely determined by the rate obtainable by lending, or by employing capital himself. The satisfaction afforded by present consumption is balanced against the satisfaction to be obtained by the opportunity of increased command of the means of satisfaction obtainable by postponing consumption. — *Palgrave's "Dictionary of Political Economy," pp. 426-428.*

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3. PROFIT.

Continued scientific analysis has resolved what the older economists designated as Profit into numerous elements, but it is not certain that science has progressed more rapidly in this particular than business in its higher phases, although it may have revealed some elements not altogether familiar even to thoughtful men of business operating on a large scale.

Professor Folwell of the University of Minnesota, in the syllabus of his lectures on economics, defines profit as "the unascertained share of distributed produce obtained by the managing capitalist for his investment of capital, services, risk and responsibility." This is what Mill calls profit, but it corresponds to what is strictly gross profit as described in the quotation from the *Outlines of Economics*, which accompanies Lesson 1. Frequently the business man doing business on a small scale, includes all these elements in what he designates as his profit, but it is probably the rule rather than otherwise that in business on a large scale there is a further analysis. The nature of private corporations, which do so large a proportion of business, seems to make an analysis of gross profit a necessity, if sound methods are to be pursued.

Replacement of capital destroyed, must be distinguished from a return to capital, and this frequently is provided for in modern book-keeping by depreciation. Surely methods are loose which do not attempt to separate out from gross profit a necessary sum for replacement. Insurance is something which more nearly resembles replacement than net return. Interest is an item which careful book-keeping frequently, if not regularly, separates out from gross profit as a separate element. One who is in business has frequently to pay interest, and so far as his own capital is concerned he wishes to know what surplus he has over and above the interest on his investment. Private and public corporations regularly, and frequently large private non-corporate businesses, allow from gross profit a deduction for the salaries of all persons employed in the business.

From what is frequently designated as profit we must make still further deductions if our analysis is to be complete. The gains of monopoly are a separate item, and these have already been considered. They are not strictly speaking profit, but must be treated as a separate element in the distribution of wealth, if our science and our practice are to be sound. But in addition to the gains of monopoly, we have frequently included in profit the returns to what we must designate as conjuncture. Conjuncture is a word which in this technical sense is just becoming familiar. It means the returns due to what, humanly speaking, appears to the individual as the chance element. It means the technical, legal, economic and social

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causes which apart from the will and action of the individual affect values, provided these causes are of such a kind that they cannot readily be foreseen. Professor Wagner, who has treated this subject more fully than English and American economists, mentions several different kinds of conjuncture. Changes in harvest are one kind. A large yield in one section of the country with scarcity elsewhere may explain large gains, establishing the fortunes of the lucky ones upon a firm basis. Changes in means of communication and transportation enrich some and impoverish others. Fashion has its influence, and its caprices cannot always be anticipated even by the shrewdest. Other sorts of conjuncture could be enumerated.

Perhaps conjuncture can with difficulty be separated out of gross profit as a distinct element, inasmuch as it is frequently so difficult to distinguish what is really due to conjuncture from what must be attributed to foresight and skillful management. Prof. Amos G. Warner, author of *American Charities*, brings this out incidentally in some articles on California Land Problems in this remark: "It is usually on the frontiers of industry that great fortunes are made speedily, and a mixture of shrewd foresight and good luck is necessary to their accumulation. This is true, whether the new departure be the introduction of novel methods into an old community or of old methods into wholly new territory."

We are thus left with the concept "pure profit" as the excess over and above the other items mentioned. It is a personal return, something due to management as such. As industry falls into routine, as knowledge becomes more widely diffused, as government improves, the tendency is to reduce pure profit to low terms. (1)

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3. PROFIT.

(1) **Pure Profits.**—In contrast with the routine of systematized industry where all returns are paid out to landlord, laborer, and capitalist, and just suffice to secure their participation, we see concerns here and there which accumulate a surplus over and above the profits of their rivals in the same lines of business. They do business under the same conditions, make the same goods, and sell to the same public as the other firms; yet they have a surplus profit, while the others have none. Every one knows that such things happen. Thus, the so-called "merchant prince," A. T. Stewart, maintained a business which distanced all competitors and which could not be maintained after his death. Not unfrequently a business depends so entirely on exceptional abilities for its surplus profit that when these abilities disappear, business relapses to its former level of ordinary returns.

In other cases the improved management is continued until rival concerns learn the secret, competition lowers prices, and the surplus disappears in a cheapening of economic service to society. Thus the achievements of genius constantly tend to become an addition to social skill. But until they have become so special abilities command a rent precisely as does special productivity in land. We may call this surplus of pure profit a brain rent as the other is a land rent. They are governed by the same law except that genius is not fixed in amount, like land. Added to these rent-producing powers of productivity and ability is a certain element of chance (conjuncture) which affects incalculably the result in particular cases, such as the accidental discovery of a mine or a process which equally enriches their lucky possessor; the outbreak of war and any combination of events fortunate for the individual fall under this head. Such elements can be enumerated and described only so far as the individual is concerned. They cannot be reduced to any assignable principle and interfere as disturbing elements with the operation of general principles. They are, however, of great importance in the distribution of wealth, making many rich and also impoverishing others. The broad social standpoint reduces chance to a minimum, for irregularities counterbalance each other when we consider great masses of facts or large areas. The poor wheat crop of one section is accompanied with an unusually large yield elsewhere, etc.

We have seen that under competition pure profits rest upon a precarious foundation If the special abilities on which they rest are such as cannot be duplicated they perish with their single possessor; if they can be duplicated rival concerns are sure to duplicate them, and the special advantage is lost through competition. But there are advantages entirely equivalent to these which may become the exclusive property of a concern and make competition impossible. Such are the possession of those particular locations or privileges upon which a business depends, the right of way of a railway, the privilege of supplying a city with gas, electricity, water, transportation, etc. Under such circumstances competition is usually not possible, and never permanently successful. The business becomes a monopoly by its very nature if not by distinct legal privilege. The restrictive power of competition over price is removed, and a surplus over rent, wages, and interest, and profit, in the true sense of the word, is now a regular result. Unless interfered with by legislation there would seem to be nothing to prevent a monopoly asking any price it pleases. It is a mistake, however, to suppose that a monopoly price has no economic limits; for increase of price tends to lesson consumption.—"*Outlines of Economics*," *College Edition, by Richard T. Ely, Ph.D., LL.D., pp. 215, 216.*

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4. WAGES.

The portion of the product of industry allotted to labor we call wages. It is a return for one of the two primary factors of production. Both logically and historically wages would seem to come first in the order of distribution. The one who toils must have some return for his toil in order that he may continue his work. The welfare of the masses depends to a greater extent upon wages than upon any other one of the shares into which the social product is divided.

It is not unnatural that in regarding a factor so varied in its aspects, and one of such prime significance to society as a whole, there should have been almost interminable controversies both of a practical and theoretical nature. We are concerned first of all in this time and place with the theory of wages. What is it that regulates wages? What kind of a law is it which determines the amount of wages? Before we attempt to answer this question it will be well to pass in review the most important theories of wages which have occupied the attention of economists during the past century and a quarter. As each one of the theories which we shall examine has had the support of many able men, it would seem that it must have at least some element of truth which must be taken up by a complete theory of wages.

Before we pass to the great theories of wages it may be well to devote just a word to a phrase which is often heard, namely, that wages are regulated by demand and supply. This may be true in a way, but it after all, tells us very little about wages. Does it mean that wages depend upon the proportion between the number seeking employment and the number who demand the service of wage-earners? This surely cannot be the case. It is quite conceivable that we may have precisely the same number of wage-earners in two countries and precisely the same number of employers seeking their services and yet have two very different rates of wages. All that this phrase means is, that other things being equal an increase in demand for labor is likely to bring about an increase in wages, and that other things still remaining equal an increase in the labor supply is likely to produce a fall in wages. That, however, does not tell us anything about the causes which made wages what they were at the time when there was an increase or a decrease. It simply gives us certain conditions under which wages may rise or fall. Even so it takes no notice of a thousand and one causes which may operate more powerfully than a mere increase or decrease in the demand for labor or in its supply. With increasing supply of labor we often have rising wages, whereas with decreasing supply we may have falling wages. We must look more deeply into the causes which regulate wages in order to frame a law which shall explain the amount of wages.

The first great theory of wages is the standard of life theory. According to this theory labor receives as wages sufficient quantities of subsistence goods to maintain life and to keep up the supply of labor in accordance with the accepted standard of life. The wage-earner is able from his wages to support himself and wife and children in accordance with that standard of life or comfort upon which he insists. It is necessary to define more accurately, however, the phrase "upon which he insists." It means that the wage-earner will not marry and have a family unless he has an expectation of a sufficiency to maintain at least the minimum standard of life. It is through the varying rate of increase of population that wages are kept at a point which will yield enough to maintain the standard of life. If wages increase, according to this theory, wage-earners will marry more frequently and at a time when they are younger than heretofore, and consequently there will be a more rapid increase in population and a fall in wages. If, however, wages fall, then the age of marriage is postponed, the number of marriages decreases, and the rate of increase of population is less rapid. This theory of wages was maintained by Turgot, the great French statesman, and in the main also by Adam Smith, while it was worked out and elaborated by Malthus and Ricardo.(1)

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4. WAGES.

(1) **Wages.**—Labor, like all other things which are purchased and sold, and which may be increased or diminished in quantity, has its natural and its market price.

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 power of the laborer to support himself and the family which may be necessary to keep up the number of laborers, does not depend on the quantity of money which he may receive for wages, but on the quantity of food, necessaries, and conveniences which become essential to him from habit, which that money will purchase. 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. With a rise in the price of food and necessaries, the natural price of labor will rise, and with the fall in their price the natural price of labor will fall.

With the progress of society, the natural price of labor has always a tendency to rise, because one of the principal commodities by which its natural price is regulated, has a tendency to become dearer, from the greater difficulty of producing it.

As, however, the improvements in agriculture, and the discovery of new markets whence provisions may be imported, may for a time counteract the tendency to a rise in the price of necessaries, and may even occasion their natural price to fall, so will the same causes produce the correspondent effects on the natural price of labor.

The natural price of all commodities excepting raw produce and labor, has a tendency to fall, in the progress of wealth and population; for though on one hand they are enhanced in real value, from the rise in the natural price of the raw material of which they are made, this is more than counterbalanced by the improvements in machinery, by the better division and distribution of labor, and by the increasing skill, both in science and art, of the producers.

The market price of labor is the price which is really paid for it, from the natural operation of the proportion of the supply to the demand. Labor is dear when it is scarce, and cheap when it is plentiful. However much the market price of labor may deviate from its natural price, it has, like commodities, a tendency to conform to it.

It is when the market price of labor exceeds its natural price, that the condition of the laborer is flourishing and happy, that he has it in his power to command a greater proportion of the necessaries and enjoyments of life, and therefore to rear a healthy and numerous family.

When, however, by the encouragement which high wages give to the increase of population, the number of laborers is increased, wages again fall to their natural price, and indeed from a reaction sometimes fall below it.

When the market price of labor is below its natural price, the condition of the laborers is most wretched; then poverty deprives them of those comforts which custom renders absolute necessaries.

It is only after their privations have reduced their number, or the demand for labor has increased, that the market price of labor will rise to its natural price. . . .

Notwithstanding the tendency of wages to conform to their natural rate, their market rate may, in an improving society, for an indefinite period be constantly above it, for no sooner may the impulse which an increased capital gives to a new demand for labor, be obeyed, than another increase of capital may produce the same effect; and thus, if the increase of capital be gradual and constant, the demand for labor may give a continued stimulus to an increase of people.

Capital is that part of the wealth of a country which is employed in production, and consists of food, clothing, tools, raw materials, machinery, etc., necessary to give effect to labor. Capital may increase in quantity at the same time that its value rises. An addition may be made to the food and clothing of a country, at the same time that more labor may be required to produce the additional quantity than before; in that case, not only the quantity but the value of capital will rise.

Or capital may increase without its value increasing, and even while its value is actually diminishing; not only may an addition be made to the food and clothing of a country, but the addition may be made by the aid of machinery, without any increase, and even with an absolute diminution in the proportional quantity of labor required to produce them. The quantity of capital may increase, while neither the whole together, nor any part of it singly, will have a greater value than before, but may actually have less.

In the first case, the natural price of labor, which always depends on the price of food, clothing and other necessaries, will rise; in the second, it will remain stationary or fall; but in both cases the market rate of wages will rise, for in proportion to the increase of capital will be the increase in the demand for labor; in proportion to the work to be done will be the demand for those who are to do it.

In both cases, too, the market price of labor will rise above its natural price, but in the first case this agreement will be most speedily effected.

The situation of the laborer will be improved, but not much improved; for the increased price of food and necessaries will absorb a large portion of his increased wages.

In the second case the condition of the laborer will be very greatly improved: he will receive increased money wages without having to pay any increased price, and perhaps even a diminished price, for the commodities which he and his family consume, and it will not be till after a great addition has been made to the population that the market price of labor will again sink to its then low and reduced natural price.

Thus, then, with every improvement of society, with every increase in its capital, the market wages of labor will rise; but the permanence of their rise will depend on the question, whether the natural price of labor has also risen; and this again will depend on the rise in the natural price of those necessaries on which the wages of labor are expended.

It is not to be understood that the natural price of labor, estimated even in food and necessaries, is absolutely fixed and constant. It varies at different times in the same country, and very materially differs in different countries. It essentially depends on the habits and customs of the people.—"*Principles of Political Economy and Taxation*," *by David Ricardo, pp. 80-90.*

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5. WAGES (Continued).

Ricardo gave the standard of life theory a form which was decidedly pessimistic in its tendencies. He left the impression that the wage-earner could scarcely hope for more than bare subsistence. And so the standard of life theory could be designated with propriety, the standard of subsistence theory. The theory of wages as it left the hands of Ricardo is often designated as the "iron law of wages." Radical socialists in particular have supported this theory of wages and maintained that it must hold under the present social order; consequently, that the wage-earner could hope for nothing more than bare subsistence until the present order should make way for Socialism.



Sir Walter Besant.

John Stuart Mill took a more hopeful view of the theory of wages than Ricardo. Mill pointed out that the minimum wage was a moral minimum, not a physical minimum. The standard of life could well embrace more than enough to maintain bare physical existence. Naturally, if the standard should include a sufficiency for the satisfaction of all rational wants nothing more could be asked. However, Mill did not leave the impression that a real sufficiency could be secured through the wages system, and at times his tone is, perhaps, as pessimistic as that of Ricardo.

There is very much in economic history in every civilized land which tends to confirm the standard of life or subsistence theory of wages. Turgot said that for centuries, as a matter of fact, wages had never been more than enough to maintain the existence of the wage-earning classes. Everywhere at the present time we observe that it is difficult to raise wages beyond the point where they maintain the wage-earner in accordance with an accepted standard of life. Attempts to increase the comforts of the wage-earning classes through philanthropic effort frequently come to naught inasmuch as they result in lower wages, which offset the benefits conferred. Sir Walter Besant, in an article on London, incidentally remarks that for girls of the better sort there are boarding-houses "where they can live with great cheapness,—too great, considering that it enables them to take lower pay than would be offered them were things dearer." Similarly, it has been found in Chicago that it is necessary to take special precautions lest benefits conferred upon working girls through good and cheap board should be neutralized by lower wages. Illustrations of this kind abound, showing the tendency of wages to keep just at that point which shall enable them to maintain the accepted standard of life of their recipients.

Evidently, the doctrine that wages are regulated by the standard of life or standard of comfort has its limitations. Manifestly, the standard of life which it is possible to adopt has its limitations. On the other hand, wages may go far below an accepted standard of life, and indeed may remain so long below, that a lower standard will eventually succeed the former accepted standard. Manifestly they cannot permanently fall below bare subsistence, but they may do this for a time, during which labor will be maintained by past savings or by charity.

Another theory of wages which has found wide acceptance is called the Wages-Fund theory. According to the wages-fund theory, there is set aside for the maintenance of labor a certain fund of capital; that is to say, subsistence goods, for the

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advocates of this theory have included these goods under capital. All this falls to labor. Labor receives this amount, which at a given time and place is fixed, and it cannot receive anything more ; nor does it receive less. The only way, according to this theory, that the amount of wages received can be increased is through an increase in the wages-fund. The only way the average wage-earner can increase his earnings is through a change in the ratio between the wages-fund and the number of wage-earners, inasmuch as the former divided by the latter gives average wages.(1)

The significance of this theory of wages becomes apparent from the controversial literature of the past generation. If the amount of wealth set aside for wages is something precise and definite it is manifest that trades-unions cannot increase wages. If they increase the earnings of some wage-earners it must be at the expense of others. This theory of wages has thus been made to do service against the efforts of trades-unions.

On the other hand, if a certain sum is set aside for wages, wage-earners will receive this whether they work ten hours a day, or eight. Consequently, if they all together can be persuaded to adopt a shorter working day, or, if it is possible, to establish one by legislative action, the wage-earners will be just as well off as before, so far as the wages are concerned, and they will enjoy the greater leisure given them by the shorter working day.*

*Of course, it would be necessary to consider here and elsewhere the effects of a present course of action upon further accumulation of wages-fund capital.

5. WAGES (Continued).

(1) **On Wages.**—It has been impossible to expound the general laws of rent without mentioning the other two portions into which wealth is distributed; namely, wages and profits. But, as yet, we have not examined the laws which regulate wages and profits; it will therefore be convenient in the first place to devote a chapter to the subject of wages; we shall then consider profits; and when we have thus completed an examination of the laws concerning rent, wages, and profits, we shall be in a position more clearly to understand some special but important questions concerning the distribution of wealth.

In previous chapters it has been shown that capital is the fund from which labor is remunerated. It thus becomes obvious that wages in the aggregate depend upon a ratio between capital and population. If the number of the laboring population remain stationary, wages cannot rise unless the capital of the country is increased; but if, on the other hand, there is an increase in the number of the laboring population, unaccompanied by any augmentation in the capital of the country, then wages must decline.

The truths which have been just stated are in popular language expressed somewhat differently; for wages are commonly said to be regulated by supply and demand. We shall be able to show that this means the same thing; but "supply and demand" *is one of those hackneyed phrases not unfrequently employed by those who have no accurate knowledge of political economy.* Let us, in the first place, inquire what is the meaning of the expressions "demand for labor" and "supply of labor." A demand for labor can only be caused by those who have the means of remunerating the laborer. But the remuneration which is intended to be given to the laborer is capital; therefore, those only can exert a demand for labor who can apply capital for the remuneration of labor, and the greater the amount of capital to be applied in this manner the greater will be the demand for labor; it, therefore, appears that the expression "demand for labor" may be replaced by some such phrase as "capital seeking to be devoted to the employment of labor." Again, supply of labor may be estimated by the number of those who are anxious to labor; consequently, an increase in the supply of labor is equivalent in its meaning to an increase in the number of the laboring population. When, therefore, we say that wages depend on the ratio between capital and population, we state the same principle as those who affirm that wages are regulated by demand and supply. This latter mode of expressing the principle is not incorrect, but the words, demand and supply, convey no definite meaning, whereas every law concerning wages must be deduced from the fundamental conception of a ratio between capital and population.

The law just stated goes no farther than to indicate the source from which wages are supplied; this law affirms that wages cannot generally rise or fall, unless the capital or population of the country is either increased or decreased. This law also indicates the only means by which the material condition of the laboring classes may be improved.

Few questions have a more practical or pressing importance. The middle and upper classes profess a philanthropic feeling towards the poor, and express an anxious hope that their poverty may be alleviated. Let us endeavor to understand the true causes of poverty with the view of turning this sympathy to some practical purpose. When regret is felt that an agricultural laborer only earns nine shillings a week, care should be taken clearly to comprehend the reason why his wages are so low. In no country has capital increased so rapidly as it has in England during the last few years.—"*Manual of Political Economy*," *by Henry Fawcett, pp. 131, 132.*

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6. WAGES (Continued).

Opposed to the idea that wages are paid out of past accumulations, we find advanced the theory that wages are paid out of the product of labor. The theory is called the Productivity of Labor theory, and its most powerful champion in recent times has been General Francis A. Walker. He attempted to show that normally and regularly, labor first created values and then received as remuneration, its share in the values created. He pointed to the fact that farm laborers in the early history of this country often waited until the end of the season for their wages. They had, therefore, already created the values made over to them in their wages before they received them.

To this idea that wages look forward to a product instead of backward to an accumulated fund, General Walker added the idea that labor receives the entire surplus over and above the share allotted to the other factors in production according to fixed laws. After the landlord or capitalist and others had received their shares, labor took, according to General Walker, all that remained. This is what is meant when it is said that labor is the residual claimant of the product of industry. (1)

While it is true that values are frequently created by the laborer before he receives his wages, this is not always the case, and it is one-sided to overlook the effect of past accumulations upon wages. Often wages are paid for weeks, months and even years before the employer has valuable things in such a shape that he can dispose of them. Moreover, to represent labor as the residual claimant, presupposes conditions of competition which do not exist and which may never exist. General Walker himself said that this theory presupposes an active insistent wage-earning class, quick to perceive its advantages and resolute and firm in seizing them.

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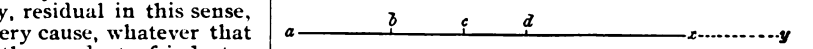
6. WAGES (Continued).

(1) **Theory of Profits.**—Upon the theory of profits which has been expounded, the remuneration of labor, wages, is strictly the residual share of the product of industry, residual in this sense, that it is enhanced by every cause, whatever that may be, which increases the product of industry without giving to any one of the other three parties to production, a claim to an increased remuneration, under the operation of the principles already stated; residual in the sense that, even if any one or all of the other parties to production become so engaged in any given increase of the product as to become entitled to an enhanced share in its distribution, their shares still remain subject to determination by positive reasons, while wages receive the benefit of all that is left over after the other claimants are satisfied.

Granting the correctness of the analysis we have offered, it is demonstrable that the product of industry may be increased without enhancing the share of all, or of any of the other parties to distribution; and, even when the other shares are enhanced, it is possible and even probable that, on the assumption of perfect competition, the increase of product resulting from the introduction of any new force into industry will be greater than the sum of the increments by which rent, interest, and profits shall have been enhanced. If this be so, then the wages class will receive a benefit from any increase of the product of industry corresponding to that derived by the residuary legatee whenever the total value of the estate concerned is ascertained to have been, or from some unanticipated cause becomes, larger than was in contemplation of the testator when the amounts of the several specific bequests were determined upon.

Thus, to take the simplest possible case, let us say that the line ax



represents the amount of the production of a given community. Of this total, ax, let ab represent the share going to the land-holding class as rent; bc, the remuneration of the capitalist class, under the name of interest; dx, the portion of the produce paid in wages; and, by consequence, cd, the part retained by the employing class as profits. Let it now be supposed that an instantaneous improvement takes place in the industrial quality of the laboring class, by which they become so much more careful and painstaking, more adroit and alert, more observant and dexterous, as to effect a saving in the materials used in each and every stage of production, with a resulting increase of ten per cent in the finished product over what had been accomplished by more wasteful, clumsy, heedless operatives. This assumption is certainly not an unreasonable one, as regards the extent of the possible saving to be effected through even a slight improvement in the industrial quality of a laboring population. The total product will then be represented by the line ay.

Our question is, To whom will go that portion of the produce which is represented by the dotted line xy, under the normal operation of economic forces?

I answer, If our analysis of the source of business profits is correct, this will go to the laboring class in enhanced wages.

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To whom else should it go? To the landlord class, in higher rents? No, clearly not, since the materials employed have not been increased, but the gain to production results from a better economy of materials, in kinds and amounts as before. Hence, no greater demand is made upon the land; hence, cultivation is not driven down to inferior soils; hence, rents can not be enhanced, rent representing only and always the excess of produce on the better soils above that of the soils of the lowest net productiveness under cultivation. The line, *ab*, therefore, remains unchanged.

Shall the line *bc* show any change? Shall all or any part of the gain *xy* go to the capitalist class, as interest? Again, no. An improvement in the industrial quality of the laboring class does not necessarily increase the amount of tools and supplies required in production. On the contrary, neat, intelligent, careful workmen require even fewer tools than ignorant, slovenly, heedless workmen, to perform the same kind and amount of work, since in the case of the former there will be a smaller proportion at any time broken or dulled or from any cause awaiting repair. Since, then, there is no greater demand for capital in the case supposed, there can be no increase in the rate or amount of interest; and the line *bc* will, therefore, not be lengthened.

Will the whole or any part of *xy* go to the employing class, as increased profits? If we have correctly discovered the source of business profits, this will not be the case. An improvement in the industrial quality of a given body of workmen would not require an increase in the number of employers; hence, would not, could not, enhance the aggregate amount of profits. On the contrary, an improvement in the industrial quality of the laboring class would tend, and would tend strongly, to raise the standard of business ability in the employing class; to drive out the more incompetent, thereby raising the lower limit of production in this respect, and thereby reducing the aggregate amounts realized as profits.

We see, therefore, that the line *cd* will not be increased, in the case supposed; and, as we have proved the same respecting *ab* and *bc* successively, the whole of *xy* must go to lengthen the line *dx*, representing the amount previously received by the laboring class as wages.—"*Political Economy*," *by Francis A. Walker, pp. 253-255.*

FIRST WEEKLY REVIEW.

1. **INTEREST.**—The Difference in Value between Present and Future Goods. Its Causes.
2. **INTEREST (Concluded).**—Interest in Marginal Investments of Capital. Causes of an Increase and of a Decrease of Interest.
3. **PROFIT.**—Element in Profit. Pure Profit.
4. **WAGES.**—Demand and Supply. Standard of Life Theory of Wages.
5. **WAGES (Continued).**—The Iron Law of Wages. The Wages-Fund Theory.
6. **WAGES (Continued).**—The Productivity of Labor Theory of Wages.

QUESTIONS.

1. *What do you understand by interest? Distinguish between interest and profits. Would you rather have $50 to-day or one year from to-day? Why? Why is interest apt to be higher among half-civilized nations than among the most civilized?*

2. *What do you mean by marginal investments of capital? What are the causes of an increase in interest? What are the causes which bring about a decrease in the rates of interest? Do you think that the lower the rate of interest the better? If so, why? If not, why not? What do you think about loans without interest?*

3. *What does profit mean when used in the broadest sense? Critically analyzed what elements reveal themselves in profit? What do you understand by the gains of conjuncture?*

4. *Define wages. What are the causes of controversy concerning the law of wages? To what extent are wages explained by saying that they are governed by demand and supply? What is the standard of life theory of wages? What relation has it to the theory of population?*

5. *What do you mean by the iron law of wages? What modification of the Ricardian theory of wages did Mill introduce? Explain the wages-fund theory of wages. What practical effects has this theory had?*

6. *What do you understand by the Productivity of Labor theory of wages? Who has been its principal advocate in this country?*

SUBJECTS FOR SPECIAL STUDY.

1. *The chance element in distribution.*
2. *The ethics of interest.*
3. *Remedies for low wages.*
4. *The laws of demand and supply.*
5. *The wages-fund theory.*
6. *Productivity of this theory.*

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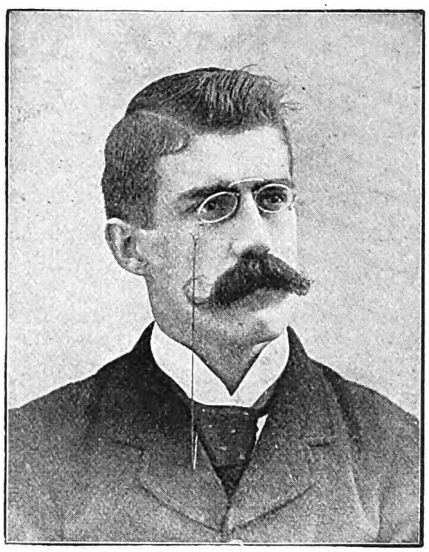
7. THE BARGAIN THEORY OF WAGES.

Professor John Davidson of the University of New Brunswick has written a work called *The Bargain Theory of Wages*, in which he attempts to gather together what is true in the three great theories of wages described in what he terms "the bargain theory." The effort which he makes is a praiseworthy one and he meets with a considerable degree of success. Professor Hobson, however, in his work on *The Economic Bargain; or the Economics of Distribution*, to which attention has already been directed, has carried much further this line of thought. According to Professor Hobson, distribution is effected altogether by bargaining and remuneration for wages is determined by bargains, as is the remuneration received by the other factors in production.



John Davidson.

If we take as a starting point the bargain which determines the amount of wages, we shall then have to inquire what are the forces which lie back of the bargain and make it what it is. This inquiry at once makes room for what is true in each one of the great historical theories which have been briefly described. The theory which has more truth in it than any other one is the standard of life theory. It is the standard of life firmly adhered to, which more than anything else, determines the kind of bargain which it is possible to make. The bargain theory, however, suggests upper limits to the standard of life. Very manifestly labor cannot receive more than it produces, inasmuch as under the wages system there must be at least a minimum amount assigned to the other factors in production in order to secure their coöperation. On the other hand, the bargain theory suggests a considerable margin within which wages may fluctuate. At any given time and place there is an upper and a lower limit of wages, and unless it can be shown that the upper limit has been reached there is an opportunity for the wage-earners, by suitable efforts, individual and collective, to secure higher wages and improved conditions.

The bargain theory makes room for the element of truth in the wages-fund theory. In so far as past accumulations of subsistence and of capital, increase production, there is a higher upper limit to the fluctuations of wages. Precisely the same may be said with respect to the productivity of labor itself. It is not necessarily true that the more labor produces, the higher the wages received, but it is true that the greater the productivity of labor, the higher the upper limit within which wages may fluctuate. Consequently, the more productive labor is, the more it is possible for it to secure in the form of wages.

A few words may be added concerning salaries. Salaries are returns for personal service, but generally for personal service of a higher order. Are they regulated by the same laws which determine wages? It has been held that they form a distinct category by themselves. It is true that when we have a highly developed salary we have something which is different in several particulars from wages. The preacher does not preach for his salary, but he preaches for the sake of the work in which he is engaged, and his salary is assigned to him as his support. Enough is given him to maintain his existence in accordance with the standard of life of his class. That is the idea of the salary, which it will be seen is after all similar to that of the subsistence theory of wages. The difference is somewhat a matter of feeling

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and sentiment. It is said that wages are a *quid pro quo*, whereas salaries are a *quid honorarium*. In other words, there is an effort to separate out the service from the assigned subsistence.

We find a difference between wages and salaries, also in the fact that salaries are usually by the month whereas wages are by the day. Also in the fact that wages cease as a rule immediately when the service ceases, whereas no such strict account is kept of time in the case of salaries.

A salaried person, on the other hand, does not expect to be paid an extra remuneration if he works over time. The love of the work is, in the case of the typical salaried person, one of the main considerations, and he has a sort of work which it is possible to love. The salaried person, also, as a rule, stands nearer to his employer and may have quite as high or often a higher social position.

Space is too limited to do more than throw out these few suggestions. Undoubtedly the resemblance is a close one, but after all there are differences between what may be called a highly developed salary and ordinary wages, a difference which is sufficiently palpable for legal formulation. The bargain theory, however, is broad enough to make room both for wages and for salaries.

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7. THE BARGAIN THEORY OF WAGES.

(1) **Trades Unionism and Wages Bargaining.**—The laborer, bargaining in his own strength, is subject to serious disabilities. Usually he has no reserve fund to enable him to "stand out, as all other sellers do, for his price."

It is the immediacy of the necessity which makes all the difference in the bargaining. The laborer must sell to-day: the employer need not buy till to-morrow. To the master it is only a question of profits; to the laborer it is a question of life.

Trade-unions, with their out-of-work funds, enable the laborer to stand out for his price, as other sellers do. They practically endow the laborer with a reserve, and thus enable him to bargain with the employer on more equal terms.

This is one great disability they remove, in part at least; but it is not the greatest to which the laborer is subject. The individual laborer is not simply set over against the employer. He must sue for work as one of a crowd. When two men run after one boss, said Cobden, wages fall; and the first clause is more often realized than the second of his much quoted dictum.

The laborer may be endowed with a reserve, and may stand out for his price, as other sellers do; but the competition for employment may be so great that his place is filled while he stands out.

No individual workman is indispensable. "In the long run," to repeat the sentence from Adam Smith, "the workman may be as necessary to his master, as his master is to him; but the necessity is not so immediate."

Labor is indeed indispensable, but no individual is. *Il n'y a pas d'homme nécessaire*, Matthew Arnold (as he tells us), was fond of quoting to the most complacent people; and the lower we go in the ranks of industry, the truer the doctrine is.

This is the reason why strikes among unskilled laborers are so rarely successful. Unskilled labor may be necessary and indispensable; but no unskilled laborer ever is. His place can be too easily filled and his services as readily rendered by another. The object of trade-union policy, through all the maze of conflicting and obscure regulations, has been to give to each individual worker something of the indispensability of labor as a whole.

Had the unions power as they have ambition they might rule the industrial world. That their policy has not effected more than it has is due partly to the small proportion of the workers included within their numbers, and partly to certain natural limitations to their power.

They could not succeed in engrossing the whole of the product of industry because the master is, in present industrial conditions, as necessary to the laborer, as labor is indispensable to the master.

A large measure of success in their policy would probably result in a diminution of the demand for labor owing to the conversion of circulating into fixed capital and the adoption of labor-saving machinery. There is small risk of their policy becoming dangerously successful. The natural limitations to the policy quickly check any excess of zeal.

The province of trade-union action is the strengthening of the position of the laborer as a bargainer, the enabling him, in particular, to resist that pressure of circumstances of which employers might be ready to take advantage. In the useful phrase given us by Mr. Sidney Webb, the essence of trade-unionism is "collective bargaining."

More or less unconsciously, all the regulations of the union have this in view, and most of the customs and prejudices of the trades-union world are inspired by this idea. The solidarity of labor for which they strive is only a means to collective bargaining; and, with this in view, they strenuously oppose many reforms which would probably secure great, though temporary advantages for at least a large number of workers.

They oppose any scheme, however enticing or philanthropic, which would have as one of its results the separation of the individual workman from his fellow workers.—"*The Bargain Theory of Wages*," *by John Davidson, M.A., Edin., pp. 265-268.*

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8. THE WAGES SYSTEM AND ITS IMPROVEMENT.

The defects of the wages system have often been described and are sufficiently obvious to one who reflects seriously upon this system. Some of them were brought out in connection with the discussion of the labor contract. We may say that under the wages system, wage-earners, as a rule, suffer under deficiency in subsistence: that is to say, what they receive is not sufficient to maintain a desirably high standard of life. Furthermore, wage-earners suffer as a general rule under deficiency in leisure. Ten hours a day is a short working day as things are now in most civilized countries. Occasionally a working day falls short of this, but more generally it exceeds it in length. This is a great improvement upon the conditions which existed earlier in this century, but is even still some distance from the ideal, which seems to be eight hours a day. One suggestion occurs in this connection. Professional men frequently say that they work far more than ten hours a day. It must not be overlooked, however, that the work itself of those engaged in the liberal professions furnishes the opportunities for development and culture which the working-man must frequently seek after he has finished his day's work.

Another defect in the wages system is an undue dependence upon the employer. Still another and a very serious one consists in irregularity of employment and consequent irregularity in income, both of them more or less demoralizing to the ordinary man. Furthermore, we may add that as a rule under the wages system there is for the wage-earners a deficiency in education and intellectual opportunities.

It is not designed to paint in too dark colors the wages system. It frequently works well, but certainly along the lines mentioned there is still opportunity for improvement. There is also an active effort to secure improvement along these lines. The efforts to bring about this improvement are frequently collectively called "The Labor Movement." Perhaps a more comprehensive term for these efforts in their modern form is Industrial Democracy. Industrial democracy means the efforts of the wage-earners, or perhaps more generally speaking, the toilers, to secure control over industry with the benefits flowing from industry, like the control which the masses have secured over political government.

Industrial democracy takes various forms. Up to the present time it has found expression chiefly in and through labor organization. We have already found that these organizations are a natural and inevitable growth. They are part and parcel of the evolution of industrial society. They have high educational value along various lines. They cultivate not only intellectual powers, but self-control, and on the whole have had marked influence in favor of temperance. They have their economic value, putting the wage-earner in a better position to bargain for his wages with his employer. In short, it may be said that their beneficial effects are so marked that impartial students have generally given them their endorsement. This does not mean that there are no abuses connected with labor organizations, but that the idea and aim of labor organizations have won acceptance among economists. The attitude of many economists is forcibly expressed by the late Professor Thorold Rogers of Oxford, who used these words in describing his own change of opinion: "These institutions were repressed with passionate violence and malignant watchfulness so long as it was possible to do so. When it was necessary to relax the severities of the older laws they were still persecuted by legal chicanery whenever oppression could on any pretext be justified. As they were slowly emancipated they have constantly been the object of alarmist calumnies and sinister predictions. I do not speak of the language of newspapers and reviewers, which simply reëchoed the passions of the hour; far graver were the allegations of Senior and Thornton. . . . I confess to at one time having viewed them suspiciously; but a long study of the history of labor has convinced

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me that they are not only the best friends of the workman but the best agency for the employer and the public; and that to the extension of these associations political economists and statesmen must look for the solution of some among the most pressing and difficult problems of our times."

It is not possible now to discuss all the methods of labor organizations and attempt to pass judgment upon each one of them. Strikes occur at once to the reader. These undoubtedly bring with them an immense amount of evil, but the general opinion seems to be that on the whole strikes, and the fear of strikes have operated to keep wages up. The advice which the economist is inclined to give to labor organizations is to be extremely conservative in the matter of entering upon a strike and never to strike unless there is a fair prospect of success. The adoption of the union label, to indicate that the commodity to which it is attached is produced in wholesome conditions by organized labor, is meeting with increased favor. This enables the purchaser of goods to exercise some control over productions and is in line with the efforts of consumers' unions.

Manifestly labor organizations have their sharp limitations. Necessary as they may be, they cannot accomplish more than a small fractional part of the work of social reform, they are largely based on the idea of strife, and the best we can say of strife is that it is a necessary evil. Labor organizations embrace, after all, only a limited number of wage-earners, and it is extremely difficult to imagine conditions under which the entire wage-earning population could be included in labor organizations. Moreover, there would be reason to apprehend danger if this end should be brought about. Wage-earners are after all only one part of society, and important as labor claims are, we cannot allow them exclusive domination. We cannot by any means admit that labor organizations have capacity to take over the government of the modern nation, and as labor organizations they can at best simply contribute a share to the solution of the monopoly problem and other broad social problems which concern society as a whole.(1)

8. THE WAGES SYSTEM AND ITS IMPROVEMENT.

(1) **Wholly a Practical Question.**—It has been shown under the title of distribution, that the question whether any law or institution does or does not, promote the freedom of industrial movement enjoyed by the community, is a question not to be decided *à priori*.

Consideration must be had of the actual effects of such a law or institution, comparison being made, not between the state which will result therefrom and an ideal state of perfect economic mobility, but between the new condition and the condition which does exist, or probably would exist, without that law or institution.

Let us take the case of Trade Unions, so called, which undertake through agreements among themselves and perhaps simultaneous strikes against their employers, to fix wages, regulate the hours of labor, and control many of the various details of industry. To the first suggestion of such associations, the economist promptly and properly objects that all combinations in the sphere of economics are opposed to competition.

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The economist further alleges that such associations are liable, and even likely, to fall under the control of demagogues, who will use their power to bully or harass employers to make unreasonable demands, and to precipitate labor contests in which the interests of all classes will be sacrificed to the self-importance of a few managers.

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On the other hand the advocate of trade unions alleges that these associations, though in form opposed to competition, and though subject to many abuses, do yet in certain cases of industrial society assist the laborers as a class to assert their interests in the distribution of the products of industry. This claim is not on the face of it unreasonable.

We have seen that competition, perfect competition, affords the ideal condition for the distribution of wealth. But the action of men in concert and under discipline may be far wiser than the action of men stricken with panic.

Respecting trade unions, the question is not whether joint action is superior to the individual action of persons enlightened as to their industrial interests, but whether joint action may not be better than the tumultuous action of a mass each pursuing his individual interest with more or less of ignorance, fear and passion.

Now, with a body of employers, few, rich and powerful, having a friendly understanding among themselves and acting aggressively for the reduction of wages or the extension of the hours of work, and, on the other side, a body of laborers, numerous, ignorant, poor, mutually distrustful, while each feels under a terrible necessity to secure employment, who shall say that such a body of laborers might not be better able to resist the destructive pressure from the employing body if organized and disciplined, with a common purse and with mutual obligations enforced by the public opinion of their class? — "*Political Economy*," *by Francis A. Walker, p. 375.*

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9. THE WAGE SYSTEM AND ITS IMPROVEMENT (Concluded).

Social efforts to improve the wage system may be divided broadly into two main classes, namely, public social efforts and private social efforts; by the former we mean, of course, efforts to bring about improvement through governmental action of one sort and another; by the latter we mean combined efforts to bring about an improvement outside of the sphere of governmental activity. These two kinds of social efforts are generally not separated, but they proceed together, the efforts of one sort supplementing those of the other. It is in this way indeed that the largest results are accomplished.

Among the efforts to bring about an improvement in the wages system, the endeavor to establish a general eight-hour day occupies an especially prominent position. Labor organizations attempt to secure the eight-hour day as a normal working day through persuasion and strikes. Governmental action is also invoked to help secure what is regarded as the ideal length of the working day. Government is the largest single employer of labor in modern times, and quite generally the governments of the United States of various grades have adopted an eight-hour working day. This is a powerful help in the general establishment of the eight-hour working day, inasmuch as it is a constant encouragement to those working under private employment to secure like benefits for themselves. It is indeed on this account that many private employers object to the eight-hour day for government employés.

The modern government frequently, and perhaps generally, limits the length of the working day for women and children, and this also helps the men to secure a corresponding reduction. In cases where a large proportion of the employés consists of women and children it often happens that men must stop work when the women do. The length of the working day has also been regulated in some instances for adult men, although perhaps never brought down to eight hours. The length of the working day for street-car employés in Baltimore is established at twelve hours by statute. The state of Utah has also regulated the length of working days for miners, and the Supreme Court of the United States has declared this regulation constitutional.

Every well-wisher of the wage earners will desire that accompanying the shortening of the working-day should go increased opportunities for the intellectual and moral elevation of the wage-earner, and that they should be encouraged to make use of such opportunity. The Reforms must touch individual character if they are to be really and permanently beneficial. One of the best friends the working people ever had was the late Seventh Earl of Shaftesbury, who worked long and hard to bring about a shorter working day for the English wage earners. As soon as the "Ten Hour Bill," as it was called, had become the law of the land he wrote a letter to the "Short Time Committee," pointing out that with their success had commenced new duties. "You are now," he said, "in possession of those two hours which you have so long and so ardently desired; you must therefore turn them to the best account—to that account which was ever in the minds of your friends and advocates when they appealed to the legislature on behalf of your rights as immortal beings, as citizens and Christians." He then followed this general observation with practical suggestions.

What is called "factory legislation" is another name for a general legislative effort to improve the wages system. It regulates beneficially the conditions of labor and secures advantages for the wage-earning population, and through them for society at large which could not well be gained otherwise. Arbitration and conciliation of various sorts come under this general head. The most successful instance of arbitration and conciliation is found in New Zealand, where since compulsory arbitration was established a few years since there have been no strikes.

Too frequently labor legislation has been opposed and been declared unconstitu-

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tional on account of its violation of so-called freedom of contract. Difficulties of this sort, however, will be overcome by a sounder social philosophy which will distinguish between nominal and true liberty.

The wages system is also being improved in the general improvement of society: that is to say, wage-earners share in improvements brought about in the interest not merely of wage-earners but of society as a whole. The broadening and deepening of education may be mentioned in this connection. Think what it means, for example, that in a state like Massachusetts nearly the entire population is now afforded the advantages of free public libraries. This will signify more and more to the wage-earners as time goes on. A shorter working-day affords greater opportunity for the use of the libraries and better education stimulates wants of a higher order.

Improved sanitation, public parks and play-grounds, may all be mentioned in this connection. The progress which is being made in the solution of the monopoly problem is of direct and very great advantage to the wage-earner.

9. THE WAGE SYSTEM AND ITS IMPROVEMENT (Concluded).

(1) **The Eight Hours Day.**—"We thus have in favor of the contention that eight hours is the best average limit for all kinds of work the authority of the man who more than any other has distinguished himself in the study of the science of preserving health. To this authoritative statement we may add the following practical consideration. To the majority of wage-workers in the United Kingdom the difference between an eight hours day and a nine or ten hours day, means the difference between coming to work before breakfast and coming to work after breakfast. In many skilled trades enjoying a nominal nine hours day, work begins at six o'clock in the morning. After two hours' work there is a break of half an hour or an hour for breakfast, which the men eat where they can.

Now it is all very well to preach the virtues of early rising, but even such a preëminently virtuous habit as early rising may degenerate into a vice. And we say without hesitation that the vicious point is past when a man begins work at six o'clock in the morning on an empty stomach. Probably before he reaches his work he will have had a tramp of a mile or a couple of miles—possibly more—often in the rain, nearly always in the cold. Then after working half-heartedly for a couple of hours, he has to eat his breakfast in some dirty and probably draughty shed. It would be far better for the men, and far better for the work, if he had his breakfast comfortably before he started from home, even if this entailed his not reaching work until eight o'clock. On the eight hours system either eight or nine o'clock would be a very convenient time for beginning work. The day would then be broken into two spells of four hours each, namely, from eight to twelve, and one to five; or from nine to one, and two to six. This is a point to which we have already called attention elsewhere in this volume, and we may again refer the reader to the appendix for an account of the experience on the subject of Mr. Mark Beaufoy and Mr. Samuel Johnson. Our reason for laying so much stress on the point is that it is one that is practically felt by every working man. It was the chief demand of the Roubaix strikers of May 10, 1890, referred to in chapter II. In the present instance our special object is to insist upon its effect on the health of the worker. In the middle of the summer the six o'clock system is probably not unhealthy, and may be even pleasurable. But for ten months out of the twelve in this English climate of ours, to require a man to be at his work by six o'clock in the morning, is to impose a severe strain upon his constitution. Still more is this the case during a Continental or American winter. There is no doubt that this incident in the life of an artisan is one of the causes for the relatively greater mortality in the artisan class as compared with the professional classes. And here it is worth while to point out that in the professional and commercial classes such early rising is, in London, almost unknown. A few phenomenally active lawyers or city men may be at work by nine o'clock, but at present ten is certainly the more usual hour, and quite a large proportion of business men do not reach their offices before eleven. Hours of business elsewhere are earlier than in London, but in all cases the artisan begins work an hour or two before the usual time for clerical or professional labor.

The case for an eight hours day on account of physical health is thus extremely strong. Even stronger is the case for rest from work for the sake of mental health. If you treat people as slaves, they will remain slaves. If you compel men and women to work so long each day that they have not time to think, they will remain non-thinking animals. Under the present conditions of industry there are in all advanced industrial countries thousands of men and women who never have a moment's leisure until completely exhausted, to sit down quietly and take stock of their position. All the time that is left to them between bed and work is spent in the pleasures that most immediately appeal to an overwrought body. The gin palace with its glaring lights and strong spirits, the music-hall with its silly songs and maudlin sentiments, are the direct results of a system of overwork that prohibits mental leisure. If the workers were actually chattel slaves these things would be of little consequence. Make your helots drunk and they will be less likely to rebel. But our helots are citizens and voters. On them, ultimately, if they choose to exert the power, rests the determination of the whole policy of the community. It is surely not wise that a large percentage of those potential despots should be incapable of forming an opinion on the questions committed to their decision.—*"The Eight Hours Day," by Sidney Webb and Harold Cox, pp. 144-147.*

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10. PROFIT-SHARING AND COÖPERATION.

Profit-sharing is a step in advance of labor organization. Labor organization aims to secure higher wages, but profit-sharing gives to the wage-earner a share in profits in addition to wages. It seeks thus to unite more harmoniously in their common efforts employer and employed. It has been extensively tried in the United States and in other countries and has been advocated with great zeal and hope. There has indeed been formed a society with the express purpose of encouraging coöperation. It is called "The Association for the Promotion of Profit-Sharing," and its secretary is Professor Nicholas P. Gilman, author of *Profit Sharing Between Employer and Employed*, a standard work on this subject.

Profit-sharing has its own proper place in the industrial system, but its scope would seem to be even more limited than that of labor organization. Not every employer is inclined to adopt profit-sharing, and even if he were it is not easy to do so. Sometimes there may be no profits to be shared, and this may be the case for a series of years. If wage-earners have put forward special efforts in the hope of receiving a share in the profits the result may be disappointment, and more than than that, suspicion and bitterness. It is urged that profit-sharing induces the wage-earners to exercise greater care and diligence in their efforts, and that the share of profits received is a return for better service. It is not every industry, however, in which it is easy to bring about substantial improvement through the stimulus of profit-sharing. Again, it is not easy to say according to what method profits are to be shared. Once again, there are many employés who are engaged in services where there are no profits to be shared. Would it be easy, for example, to introduce anything like profit-sharing as a stimulus to domestic servants to exercise care and economy in the household, thereby lessening breakage and the waste of food.* Profit-sharing implies a permanency of relation between employer and employed which is not always practicable, which may sometimes even be undesirable. What is said is not intended to discourage profit-sharing or to set any precise limits to its utility. It is simply suggested that it has its limits and that it at best can be only one among many reforms.

Coöperation goes beyond the wages system and looks to its replacement by forms of industrial democracy. Coöperation means a union on the part of consumers or producers of such a nature that they may dispense with the individual capitalist-employer. Coöperation is of two main kinds,—Distributive and Productive. Distributive coöperation, as it is somewhat inaptly called, means coöperation in retail and wholesale trade. The typical example of coöperative distribution, and the one which is almost invariably described in works on coöperation, is that of the Rochdale Pioneers in England. It is only a little over fifty years ago that these pioneers began a coöperative store on a very small scale in Rochdale. They have continued enlarging their business until now it has assumed immense proportions. The Rochdale Pioneers also had imitators all over Great Britain, and there are now a thousand or more such coöperative societies. There are also several wholesale coöperative societies, the largest of which is at Manchester. The business which they do is of such magnitude that it is measured by hundreds of millions, and the great coöperative wholesale establishment at Manchester has its agents in New York as well as in other great centers. It even has steamers of its own engaged in its service. Coöperation of this kind has met with less success in the United States. Although very many coöperative stores have been established most of them have failed for causes which may possibly be local and temporary. There is a society in the United States called "The Coöperative Union of America," which aims to promote coöperation according to the "Rochdale Plan," and it has

* The coöperative societies of consumers in England have production establishments, for which they furnish the capital, and receive the profits, employing the workers.

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an organ called *The American Coöperative News*, published in Boston, Mass. Productive coöperation means a union of workingmen furnishing the whole or a part of the capital needed for productive enterprise and managing it on their own account, suffering the loss incurred and putting in their own pockets all profits. This has made some little headway in England and also in this country, but it has not achieved any such notable successes that one would feel warranted in expecting for it a dominant position in the industrial field. The efforts which have been put forward in the interest of coöperation in the United States are described at length in a volume published by the Johns Hopkins University as the sixth series of its Studies in History and Political Science. It is not possible to set any precise limits to what can be accomplished by coöperation any more than it is to the possible achievements of profit-sharing. Coöperation has marked beneficial effects, especially of an educational character, and its successes are to be hailed with satisfaction. It seems, however, fair to conclude from the nature of modern industry, which is carried on, on a vast scale by men of extraordinary capacity, that coöperation of the voluntary sort has at best quite a limited field.

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10. PROFIT-SHARING AND COÖPERATION.

(1) **Profit-Sharing.**—The principles upon which profit-sharing depends for its justification are simple, and appeal to the common mind and conscience. There is nothing abstruse, technical, or metaphysical about the plan. Its logic is clear. its history is attractive, its evidence is easily followed. To the editors, therefore, of newspapers and periodicals, who desire to throw all possible light upon the vexed labor question for the benefit of their readers, but who must avoid the discussion of economic subtleties, I would suggest that the facts and the arguments of profit-sharing have a novelty, an interest, and a value which entitles them to the widest dissemination and discussion. I have been unable to find any considerable sentiment in the American or English press of the day in favor of coöperation. The influence of the press, as a representative of the interests of society in general, has been very generally exerted in favor of arbitration in case of labor difficulties. But arbitration, as I have before observed, is not a remedy for the evils of the present system of recompensing labor; it leaves them where it found them. Profit-sharing, on the other hand, is the one most practical, and most generally applicable measure of improvement. It deserves to be voted "urgent" among the topics of exposition and discussion by the press, which has here an inviting opportunity for shaping and directing public opinion in a matter of vital concern. Numerous employers hold back from trying the new system because of the general lack of full knowledge among employers, workmen and the public at large. The removal of this serious barrier to the wider trial of profit-sharing is a work which the newspaper can more quickly accomplish than any other agency. I invoke with confidence the candid consideration by the editorial profession of the facts here set forth; the arguments of this book I cheerfully abandon to their tender mercies!

To the clergy of all denominations, whose office it is to preach good-will among men. I would respectfully suggest that the influence which they possess in forming public opinion would be greatly increased by the hearty and enlivened advocacy of specific measures for the procurement of industrial peace. The numerous contributions by clergymen to the literature of the labor question, of late years, do them honor in the generosity of sentiment and the fullness of information concerning such topics as coöperation and socialism which they display. But, if I am not mistaken, the ideals denoted by these two names have had more influence on the ministerial mind than their successes in practice have warranted. A more "realizable ideal" is found in profit-sharing. A perusal of this volume will, I trust, bring such a conviction home to the mind of the clergyman who is anxious to preserve a reputation for practicability. I entertain a high respect for the force in moulding public opinion which an instructed clergy wields. To a body of men whose position naturally makes them equally the friends of the wealthy and of the poor, and preserves them from the unjust feelings too common among both employers and workmen, the last words of this book may well be addressed.

Bishop Fraser declared that the duty of this generation is not so much "to Christianize Socialism as to socialize Christianity." I have purposely avoided thus far, as irrelevant, the consideration of profit-sharing in the light of moral and religious duty; but I cannot conclude without declaring my conviction that the Christianity which Bishop Fraser desired to see, the religion that its founder had in mind, is profoundly opposed to the class selfishness which profit-sharing, generally diffused, would greatly diminish. The fraternity which participation promotes is thoroughly moral, thoroughly Christian. Profit-sharing recognizes the advancing democratic element which has made itself felt so forcibly in the industrial world of late in wars and rumors of war. It meets that advance with a hearty recognition of human brotherhood and the duties of prosperity. Economic science is good, but "economic science enlightened by the spirit of the Gospel," the spirit of enthusiasm for humanity, is better. Nay, it is in the last result, the only solution of the problems which beset, with Fate's persistence, the too complacent commercial spirit of our day. A plutocratic development, which has far outrun the slow evolution of conscience among modern men, has at length received sullen challenge from the great majority who live by the labor of their hands. —*"Profit Sharing," by N. P. Gilman, pp. 442-445.*

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11. SOCALISM.

As coöperation is a step in advance of profit-sharing, so socialism is a step in advance of voluntary coöperation. Socialism means coöperation, but coöperation of the whole of society secured through the agency of government. Socialism has become the greatest social movement of modern times, and must be understood by any one who would comprehend the nature of the society in which we live.

Let us first of all try to gain an accurate idea of what socialism really means. We turn aside from all that is purely accidental and direct our attention to the essence of socialism as a contemplated industrial system. It means, first of all, the common ownership of the instruments of production; but this must be noticed carefully—not common ownership of all property, but of those sorts of property which are used for further production, that is to say more precisely, land and capital. It cannot be difficult to understand what this means, as it implies simply an extension of what we see about us daily. Collectively we now own many things together: for example, through the agency of the federal government, the post-office; through the agency of the State many public buildings; through the agency of the city, water-works, public parks and the like. Some States own great tracts of forest land and railway and telegraph systems. If we imagine an extension of collective ownership until all the great instruments of production are collectively owned we shall have established one of the main elements in socialism. (1) Socialism conservatively presented does not mean that everything of a productive nature shall be collectively owned, but simply the chief instruments of production which dominate the industrial order. Certainly no socialist not a fanatic would object to private ownership of simple tools, such as a wheelbarrow, a saw or a wagon.

The second element in socialism is the collective management of production. Not only must society as a whole own the instruments of production, but they must be managed by those who represent society as a whole—just as our post-offices are, just as are the railways in Prussia, just as the water-works in our cities are generally managed. The idea of socialism in both these particulars described can be well illustrated through a contrast with the idea of the trust. The idea of the trust is the unity of ownership of instruments of production and unity in their management. Socialism desires unified ownership, but claims that this ownership should be vested in the people as a whole. Socialism likewise demands a unified management, but demands that the management shall be in the interests of the people as a whole and not in the interest of owners of stock or certificates in corporations and trust combinations.

Just as socialism conservatively presented does not demand that all productive property but only the great forms of productive property should be collectively owned, so conservative socialism does not demand that private employment or self-employment should cease altogether. It does demand, however, that collective management of industry should dominate industrial society. If an individual has a horse and wagon and prefers to carry parcels rather than to enter the public service certainly no rational socialist could see any objection to his doing so. Socialism undoubtedly contemplates public medical service, and we see the beginnings of such already in the civilized nations of our day. If any one, however, should prefer, as some always would do, a private physician to the public medical service, socialism could have nothing to say against this. The public schools would, according to socialism, be greatly improved, but no negative legislation would prevent any one who desired to do so from sending his children to a private school. Socialism in its modern form is not so much negative as positive. The aim is to offer facilities and advantages which a citizen ordinarily will be glad to use.

The third element in socialism is in the distribution of income by public author-

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ity. The social product would be distributed in salaries to those engaged in the public service. This likewise is not difficult to understand if we regard it simply as an extension of that which we see going on about us at the present time. Those who are in the public service have their salaries determined even now by public authority. Should socialism ever replace the industrial order the great bulk of the population would be in the public service either of the nation, the commonwealth, or local political unit, and through it the determination of salaries for the social product would be distributed and incomes determined.

The fourth element of socialism is private ownership of income. Each one is to be allowed to do as he pleases with his income. The modern socialist thus claims that socialism is a movement in favor of private property. He emphasizes the advantages of private property and objects that the present order does not secure an adequate amount of private property to the ordinary man or woman. Private property then would still be maintained outside the field of the great instruments of production which exist not for their own sake but in order to facilitate the production of things needed for consumption.

11. SOCIALISM.

(1) **Spread of Socialism.**—One of the most succinct and philosophic statements of the nature of Socialism as contrasted with the present social system is that of Mr. Thomas Kirkup, published in 1887, entitled "An Inquiry into Socialism."

Mr. Kirkup is also the author of the article under the title of "Socialism" in the last edition of the *Encyclopedia Britannica*.

In his "Inquiry," Mr. Kirkup considers the "Prospects of Socialism," which to him, at that day, were promising, and this was one of the clearest signs.

The most notable examples of the enormous scale on which business is now carried on must be found in the great industrial corporations of America.

These companies control the production and exchange of a continent, and they show a capacity for the combination of interests and for fighting each other which we have not attained in this country.

Combination in order to ruin their competitors, so as to secure an effective monopoly of the market—this is the aim and tendency of the great industrial struggle, carried on with an energy and on a scale elsewhere unexampled.

The result is to put economic power into the hands of the combined corporations, to place at their mercy the source and means of subsistence of the people, and from this point of vantage to gain control of American society generally—to establish an industrial feudalism such as the world has never seen.

"Hitherto we have witnessed the struggle of the democracy with the territorial aristocracy; and in America, as elsewhere, we now see the opening stages of a greater struggle, of the democracy against the industrial corporations, against the industrial feudal power, the fully developed capitalism. *Either it must control the American people or the American people must control it.*

The issue must either be a new industrial feudalism served by wage laborers, or the control of American industry for the good of the people.

At any rate, Socialists regard these colossal corporations, and the wealthy bosses that direct them, as the greatest pioneers of their cause. By concentrating the economic functions of the country into large masses, they are simply helping forward the Socialistic movement.

Their mission is to displace the smaller capitalists, but they will eventually undermine capitalism altogether. In proportion as the centralization of industry is pushed forward, the easier it will be for the democratic people to displace its capitalistic chiefs and assume the control of it for the general good.

They are only hastening the time when a vast educated and organized democracy, subsisting on precarious wage labor, will find itself face to face with a limited number of mammoth capitalists.

Such a crisis can have but one result. The swifter, the more complete the success of the more powerful bosses, the quicker will be their overthrow by a democratic society. Such is the belief of Socialists."*

Whether or not Mr. Kirkup is alive to-day I do not know. If he is, the rapidity with which the movement so clearly outlined by him has been advancing to its issue must be observed by him with curious interest. The process of concentration is going forward at the present moment with a velocity which is simply bewildering.

At the end of 1898 the newspapers figured up the amount of capital which had been consolidated in trusts during the year, as something like a billion and a quarter dollars, and we held our breath in amazement. Now they are telling us that *the amount of capital thus concentrated during the first two months of 1899 is considerably greater than during the whole of 1898.* And in the thirty days of March the capital of the companies chartered in New Jersey was $1,111,000,000.

As I am writing these words the morning paper is laid upon my table, announcing the formation of two new combinations in industries of which I had scarcely heard, one of them involving a capital of six millions and the other of sixty-five millions. It is rather a dull day which does not report to us some new trust with an issue of anywhere from one million to two hundred millions in "securities."

The businesses which do not fall into this category are getting to be exceptional.—*Washington Gladden, in "Outlook," for May 13, 1899.*

* "*Inquiry into Socialism*," *pp. 168, 170.*

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12. SOCIALISM (Concluded).

When one contemplates the marvelous progress of socialism throughout the civilized world during the past generation, and when one reflects upon the very able men who have developed the program of socialism or who have been captured by this program and become ardent adherents of socialism, one must frankly confess that only a fanatic could deny to it strength. Socialism has its strength as well as its weaknesses, and the truth-lover will seek to examine both strength and weakness impartially, and then balancing the one against the other reach a conclusion concerning the claims of socialism to his adherence.

One of the strong features of socialism is the abolition of the wastes of competition. These wastes at the present time are almost incalculable. Even in one department of industry, namely, railway management, they amount to hundreds of millions. Socialists often call attention to the waste involved in advertising and the needless duplication of agencies for doing the same work, in the needless amount of energy expended in performing service because the advantages of unity are not secured. The "planlessness of competitive industry" is a favorite phrase of socialism. And it is this planlessness against which socialism equally with the modern trust makes war, although the two have, as we have seen, different aims.

Socialism also is strong because it provides in its framework, room for the employment of every able-bodied member of society. Socialism attacks vigorously the problem of the unemployed, but it is solicitous to remove the class of unemployed rich as well as the class of unemployed poor. It aims to open opportunities for useful service for every one and to abolish the idle classes of society.

Socialism, however, lays even more emphasis upon the advantages which it would secure in distribution than it does upon the advantages which it would bring about in production. Socialism has as its central aim, justice in distribution. Socialism desires to give to each one all that is necessary to satisfy real legitimate needs, and thus to promote in every way the highest development of all the faculties of all.

When we turn to the weakness of socialism, we ask first of all, how could the unified organization of industry be effected? It is easy to see how unity in the ownership and operation of great monopolistic undertakings, like railways, can be brought about. Such unity, indeed, is not incompatible with the existing industrial order. But when we come to manufactures and to commerce, the difficulties increase immensely. It is, however, when agriculture is mentioned that we reach the most difficult problem of socialism. No socialist has yet been able to suggest any rational plan for collective management of agriculture. The agricultural industry is the rock of all others upon which socialism seems to make shipwreck. Agriculture embraces more than one-half the population in a country like the United States, and if socialism cannot provide for collective management of agriculture it must abandon its claims. If all other industry should be collectively owned and operated and agriculture should still be a private industry, we would have a different kind of industrial society from that which we now know, but it would not be socialism.

The next greatest weakness of socialism is connected with the difficulties of distribution. It is not easy to see what plan of distribution could be worked out which would meet with general approval and secure the cordial coöperation of all social forces, and without this cordial coöperation socialism would inevitably be a failure.

We must also object to socialism that the domination of a single industrial principle has its serious objections. If we have both a sphere for private employment and a sphere for public employment we shall have a richer, fuller life and each sphere may be made to strengthen the other. There is danger to liberty from an exclusive

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or nearly exclusive domination of either sphere, the public or private. The two should be complementary.

A discussion of social reform should not leave out of consideration socialism, for at the present time the aim of social reform must be to secure the advantages of socialism without its disadvantages; that is to say, to maintain the existing industrial order and to incorporate into it the really strong features of socialism. This implies the adoption of those reforms which in one connection and another we have already discussed.

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12. SOCIALISM (Concluded).

(1) **Objections to Socialism.**—We have now considered the most serious objections to socialism, and chief among these are the tendencies to revolutionary dissatisfaction which it would be likely to carry with it; the difficulties in the way of the organization of several important factors of production under socialism, notably agriculture; difficulties in the way of determining any standard of distributive justice that would be generally acceptable, and at the same time would enlist the whole-hearted services of the most gifted and talented members of the community; and finally the danger that the requirements of those persons engaged in the higher pursuits would be underestimated, and the importance of those occupations which contribute most to the advancement of civilization should fail to secure adequate appreciation. * * *

If socialism could overcome the difficulties which have already been mentioned, perhaps a multitude of others could also be satisfactorily surmounted.

Socialists are not, we must confess, altogether wrong in their position that they cannot be expected to solve in advance all the difficult problems of a new society, and that it will be time to meet difficulties when they arise.

It is true that if we are persuaded in regard to the main features of socialism, we can make the claim that we can only be required to meet the problems which immediately present themselves, and can adopt as a watchword, "The next thing." —"*Socialism and Social Reforms*," *by Ely, pp. 244, 245.*

SECOND WEEKLY REVIEW.

7. THE BARGAIN THEORY OF WAGES.—The Relation of the Bargain Theory to Other Theories.
8. THE WAGES SYSTEM AND ITS IMPROVEMENT.—Defects in the Wages System. Labor organization.
9. THE WAGES SYSTEM AND ITS IMPROVEMENT (Concluded).—Public Social Efforts and Private Social Efforts to Improve this System. The Eight-hour Working-day. Improved Sanitation, etc.
10. PROFIT-SHARING AND COOPERATION.—Profit-sharing and its Limitations. Various Forms of Coöperation.
11. SOCIALISM.—Socialism Described.
12. SOCIALISM (Concluded).—The Strength of Socialism. Its Weaknesses.

QUESTIONS.

7. *What is the bargain theory of wages? Mention two works advocating the bargain theory of wages. How does the bargain theory of wages take up what is true in the other theories?*

8. *Mention all the defects of the wages system which occur to you. What are its strong features? What do you mean by industrial democracy?*

9. *Into what two classes may social efforts to improve the wages system be divided? Describe each fully. What do you mean by the normal working-day? What efforts have been made to obtain such a working-day?*

10. *Define profit-sharing. In what sense may profit-sharing be called a step in advance of labor organization? What are the limitations of profit-sharing? What are the various kinds of coöperation? With what sorts of coöperation are you familiar? Does your own experience afford any suggestions in regard to the possibilities of profit-sharing and coöperation?*

11. *Mention and describe the four leading elements in socialism.*

12. *Describe the strong features of socialism. Also its weaknesses. Is there more than one type of socialism? What types have come under your observation? Why should there be factions among socialists? Do these factions promise well or ill for socialism?*

SUBJECTS FOR SPECIAL STUDY.

1. *Improvement of the wages system.*
2. *Education and high wages.*
3. *An examination of the wastes of competition.*
4. *An examination of socialism as a remedy for the wastes of competition.*
5. *The inflexibility of laws pertaining to wages.*
6. *The labor theory of wages.*

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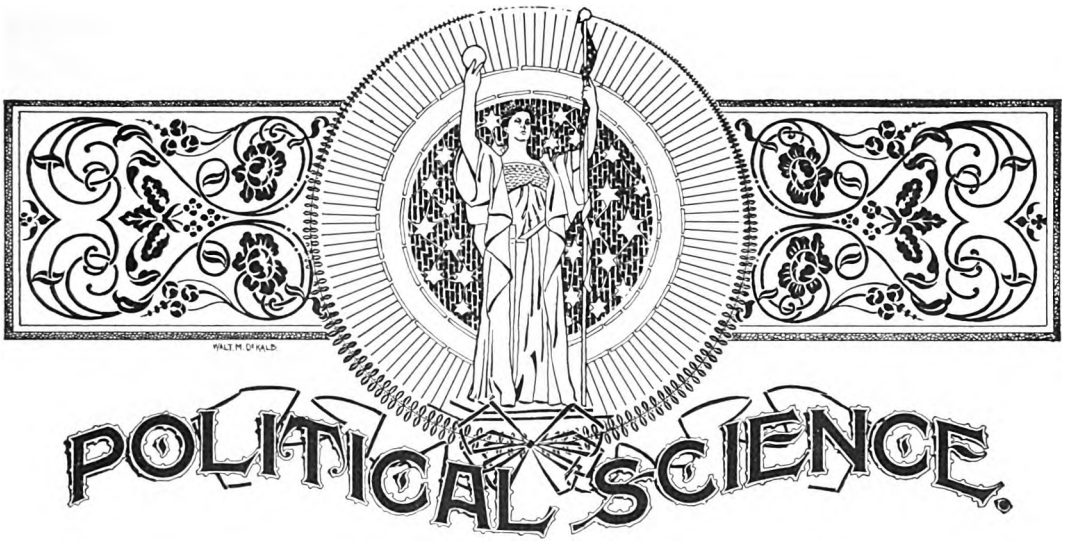

THE SANCTIONS OF LAW.

BY

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13. IN A DESPOTISM, FORCE.

IN the previous chapter we have seen that sovereignty, as the term is used in a despotic State, does not exist at all in a fully developed democracy. The attempt to attribute despotic sovereignty to a democracy results in confusion. There is constant oscillation between the idea of sovereignty in an ill-defined body called people and sovereignty in some defined agent of the people; and, in neither case, can the despotic notion of sovereignty be applied. We have seen also that the essential characteristics of a democracy are those of a voluntary society, forming plans and carrying them into effect by the free and unforced activity of its own members. The democratic State is a brotherhood, doing through organs of its own choice the things which the members wish to have done. It is only at those points where the essential characteristics of a democracy are still unattained that there arises in the so-called democracies of to-day a striking resemblance to despotic sovereignty. This distinction may be still further elucidated by a discussion of the sanctions of law or the methods of enforcing law.

In the despotic State the sovereign issues commands to subjects whose obedience he is accustomed to receive. The law is not a request; it is a demand which carries with it the duty to obey, and certain evil consequences in case of disobedience. These evil consequences are called sanctions. Locke and Bentham have recognized rewards as among the sanctions of law. Not so, says Austin: "Rewards are, indisputably, *motives* to comply with the wishes of others. But to talk of commands and duties as *sanctioned* or *enforced* by rewards, is surely a wide departure from the established meaning of the terms." In the despotic State the so-called laws are commands imposed by a superior upon an inferior or dependent subject. And the subject is not hired or induced or persuaded to obey, he is forced to obey with pains and penalties. The pains and penalties are a part of the law. Nothing else that has been called law can be made so simple, so easily understood. It is the simple relation of master and slave carried up into the relation of sovereign and subject.

Mr. Huxley, by making the essence of law consist in its sanctions, draws a

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striking comparison between the laws of nature and laws in the State. A law of nature, he says, is the observation that certain effects follow certain causes. While law in the State is simply a statement of what will follow if a man does not do certain specified things. But real law, as the term has been employed in the history of the State, has never been made so simple as the command of a master to a slave, nor so simple as the uniform fact that a heavy body left unsupported falls to the ground.

Sir Frederick Pollock observes that the aphorism that there can be no law without a sanction cannot be reconciled with the witness of history. "Law, with a good deal of formality, has existed before the State had any adequate means of compelling its observance; and indeed before there was any regular process of enforcement at all." [*First Book of Jurisprudence, p. 23.*] Sir Frederick had in view the growth of law in Europe. To the same purport writes Sir Henry Maine of the ancient Hindus. Great bodies of laws and rules of conduct grew up and found expression in their literature without any suggestion of sanctions or methods of enforcement by the State. It was only when the Brahmans, who were the ruling caste, entered into firm alliance with a king that pains and penalties in the enforcement of law grew up.(1) But Asia, we are told, has produced no State. When kings began to enforce laws by pains and penalties the rudimentary State entered upon a course of destructive despotism which continued until all consciousness of law was lost. Law in Asia was destroyed by the commands and decrees of tyrants, enforced by degrading and brutalizing sanctions. Sir Henry draws a parallel between the Brahmans with the Indian kings and an alliance between the Canonists and the kings in Europe. The union of the clergy, with their Asiatic conceptions of law, with the kings in the late Middle Ages tended mightily to strengthen the despotic State. Had all European States followed in the footsteps of Spain and France, as might have been but for the freer air of Switzerland and England, the expositor of the democratic State in the distant future would have to class Europe with Asia and say that neither succeed in producing a State.



A Brahman.

There is a striking similarity between primitive state-building in Asia and in Europe. In both countries law was built up and became established at a time when there was no supreme authority to enforce it with pains and penalties. Compliance with the law was secured by preaching, by appeal to the moral sense, by training, by friendly interference on the part of neighbors and friends. The courts of law were at first simply voluntary agencies for the assistance of neighbors in composing their differences. The first courts were courts of arbitration. Only gradually and tentatively did the authority of the State encroach upon the voluntary character of the tribunal. Rome had passed its most glorious period in state-building before such a thing was recognized as a crime against the State. Previously courts dealt only with wrongs, not with crimes against the State. It was in 149 B.C. that the first true criminal law was passed and a permanent criminal court was established, and it is interesting to observe that this first criminal statute pertained to the unlawful getting of money by rulers of provinces.(2) Roman law was built up, just as the Common law was built up in England, just as the ancient law of India grew, through the voluntary and friendly coöperation of the people in their efforts to maintain orderly and just relations. Not until the principles which destroyed the State were well developed did law take that simple and despotic form

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which makes the essence of the law consist in the infliction of punishments. Maine quotes the following passage from the writings of the Hindus after Brahmans and kings had conspired together to rule by force, and he remarks that it ought to satisfy even Jeremy Bentham: "Punishment governs all mankind; punishment alone preserves them; punishment wakes them when their guards are asleep; if the king punish not the guilty, the stronger would oppress the weaker, like the fish in the sea. The whole race of man is kept in order by punishment; gods and demons, singers in heaven and cruel giants, birds and serpents, are made capable, by just correction, of their several enjoyments." It is because of such a notion of law put into practice in Asia that Asia has produced no State, and the very idea of law has passed from the Asiatic mind.

13. IN A DESPOTISM, FORCE.

(1) **Religion and Law.**—How then does what we should call Law—that is, law, civil or criminal, enforced by sanctions or penalties to be inflicted in this world—first make its appearance in these books? It appears in connection with the personage whom we call the king. His authority is more or less assumed to exist in the oldest of these treatises, but, all taken together, they suggest that the alliance between the King and the Brahmans was very gradually formed. The most ancient of the books give comparatively narrow place to the royal authority, but the space allotted to the king and his functions is always increasing, until in the latest treatises (such as Manu) the whole duty of a king is one of the subjects treated of at the greatest length and with the greatest particularity.

It may be observed that, with the increased importance attributed to the king, there is a change in the sacerdotal view of his relation to the law. In what appear to me to be the most ancient portions of these books, the king is only represented as the auxiliary of the spiritual director. He is to complete and enforce penances. "If any persons," says Apastamba (*II. v. 10, 13*), "transgress the order of their spiritual director, he shall take them before the king. The king shall consult his domestic priest, who should be learned in the law and in the art of governing. He shall order them to perform the proper penance, if they are Brahmans, and reduce them to reason by forcible means, except corporal punishment and servitude, but men of other castes the king, after examining their actions, may punish even by death.

In a later treatise (*Vishnu, III. 2*) the duties of a king are summed up in two rules: he is to protect his people; he is to keep the four castes, and the four orders of Student, Householder, Hermit, and Ascetic in the practice of their several duties; or, in other words, he is to enforce the whole social and religious system, as conceived by the sacerdotal lawyers. The further progress of change consists in the further exaltation of the personage who in the passage from Apastamba is called the king's domestic priest. In the end, the law books come to contemplate an ideal tribunal composed of the king, with learned Brahmans as assessors. The later writings clothe the King with right divine. He is formed from eternal particles drawn from the substance of the gods.

Though even a child, he must not be treated lightly, from an idea that he is a mere mortal. No; he is a powerful divinity who appears in human shape" (*Manu, VII. iv. 8*). But he has lost in actual personal power. He can only act with the advice of his Brahman assessors. "Just punishment cannot be inflicted by an ignorant and covetous King, who has no wise and virtuous assistants, whose understanding has not been improved, and whose heart is addicted to sensuality. By a king, wholly pure, faithful to his promise, observant of the scriptures, with good assistants and sound understanding, may punishment be justly inflicted" (*Manu, VII. xxx. 31*).—"*Dissertations on Early Law and Custom,*" *by Sir Henry Sumner Maine, K.C.S.I., LL.D., F.R.S., pp. 38-40.*

(2) **Ancient Conception of Crime.**—It may be thought that the difference which I have asserted to exist between the ancient and modern view of penal law has only a verbal existence. The community, it may be said, besides interposing to punish crimes legislatively, has from the earliest times interfered by its tribunals to compel the wrong-doer to compound for his wrong, and if it does this, it must always have supposed that in some way it was injured through his offense. But, however rigorous this inference may seem to us nowadays, it is very doubtful whether it was actually drawn by the men of primitive antiquity. How little the notion of injury to the community had to do with the earliest interferences of the State *through its tribunals*, is shown by the curious circumstance that in the original administration of justice, the proceedings were a close imitation of the series of acts which were likely to be gone through in private life by persons who were disputing, but who afterwards suffered their quarrel to be appeased. The magistrate carefully simulated the demeanor of a private arbitrator casually called in.

* * * * * *

The true criminal law did not, however, come into existence till the year B C. 149, when L. Calpurnius Piso carried the statute known as the Lex Calpurnia de Repetundis. The law applied to cases Repetundarum Pecuniarum; that is, claims by Provincials to recover moneys improperly received by a governor-general, but the great and permanent importance of this statute arose from its establishing the first Quæstio Perpetua. A Quæstio Perpetua was a *Permanent* Commission as opposed to those which were occasional and to those which were temporary.

It was a regular criminal tribunal, whose existence dated from the passing of the statute creating it and continued till another statute should pass abolishing it. Its members were not specially nominated, as were the members of the older Quæstiones.—"*Ancient Law,*" *by Henry Sumner Maine, pp. 361, 362, 371.*

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14. VARIOUS MEANINGS OF LAW.

It is not true, as the Germans say, that what is clear is true. To a certain type of minds, natural science will never again be so clear as it was in the good old days when the animal and vegetable worlds were as distinct as gold and carbon; when species were seen as permanent and distinct creations. Science was then clear because it was false. It taught as true that which was not true. In like manner political economy can never again appear so clear, as it was made in the writings of Ricardo. It was clear because, as understood by the satisfied reader, it was not true. Like the current science of that day, it substituted an analytic product of the imagination for a reality. For the same reason, he who wants a clear view of law must go to the writings of the analytic expositors, of whom Austin and Bentham are types. These analysts have imagined certain qualities and conditions in the State which, so far as is known, have never had actual existence on earth or in heaven. Then, with positively painful clearness and logical consistency, they have built up an imaginary State which has been accepted as a reality. The philosophers of the Middle Ages have been criticised for spending their time in discussing such questions as the capacity of a needle point to support battalions of angels, but, so far as appears, this conduct was altogether meritorious. By such activity the human mind was kept alert and in training for future usefulness. And in any event their logical acumen did not inflict positive injury. But no such justification can be put forward for the continued existence of the modern analysts. They continue mental gymnastics about unreal things at a time when there is abundant material for useful occupation. The modern analyst promotes intellectual laziness by luring his victims into a false security. And besides, in the realm of politics he is in danger of inflicting great and positive injury because the subject matter of his reasoning may have close and intimate relations to actual conduct; and conduct based upon error is likely to be injurious. In order to get a truthful view of law in a democratic State one must consent to be less clear.

As stated before, the democratic State is not yet attained: it is only in the process of making. There is still large intermixture of actual despotism, and a much larger mixture of despotic ideas. The content of what is denoted by the word law, has ever been changing in human history, and we may expect greater changes, as the democratic State becomes more clearly defined. In writing these lessons I have used the word law, with a variety of meanings. Sometimes in a single paragraph the meaning of this slippery word would unconsciously change under my pen. I have referred to the early laws to which our Saxon ancestors were so ardently attached. I have referred to the fact that the Tudor monarchs brought dukes and bishops under the reign of law, while later, the aroused English nation made its kings subject to the law of the land. In the first instance, law is a rule of conduct growing out of the efforts of the people to live together in harmony. In the second, law is a rule of conduct imposed upon a particular class. In the last sentence, law means a constitutional principle which is the expression of an aroused and self-conscious nation. I make no apology for having used the word with such a bewildering variety of meanings. The confusion belongs to the subject matter, not to any peculiarity in the use of the term. Words in common use in the description of political phenomena are analogous to living things, and subject to constant change and modification. He who would freeze such words into a precise and unchanging meaning becomes a teacher of error. No one can read history or political literature with understanding who does not gain the power of detecting the ever-changing meaning of the terms in common use.

In a previous chapter I have called attention to early meanings attached to the word law, as learned from a comparison of the terms used in describing it in various languages. Law, in the primitive society, designates fit and orderly conduct. A

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declaration of the law is simply a designation of the conduct which had been previously regarded as fit and orderly. We know that in England the people loved their laws because they regarded them as a means of resisting tyrants. The kings came to the aid of the people, enabling them to effectively resist the encroachments of feudal tyrants. But when the king begins to bring the feudal lords under the reign of law, the term takes a new meaning. Yet at no one time is there any sudden or radical change. Feudal law was based upon custom, and when the king restrained the feudal lords, he did it usually in the name of previously existing custom. The law was recognized simply as fit conduct, not as a command imposed by a sovereign. Yet, since the institution of slavery arose very early, traces of the idea of command may be early found associated with the law.

The two contradictory notions of law coexisted for centuries. The one notion tended always to the formation of the despotic State, the other always to the development of a democracy. Magna Charta is a list of the good laws and customs to which the people were attached. Such laws are enforced by the will of the community. There is little need of pains and penalties. Yet in the charter itself the king was specifically brought under law. To make the king obey, special penalties were named; barons were appointed to make war upon him and force him to obey. This involves clearly the despotic notion of law. The king is made to command himself to obey. Then he is made to command the barons to make war upon him in case he should disobey. Such a notion of law always involves an absurdity, except there be a master or sovereign who is above law—who is not under law.

An illustration of the opposite notion of law may be given in the case of the Earl of Leicester, when for the payment of a house tax he gave back to the people their trial by jury. The Normans had introduced trial by battle or duel. After an all-day duel between two neighbors in the vain attempt to settle the dispute, the old Earl's heart was touched and he permitted the people to have their former law.(1) Such a law is enforced by the same motives which lead to its existence. It comes from the people and is freely observed by them. The despotic notion of law came prominently into view whenever there was an attempt to restrain the lawless conduct of tyrannical classes. The obvious method in such a case is command, backed by force. This view of law was always so simple, and the true origin of law was always so mysterious, that the erroneous belief became practically universal, viz., that the king was the fountain of law, and that every law, good and bad, was a command of king or church.

14. VARIOUS MEANINGS OF LAW.

(1) **The Towns and Justices.**—Rude as the borough was, it possessed the right of meeting in full assembly of the townsmen for government and law. Justice was administered in the presence of the burgesses, and the accused acquitted or condemned by the oath of his neighbors. * * *

A chance story, preserved in a charter of later date, shows the same struggle for justice going on in a greater town.

At Leicester, the trial by compurgation, the rough predecessor of trial by jury, had been abolished by the earls in favor of trial by battle.

The aim of the burgesses was to regain their old justice, and in this a touching incident at last made them successful.

"It chanced that two kinsmen, Nicholas, the son of Aaron, and Geoffrey, the son of Nicholas, waged a duel about a certain piece of land, covering which, a dispute had arisen between them. And they fought from the first to the ninth hour, each conquering by turns. When one of them, fleeing from the other till he came to a certain little pit, as he stood on the brink of the pit and was about to fall therein, his kinsman said to him, Take care of the pit, turn back lest thou shouldst fall into it.

"Whereat so much clamor and noise was made by the bystanders and those who were sitting around, that the earl heard these clamors as far off as the castle, and inquired of some how it was that there was such a clamor; and answer was made to him that two kinsmen were fighting about a certain piece of ground, and that one had fled till he had reached a certain little pit, and that as he had stood over the pit and was about to fall into it, the other warned him.

Then the townsmen, being moved with pity, made a covenant with the earl that they should give him three pence yearly for each house in the High street that had a gable, on condition that he should grant to them that the twenty-four jurors who were in Leicester from ancient times should from that time forward discuss and decide all pleas they might have among themselves.—*Green*, "*History of English People*," *Vol. I., Book III., Chap. 1, p. 219.*

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15. LEGAL SANCTIONS IN THE DEMOCRATIC STATE.

As quoted in a previous chapter, Mr. E. C. Clark defines law as the aggregate of the rules administered by the supreme authority of the State, or rules regulating the constitution and functions of that supreme authority—"*the ultimate sanction being, in both cases, disapproval by the bulk of the members of the State.*" Mr. Clark is an acute critic and expositor of Austin's Jurisprudence. He does not distinguish, as I do, between the despotic and the democratic State. Yet I am willing to accept his definition of legal sanction as entirely applicable to the democratic State. It seems to me impossible to apply it to a despotic State. If law is a rule imposed by a sovereign upon a dependent subject, then the statement that, if you do not obey this rule, the sovereign won't like you, can hardly be said to be an ultimate sanction. But, if law is the expression of the wishes of an independent, self-conscious political society laboring together for the common good, then the disapproval of the bulk of the members of that society *is* an ultimate sanction. Any specific punishment which may be attached to the violation of any rule in such a State is simply an expression or an intimation of this ultimate sanction. And surely in such a State there can be no objection to including the approval of the bulk of the society among the cardinal agencies for securing obedience to the law. By reference to a former chapter it will be seen that both Locke and Bentham included rewards as well as punishments among the sanctions of law. Austin effectively set this notion aside as inapplicable to the despotic notion of law. When the master commands he does not at the same time coax. If he coaxes and offers rewards he is not at the same time commanding. Commands are enforced by blows. But in the democratic State all this is changed. There are no commands imposed, in the despotic sense. The laws themselves are but the recognition of right rules of conduct by the members of the society. The laws are changed by persuasion, by argument, by preaching, by appeals to the public conscience. In this there is a striking resemblance to early habits and customs. (1) He who leads the way in the discovery of a better law is accounted a benefactor of the State. In such a State, men obey the law chiefly because the law is itself an expression of a strenuous, positive desire on the part of the people. The law enables them to attain more perfectly a desired good. In the enforcement of such a law men are influenced by the good opinion of their fellow-men; they will refrain from disobedience in order to avoid their disapproval. In the democratic State there is no sovereign to impose his will upon the citizen. The sanction of the law cannot rise above the source of the law, the individual conscience of the citizen and the approval or the disapproval of the community. And this, be it remembered, is not a light sanction. Men often prefer death rather than to face a community whose respect they have forfeited.

By what sanctions, then, are the laws enforced which secure to the youth of the State continuous mental and physical training to the age of sixteen, and then, through the public library and museum, provide material for intellectual and moral growth to the end of life? How is it possible to enforce the laws for the education of the people in a democratic State? Why, these laws are an expression and a fulfillment of the hope and aspiration of all the wise and good who have ever lived. To this end generations have labored and sacrificed. Such laws are enforced by the same motives whereby they have been attained. The laws provide for an obvious, positive good so great that it seems impertinent to suggest either rewards or punishments as a means of enforcement. Men are not hanged or imprisoned for disobeying the school laws. How does it happen that the best and busiest men and women of a community are willing to give days and nights to service on a school committee without any remuneration? Is it not that the natural motives for the right execution of such laws are so high that the offering of money seems a sort of

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profanity? If the State employs a hangman or a jailor it is fit that he be paid. But the men and the women who properly represent the State on the local school committee want no money to ensure faithful service. It is like offering money to parents as an inducement to love and cherish their own children.

There are, however, features connected with the laws for the promotion of education which in countries not yet fully trained to democratic ways have to be enforced with pains and penalties. Educational institutions are supported by taxation, and the extremely unsocial man will not even pay his school tax without the threat of coercion. The unsocial child will play the truant, and may have to be caught by the policeman and placed under temporary duress. The normal child goes to school with the utmost avidity; the show of force is necessary only in the case of the abnormal being, and even in these cases the use of force is a failure if it is not so used as to win the child to willing obedience. From beginning to end the work of education by the State is a voluntary work. The State thus organized is a voluntary society. Only so much force may be expended upon the abnormal members of the society as to prevent them from balking the will of the bulk of the society. The ultimate sanction is the approval, or the disapproval, or the determination of the bulk of the members. To think of applying force to the bulk of the members is an absurdity. (2) Force can be rationally employed only where persuasion and reason have failed. And even then force is but a weak and temporary expedient, to be employed as one of the minor aids to the development of reason. All this can only be applied to the democratic State; precisely opposite rules must prevail in the despotic State. The sovereign in the despotic State must compel the people to believe a great many things about himself which are not true. He must prevent the bulk of the members of the State from using their minds freely. He must promote ignorance upon many subjects about which the people, left to themselves, would gain information. In a successful despotism education, such as is permitted, must be forced upon the people. Likewise a state of ignorance on selected subjects must be determined upon by the sovereign, and this ignorance must be enforced by pains and penalties. In a despotism, no crimes are punished with such unrelenting brutality as the crime of learning and teaching the things that are forbidden; and this is necessary in such a State. The ultimate sanction, then, cannot be the disapproval of the bulk of the members of the State. In a despotism the ultimate sanctions in the execution of its educational laws are the thumb-screw, the red-hot iron, the stake, and the axe.

15. LEGAL SANCTIONS IN THE DEMOCRATIC STATE.

(1) **Penances in India.**—With these explanations, some features of those writings which are at first sight very perplexing become comparatively intelligible. Thus, they are chiefly called law-books because they contain *rules of conduct* stated with the utmost precision. But what happens to a man if he disobeys the rule? This is the principal question to the modern jurist. What is the punishment, or, as the technical phrase is, the Sanction? Understood in the modern sense, it is hardly noticed in the oldest of these books. It is in fact to be inflicted in another state of existence, and therefore, though it may be asserted, no directions can be given about it. Thus the place which in a modern law-book is taken by the Sanction—that is, by the various penal consequences of refusing to obey a law—is taken in these writings by Penances. You are to punish yourself here, lest a worse thing happen to you elsewhere. These penances are set forth in the most uncompromising language and in apparent good faith.

In one place, the penitent is told to mutilate himself and to walk on in a particular direction till he drops dead. In another he is to throw himself three times into the fire, or to go into battle and expose himself as a target to the enemy. For one great crime he is to extend himself on a red-hot iron bed, or to enter a hollow iron image, and, having lighted a fire on both sides, to burn himself to death. For the comparatively venial offense of drinking forbidden liquor a Brahman is to have boiling spirit poured down his throat.

Other penances are extraordinary from the length and intricacy of the self-inflictions which they suppose. The old books hint a doubt here and there as to the efficacy of penance; what good can it do, they say, since the evil deed itself remains? still, they add, the authoritative opinion is, that the penance should be performed. "Man in this world," writes Gautama (Buddha) (xix. 2), "is polluted by a vile action, such as sacrificing for men unworthy to offer a sacrifice, eating forbidden food, speaking what ought not to be spoken, neglecting what is prescribed, practicing what is forbidden. They (*i.e.* some Brahman authorities) are in

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doubt if he shall perform a penance for such a deed or if he shall not do it. Some declare that he shall not do it, *because the deed shall not perish.* (But) the most excellent opinion is that he shall perform a penance." This opinion is then supported by copious quotations from the Hindu scriptures. The remarkable thing is, that no one of these writers seems to feel, what would be our doubt, whether anybody could be got to perform the severer penances.—"*Dissertations on Early Law and Custom*," *by Sir Henry Sumner Maine, K.C.S.I., LL.D., F.R.S., pp. 36-38.*

(2) **Obedience to Law.**—A second instance is a case of a very different and much humbler kind. A few years ago the "taxes on knowledge" were in full swing, in spite of remonstrances from many of the brightest spirits of that day, who had long seen the utter stupidity of putting a tax, for instance, upon newspapers. The thing became too foolish for endurance. The ruling classes, or persons, were stubborn, and the process of reform had, by strong hands, to be pushed home. A part of that process, and a most efficacious part of it, too, was the publication of unstamped newspapers by keen men who saw clearly enough that the public good required defiance of an absurd and injurious law.

Their defiance took the enlightening form of an object-lesson, and the object-lesson took the appropriate form of the publication of the *Poor Man's Guardian—not* as the law directed. Its editor and proprietor, Henry Hetherington, endured twelve months' imprisonment for neglecting to provide his newspapers with a stamp; but those twelve months of suffering did more for the repeal of the taxes on knowledge than any twelve years of argument. A few such cases killed the taxes on knowledge, just as similar cases killed church rates, and just as the repeated revolt and imprisonment of such men as John Dillon and William O'Brien killed "coercion."

Our third case takes us in quite another direction. What shall we say of the good, law-abiding, peaceful Quakers in America, who a few years ago not only winked at breaking the law, but created an intricate "underground railway" for securing the escape of fugitive slaves? thereby defying the law and depriving lawful owners of valuable property!

This is but a hurried gleaning in a vast and fruitful field, but it will probably satisfy most reasonable people that in this world we have something to do besides repeating platitudes about "law and order." Again and again the history of mankind drives home the conclusion that when the public conscience and public sense are against the law, the rebel ceases and the reformer begins, the fanatic becomes the patriot, the traitor may even become the saint.

Here, of course, we shall be confronted with the objection that when the public conscience and public sense are against the law, the law can now be voted down. Precisely; and we are abundantly willing to admit that, as the government of a country comes to be really based on the will and vote of the nation at large, both the need and the right of resistance will be modified, or will cease. But society is not within measurable distance of being able to do without its forerunners and its idealists, its radicals and its rebels; and these, we may be sure, Nature will never cease to provide—at first, the sorrowful souls, haunted by divine discontents; then the dreamers of strange dreams; and then the leaders of mankind.—*John Page Hopps in "The Westminster Review," April, 1899, pp. 407, 408.*

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16. ENFORCEMENT OF SANITARY LAWS, AND LAWS TO PROMOTE INDUSTRIAL COÖPERATION.

The health of the people, like education, is a great and positive good to be attained by the coöperative efforts of the State. The same will and purpose and motives which result in the passing of good sanitary laws avail also in their enforcement. In a democratic State the people make and enforce laws for the preservation of health, because they prefer to be alive rather than dead; to be in health rather than sick. In a progressive modern State there are many and diverse laws which have to do with sanitation. Some are readily observed, enforce themselves, as it were; others are enforced with greater difficulty. In respect to some sanitary laws it would be an easy matter for Mr. Huxley to make out a striking resemblance between human laws and the laws of nature, as he defined them. He said, the law of nature is simply a way of asserting what invariably happens under given conditions. In this sense it is a law of nature that the small-pox, left to itself, destroys a large proportion of the human family in ways most disagreeable. The penalty of neglect or disobedience is death, and the law is self-acting. The State comes forward and specifies certain simple methods whereby death from small-pox may be avoided. In a well trained democracy this is all that is necessary. The people freely and gladly do the things required. Only in the case of the untrained, the superstitious, or the prejudiced, are coercive processes required for enforcement. There is little need for the State to affix special pains and penalties for the enforcement of law to prevent the spread of small-pox. I once knew of a case where a man exercised criminal carelessness in this matter, and the ultimate sanction of the

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violated law was nothing but the disapproval of the bulk of the community. This was expressed in no special or unusual way, yet it was so effective as to induce immediate self-banishment.

There has been a national debate in England upon the subject of compulsory vaccination of infants, following a deadly small-pox epidemic at Gloucester in 1895. The proofs are overwhelming that vaccination is an effective protection against small-pox, yet in the face of these proofs Parliament last year made the laws for *compulsory* vaccination less stringent than they were before the Gloucester epidemic. One object of this change was to secure more nearly universal infant vaccination. It was the opinion of many of those voting for the law that this end would be better attained by introducing a larger element of volition in its execution. (1) In London, under present experience, about one infant in four millions dies from small-pox, and there is strong evidence that about one in fourteen thousand dies from the effects of vaccination. Of course, without vaccination and other effective checks it is believed that a large proportion of the people would die with the disease. Large sections of the English people defy the pains and penalties of the compulsory vaccination law. (2) It is believed that they will not so effectively resist the persuasions of a law not compulsory, but supported by a strong and alert public opinion. M. G. Fawcett closes an article on this subject in *The Contemporary Review*, for March, 1899, thus: "Let me repeat that all this does not destroy the case for vaccination, but it does destroy the case for compulsory infant vaccination. The demand for vaccination in the presence of an epidemic is so great that it needs no law to enforce it: the resistance to compulsory vaccination when there is no epidemic is so strong and has so greatly increased in strength with increasing knowledge of the subject that compulsory legislation becomes a dead letter and brings the law into disrepute and contempt." This illustrates an important principle and method of the growth of law in a democracy. In the first place the law is itself the result of an effort to discover right rules of conduct. Time was when the only available way of escaping destruction to life was universal compulsory vaccination. With such an alternative it seemed a small matter to sacrifice one infant in ten thousand to save the life of one-tenth of the population. But any law rigidly enforced works more or less injustice. With more perfect knowledge it is discovered that vaccination is not the only method of effective resistance to small-pox. It is discovered also that dangers from vaccination are greater in some families or in some cases than in others. The question, then, is fairly raised whether the State is justified in a rigid, inflexible enforcement of the rule for vaccination. It may quite conceivably happen that vaccination would not be permitted in certain exceptional cases where the patient is peculiarly liable to suffer injury. Every increase in knowledge makes a demand for a modification of the law. Ideal justice is approached when the people have become so trained that without any compulsion they will regulate their conduct in accord with the most perfect rules known at the time. Sanitary rules are enforced by an enlightened public opinion. Without such support effective sanitation is impossible.

Laws to promote education and health, and moral and physical well-being fill a larger and larger place in the modern democratic State. The other growing department of law pertains to industrial coöperation. This is not new. At a time when the States were first building, the people were bound together by common ownership of land and by guilds and industrial corporations in towns and cities. Their laws were rules of their own adopting. The State did not inflict upon them pains and penalties, but rendered timely assistance in securing the willing observance of their own rules. This method of State-building was arrested by the growth of despotic governments. The democratic State reverts to the ancient methods under new conditions. Like the free city of the middle ages, the modern democratic city is a business corporation. The citizen drinks the city water. He reads a

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book from the city library by a light furnished by the city. He rides upon a street-car owned and run by the city. He washes his clothes in a city laundry and cleanses his skin at the city bath. These are all the creations of law, yet to enforce such laws makes but a slight demand upon jailer or hangman. Such laws are enforced by the free will of the people who make them. The city government is made strong and pure and just through these many industrial ties. In like manner the State at large is strengthened through the postal system and through the public telegraph, and there is good reason to believe that a public railway system administered by the democratic State will have a like result, purifying the politics of the State and rendering the government stronger and more just. The enforcement of all such laws makes little demand for special sanctions. At every step the law results from a discovery of a better way, a higher good. Such a law is enforced as a matter of course, by common consent, by public opinion, by the approval or the disapproval of the bulk of the community.

16. ENFORCEMENT OF SANITARY LAWS, AND LAWS TO PROMOTE INDUSTRIAL COÖPERATION.

(1) **The Vaccination Act of 1898.**—I am aware that I have only touched the fringe of a most interesting subject. The view of the Commissioners and of the majority of the speakers who supported the action of the government in both houses of Parliament was that there would be more vaccination if there were less compulsion, and that every time a father who conscientiously objected to the vaccination of his children was imprisoned, bullied by the magistrates, or fined, a new group of persons became interested in the subject and joined the ranks of those who ceased to make an Athanasian creed of the value of vaccination.

I think there is much to show that they were right in their anticipations. Mr. Chaplin said, in reply to a question in the House of Commons on February 9, that two hundred and thirty-nine thousand children had been exempted from vaccination under the new act; but before that act came into operation the estimated number who were withheld from vaccination in the same year was three hundred and seventy thousand; that at the moment he was speaking the vaccination trade was very brisk, and the demands for the glycerinated calf-lymph strained the resources of the department to keep pace with them.

There is, however, one way in which the administration of the law has been out of harmony with the good sense of the Commissioners, the department, and the House of Commons. All of these have shown a praiseworthy desire not to make martyrs of the parents who object to the vaccination of their children; but their excellent intentions have been to a certain extent thwarted by the magistrates who have had to administer the new act.

Many of these have not thought it inconsistent with the dignity of their position as representing the just administration of the law, to grin and jibe at the parents who come before them to ask for the exemption certificate which the law authorizes them to demand. I am not an anti-vaccinator; that is, I believe that vaccination generally gives protection long enough, at any rate, to carry one safely through an epidemic; but I have been nearer to being an anti-vaccinator than I ever was before, since I have seen that the cause of vaccination appears to require magistrates, in the course of the discharge of their duties, to insult and endeavor to perplex the poor and ignorant who appear before them to claim exemption.—*Millicent Grant Fawcett, in "Contemporary Review," March, 1899.*

(2) **Compulsory Vaccination.**—Socrates has said: "Do you think that a State can exist and not be overthrown, in which the decisions of law are of no force, and are disregarded and set at naught by private individuals?"

Now, before the law was altered we had a condition of things that was worse than this; we had a large number of publicly elected bodies, deliberately chosen with the express mandate that they were to disregard and set at naught the law of the land.

After either thirty-two or forty-six years of "compulsory vaccination," certainly one hundred and twenty-two, and possibly one hundred and fifty, Boards of Guardians were declining to put the act into operation, and a very large proportion of these were elected on the express ground that they had pledged themselves not to put the act into operation.

Every effort had been made by the Local Government Board to force the Boards of Guardians to put the vaccination law into operation. One board, that of Keighley, in Yorkshire, had been sent to prison, but all to no avail. They had to be let out, and things went on the same as before.

That is a sufficiently serious state of things for any body of men, responsible for the good government of the country, to take into consideration.

What is the remedy proposed by those who object to the action of the government? "Supersede the Guardians and put the business into the hands of the central authority," it is said. I wish to be as respectful as possible to those from whom I differ, but the proposed remedy is an absurdity. From whom does the central authority derive its power? Ultimately, of course, from the will, expressed at the ballot-box, of the mass of the electors.

To take the matter of vaccination from the hands of the local authority and place it in those of the central authority would not settle the dispute; it would merely change the field upon which it is fought. Parliamentary elections would then turn on compulsory vaccination, to the deterioration of the dignity of imperial concerns, but not, I fancy, to the disadvantage of those who resist compulsion.—*Ibid., p. 335.*

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17. THE PERSISTENCE OF DESPOTIC NOTIONS.

Because force is still used in all democratic States, and because so far as appears there will always be some use of force in the execution of the will of the State, there is an inveterate tendency to revert to the despotic notion that the State is, after all, founded upon force. It requires force to lift the infant to its base of supplies, and if this force were not habitually and continuously exercised the State would soon cease to exist. If this is what is meant by founding the State on force, surely there can be no dispute. The State cannot exist unless the physical conditions are fulfilled by the attainment of live, flesh and blood citizens. So much, however, ought to be assumed. The force then exerted in nourishing the infant explains nothing which needs explaining. But the sentiment which prompts the mother to lift the infant to her breast is a fact of a very different order. The sentiment does explain things which need explanation. The force is a mere mechanical adjunct to the sentiment and explains nothing. The sentiment which links together mother and child is a primary state-builder of the first importance. The State is founded upon family affections. These affections become generalized and extended so as to include the kinsfolk, the village, the tribe, the nation, the human race, and upon these affections and sentiments the true State is founded. A passage from Bentham may serve to illustrate the length to which the philosophy of despotism may be carried in its attempt to account for the family.(1)

In the family, wherever force is employed to preserve its members from destruction, or to discipline its members into a more rational appreciation of family life and purpose, force itself becomes a factor in true state-building. But where force is employed to establish in the family the relation of sovereign and subject it tends directly to destroy the family. So in the tribe, force that is employed as a disciplinary agency in the attainment of a more perfect appreciation of tribal life strengthens the tribe.

Force used to establish or maintain the relation of sovereign and subject tends to destroy the tribe. We have seen that both in Asia and in Europe, where the laws had drifted into the hands of a despotic sovereign and were imposed upon an unwilling people by pains and penalties, the destruction of the State began. The French State was already well nigh destroyed when its Grand Monarch could say, "I am the State." It took thousands of years to build the French State. It was brought to ruin by three or four despots. The French State can live again only as reason and conscience are placed above force and fraud. In any society of rational beings so soon as its members come to look upon force as an ultimate sanction in the enforcement of its rules, that society is on its way to ruin.

There is a common belief that at one time a few members of the Masonic Order considered themselves justified in inflicting the death penalty upon a member for violating the rules of the order. I admit that it is misleading to compare a voluntary society with the State as to the extreme limits of the use of force. The State is not limited in this regard as is the mere voluntary society. But it is not unfair to compare the democratic State with a voluntary society as to natural tendencies in the methods of enforcing rules. The Masonic Order does succeed to a remarkable degree in securing compliance with its rules by appeal to a common sentiment; while a prevailing belief that obedience was forced would result in disintegration; just as, in a State, an obedience that is enforced is no obedience at all, but is a mere temporary adjustment of conduct to avoid a penalty. Such a motive adds no strength to the State. Some modern writers, who seem to be dissatisfied with the language of the ancient Hindus when they asserted dogmatically that punishments governed singing angels in heaven, and who at the same time observe that the exercise of force has passed out of sight in the modern democracy, nevertheless assert with all the fervor of the ancient Hindu that the force exists in even greater

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amount than ever, and that it is because there is so much of it that there is no need of showing it except upon rare occasions.

An oft quoted passage of Sir J. F. Stephen vividly expresses this sentiment. He compares the Scotland of the fourteenth century with the Scotland of to-day, and he dogmatically asserts that there is more force in the Scotland of to-day than there was in Scotland when every man lived in constant expectation of killing some one or being killed. He says: "The force which goes to govern the Scotland of these days is to the force employed for the same purpose in the fourteenth century, what the force of a line of battleships is to the force of an individual prize-fighter. * * * Force not only reigns, but in most matters it reigns without dispute."(2) Now is it true that force reigns in Scotland? I had supposed that during the last five hundred years morality, and conscience, and public opinion, and religion had been gradually substituted for force. Stephen, I know, calls this notion false, "not to say childish," yet I must still hold to the notion that the Scotch banking system, which is the admiration of the world, has grown out of the moral qualities of the people. He who believes that force rules in this system ought to be able to explain how force could be exercised without destroying its essential characteristics. So in the Scottish school system, how could force be exercised without destroying all that is best in the system? And in the police, every increase in the exercise of force is a step in the direction of barbarism.

But the eminent jurist asserts that force reigns even though it is not exercised. This is pure dogmatism. Another may say that force does not reign. But really this a question to be settled by evidence. Take the next normal, unspoiled Scotsman you meet and ask him whether he is a thief. If he is not, ask him why he is not. Ask him if he knows Scotsmen who are thieves. "Are thieves always punished in Scotland?" "No; it is considered such a disgrace to be a thief that a good deal of stealing is allowed to go on without the culprit being even exposed to the punishment of publicity." "Why does a Scotsman object to being sent to jail?" "It is chiefly on account of the disgrace of the thing. He loses the good opinion of his fellows." Scottish laws forbid the ordinary fist fight. Yet an occasional fight occurs, and no one is punished. The practice, however, gradually disappears, because it becomes offensive to public taste. It is simply not true, as any one may learn who will look deep enough into the subject, that the Scottish people lead an orderly and decent life because there is an unlimited quantity of brute force ready to be turned loose upon them. No such force exists. If the people could be induced to actually believe that they were governed by force, they would rapidly return to barbarism.

17. THE PERSISTENCE OF DESPOTIC NOTIONS.

(1) **Principles of Morals and Legislation.**—Two persons, who by any means stand engaged to live together, can never live together long, but one of them will choose that some act or other should be done which the other will choose should not be done. When this is the case, how is the competition to be decided? Laying aside generosity and good breeding, which are the tardy and uncertain fruits of long-established laws, it is evident that there can be no certain means of deciding it but by physical power, which, indeed, is the very means by which family as well as other competitions must have been decided, long before any such office as that of legislator had existence. This, then, being the order of things which the legislator finds established by nature, how should he do better than to acquiesce in it? * * * As between parent and child, the necessity there is of a power on the part of the parent, for the preservation of the child supersedes all further reasoning. As between man and wife, that necessity does not subsist. The only reason that applies to this case is the necessity of putting an end to competition. The man would have the meat roasted, the woman boiled. Shall they both fast till the judge comes in to dress it for them? The woman would have the child dressed in green; the man, in blue; shall the child be naked till the judge comes in to clothe it? This affords a reason for giving a power to one or other of the parties, but it affords room for giving power to one rather than the other. How, then, shall the legislator determine? * * * Looking around him, he finds almost everywhere the male the stronger of the two; and, therefore, possessing already, by purely physical means, that power which he is thinking of bestowing on one of them by means of law.—*Bentham, "Principles of Morals and Legislation," p. 259.*

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[NOTE.—This passage from Bentham well illustrates the extent to which the philosophy of despotism may be carried in accounting for the family. But it involves a denial of history, because in primitive society the woman is often the head of the family, and there can be no rational claim that the woman ever ruled by brute force. Not until slavery and despotism have been thoroughly developed has there been legal recognition of the man as the despotic ruler of the family. It involves a denial of reason and common observation, because with all the refinements of the philosophy of the war-club no way has been devised for settling the burning question as to how to cook the family meat by a sheer act of force, without violating the law or destroying the family.]

(2) **Force.**—The first impression on comparing this spirited picture with the Scotland which we all know—the Scotland of quiet industry, farming, commerce, and amusement—is that the fourteenth century was entirely subject to the law of force, and that Scotland in the nineteenth century has ceased to be the theater of force at all.

Look a little deeper and this impression is as false, not to say as childish, as the supposition that a clumsy row boat, manned by a quarrelsome crew, who can neither keep time with their oars nor resist the temptation to fight among themselves, displays force, and that an ocean steamer which will carry a townful of people to the end of the earth at the rate of three hundred miles a day so smoothly that during the greater part of the time they are unconscious of any motion or effort whatever, displays none.

The force which governs the Scotland of these days is to the force employed for the same purpose in the fourteenth century, what the force of a line-of-battle ship is to the force of an individual prize-fighter.

The reason why it works so quietly is that no one doubts either its existence or its direction, or its crushing superiority to any individual resistance which could be offered to it. * * * Force not only reigns, but in most matters it reigns without dispute.—*Stephen*, "*Liberty, Equality and Fraternity*," *p. 227.*

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18. ONE LAW AND ONE LAWGIVER.

It is conceded that an infant must be dealt with on the basis of force. So far as the infant is wholly without reason the rule of force is complete, yet such an one is wholly without law. The infant is dealt with under a régime of external guidance and direction until the age of mature judgment is reached. In most States this age is artificially fixed at twenty-one; at which time, in a democratic State, there is an assumption of the responsibilities of the guiding and directing body politic. It is conceded also that an insane man is dealt with on the basis of force. If he is wholly void of reason, force alone prevails; but such an one is not under law. As reason is restored the recognition of law and orderly conduct takes the place of force. Again, in dealing with the defective, the unsocial and the lawless, force is employed. If one is altogether lawless he may be wholly subject to force. But, as the term is used in a democratic State, the lawless man is not under law; he is under force. In all primitive society, in the exercise of all those powers which make for the building of the State, there is just one thing to be done with the lawless man. That is, he is to be destroyed, and destruction is a confession of the failure of the law. When the Hebrew father found that his son was wholly lawless, he had not the liberty of the Roman father to destroy his child. Custom and the law of the land required that he call upon his neighbors, and that they together destroy the lawless son. Such an act was a public confession of a failure of the law of the family. Only those are perfectly subject to the law of the family who are lovers of fit and orderly conduct, and these have no fear of being destroyed for lawlessness. It has taken the world a long time to learn that fear of punishment does not tend to make lawful members of society. For thousands of years the belief prevailed that the rod on the child's back made it easier for the child to remember dates. We now understand that our ancestors retained intellectual powers in spite of the rod, not because of it. We may still retain the rod as a minor disciplinary agency, but we are no longer under the delusion that corporal punishment in itself has a tendency to clarify the intellect.

In the primitive State a familiar form of the death penalty was banishment. Instead of actually taking the life of the culprit, the State declared him an *outlaw*. Nothing could more vividly portray the idea of law upon which all States were founded. Those only were subject to the law who freely and of their own motion obeyed the law. When the State banished a member it was an artificial, or a pub-

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lic, recognition of an already accomplished fact. The member had ceased to be subject to the law, and the State withdrew fellowship. This notion of law has everywhere prevailed until the advent of despotic government. The despotic notion of law has tended everywhere to reduce the masses of the people to the condition of chattel slaves or to mere helpless victims of hunger and brute force.

The democratic notion of law is well illustrated by international law. From the despotic standpoint this is not law at all; it lacks the sharp distinction between sovereign and subject which the despotic State assumes. (1) International law is an application of those principles of conduct which in all lands have tended to preserve and develop the democratic State. There has always been international conduct of some sort. As states have grown into self-consciousness some international conduct has been recognized as fit and orderly and other conduct as unfit and disorderly. With the growth of that moral sense which has created the modern State there has arisen a strong disposition to approve the fit, and to disapprove the unfit in international conduct. Under this sanction a large body of rules has come to be universally observed by many of the leading States. The particular States observing these rules are within the pale of international law; the others are in the position of outlaws. (2) International law prevails only among those nations freely observing the law. Other States are dealt with upon a different basis. Among the States subject to international law there arise disputes as to the application of the law. In such a case the States follow the old and the beaten track. They try to argue it out, or they appeal to witnesses, or, after the manner of the primitive Roman court, they resort to the friendly and impartial neighbor. That is, they constitute a court of arbitration. Or they may resort to the barbarous practice of trial by battle. Just as in the democratic State, the ultimate sanction in international law is the approval or disapproval of the bulk of the members of the society of nations. Law among the nations is imperilled just as is law within the State by the growth of despotic notions of government. A government of a particular State which is engaged in the process of substituting force for law in the State will naturally tend to play the tyrant among the nations. For all the relations of life there is one fundamental principle of right conduct. It is the same in the family, the village, the tribe, the State, the human race. There is one law and one ultimate sanction of law. The law has received the name of Love, and the ultimate sanction is the unspoiled and unperverted conscience. In an imperfect world the law is known only in part. Progress is attained through the discovery and application of the principles of the law. The word love, or any word which may be chosen to designate and summarize ultimate moral law, is a word which cannot be defined. It cannot be defined except in a negative way, because it stands for that which is confessedly unattained. The law will be known when the righteous State has been attained. It cannot be known before. It is the conscious striving for an unrealized moral order which differentiates the moral being. The belief in a power that works for righteousness is the essence of all religion. Among the latest words of Herbert Spencer is the statement that the conception to which the expositor of the universe tends "is much less to that of a universe of dead matter than that of a universe everywhere alive." He further states that "the necessity we are under to think of the external energy in the terms of internal energy, gives rather a spiritualistic than a materialistic aspect to the universe." If we conceive of the universe as alive and as spirit, then all law is moral, and what we call force in external phenomena is a subordinate moral agency. Lawlessness results from the attempt to substitute the appearance for the higher reality. The universe and the master organism called the State each appear to rest on force. Yet such a belief involves relentless war as cruel as the grave. There is universal moral order when all things are seen to work together for the highest moral ends. There can be no fair trial of democracy until there arises a universal belief in democracy. There

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can be no belief in democracy by a people who retain the despotic notion of sovereignty and the despotic notion that force is the ultimate sanction of law. Men cannot be forced to believe in democracy. One of the most insidious enemies to democracy is the notion that the teaching of despotism is dangerous. The democrat must freely consent to the teaching of all despotic doctrines which are honestly held. But he is only half a democrat who is willing to tolerate the teaching of opposing beliefs. The real democrat is more than a mere tolerationist. He insists positively upon the free and unforced expression of opinions and beliefs. Democracy assumes that political wisdom is attained by the unforced exercise of reason and conscience. Every act of repression tends to vitiate the result. So long as men believe in despotic government, the democrat must permit the doctrines of despotism to be freely taught and fairly stated. Freedom of teaching in a democracy is not a thing to be tolerated ; it is to be positively and aggressively insisted upon.

18. ONE LAW AND ONE LAWGIVER.

(1) **International Law.**—International law consists in certain rules of conduct which modern civilized states regard as binding on them in their relations with one another with a force comparable in nature and degree to that binding the conscientious person to obey the laws of his country, and which they also regard as being enforceable by appropriate means in case of infringement.

Two principal views may be held as to the nature and origin of those rules. They may be considered to be an imperfect attempt to give effect to an absolute right which is assumed to exist and to be capable of being discovered; or they may be looked upon simply as a reflection of the moral development and the external life of the particular nations which are governed by them. According to the former view, a distinction is to be drawn between international and international positive law; the one being the logical application of the principles of right to international relations, and furnishing the rules by which states ought to be guided; the other consisting in the concrete rules actually in use, and possessing authority so far only as they are not in disagreement with international right. According to the latter view, the existing rules are the sole standard of conduct in law in present authority; and changes and improvements in those rules can only be effected through the same means by which they were originally formed, namely, by growth in harmony with changes in the sentiments and external conditions of the body of the states. As between these two views in their crude form the majority of writers appear to hold to the former, but a considerable number, while thinking that positive international law derives its force from absolute right, practically refer to positive law as the only evidence of what is right; so that international usage and the facts of the modern state life return by a bye-road to the position which they occupy in the second view, and from which they appear at first sight to have been expelled. . . . The difference of opinion thus shown is no doubt not greater than that which exists as to the principles by which the internal life of a state ought to be regulated, and as to their origin and sanction of the principles.—"*A Treatise on International Law*," *by William Edward Hall, M.A., pp. 1, 2.*

(2) **Actual Positive International Law.**—Coming with narrower limits, we define international law to be the aggregate of the rules which Christian States acknowledge as obligatory in their relations to each other, and to each other's subjects. The rules also upon which they unite as in treaties to impose on their subjects, respectively, for the treatment of one another, are included here, as being in the end rules of action for the States themselves. Here notice :

1. That as Christian States are now controllers of opinion among men, their views of law have begun to spread beyond the bounds of Christendom, as into Turkey, China and Japan.

2. The definition cannot justly be widened to include the law which governs Christian States in their intercourse with savage or half-civilized tribes; or even with nations on a higher level, but lying outside of their forms of civilization. In general, towards such nations, they have acted on the principle that there is no common bond of obligation between them and the other parties, observing only so much of international law as suited their policy or sense of right at the time. Especially towards savage tribes they have often acted with flagrant selfishness, as if they feared no retribution from a weaker party, or were beyond the reach of public opinion. (Comp. § 143 and § 223).

3. The rules of action agreed upon by two or more Christian States, but not by all, or the most of them, form no part of international law; although they often illustrate it, and often pave the way for the admission of new modifications of it.

4. Nations, it is conceded by all, have obligations towards foreigners who are not constituent parts of any nation, or, at least, of any nation by which the law of nations is acknowledged. The consideration of the rights or moral claims of such persons belongs to international law, not as the system of rules observed between nations, but as involving obligations which all nations, or all Christian nations, acknowledge.

The way in which positive international law becomes such shows that it must be progressive and somewhat uncertain. Right, as Heffter remarks, is either *guaranteed*, under the protection and force of a competent power (as we see it in the state), or *free*, that is, the individual power or person must protect and preserve it for himself. The law of nations is of this latter kind. First of all, the single state sets up for itself its views of right against other states. If it gives up its isolation, it freely forms an intercourse with other states, a common right or law, from which now it can no longer set itself free.—"*International Law*," *by Theodore Woolsey, pp. 3-5.*

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THIRD WEEKLY REVIEW.

13. **IN A DESPOTISM.** — Force is the Ultimate Sanction. Development of Law Precedes Despotism.
14. **VARIOUS MEANINGS OF LAW.**—Two Contradictory Meanings Coexist.
15. **LEGAL SANCTIONS IN A DEMOCRATIC STATE.**—Laws are Obeyed from the same Motives which lead to their Adoption.
16. **ENFORCEMENT OF SANITARY LAWS AND INDUSTRIAL COOPERATION.** — The Laws are Enforced by so Changing them that they Express the Prevailing Will of the Community. Failing in this, they are Disobeyed.
17. **THE PERSISTENCE OF DESPOTIC NATIONS.**—Because Force may be Employed is no Evidence that it Explains the State.
18. **ONE LAW, ONE LAW-GIVER.**—Law is one in Family, Tribe, State, among the Nations, for the Race and for the Universe.

QUESTIONS.

13. *What is law in a despotism? Can rewards be reckoned among the sanctions of law in a despotism? How does law in a State resemble a law of nature? In the origin of law in Europe and Asia were there specific sanctions? How were punishments brought in? How was obedience secured before punishments were introduced.*



The Roman Forum.

14. *What are three meanings of the word law in English history? Is it possible to read history correctly and at the same time attach an unvarying meaning to terms in common use? Why did the English people cherish their early laws? What are the two prevailing contradictory notions of law?*

15. *What is the ultimate sanction of law in a democracy? In a democracy, may rewards be accepted as a sanction of law? How are the school laws enforced? Are there features of the school law which call for the application of force? Why, then, does not the whole law rest on force? Why must force prevail in a despotism in matters of education?*

16. *How are laws for the prevention of small-pox enforced? Why did the English people refuse to obey the law for the enforcement of infant vaccination? Why is the law more generally observed when made less compulsory? Can there be effective sanitation without enlightened public opinion? How are the laws for supplying the industrial needs of a city enforced?*

17. *Is the family founded on force or on affection? Does the true state involve a wholly new principle? What is the function of force in the family and in the State? How was the French State destroyed? How does the State differ from a voluntary society in the use of force? Is there as much force in the government of Scotland to-day as there was five centuries ago? Can men be governed by a force that is not exercised?*

18. *So long as the infant is wholly under force, is he at the same time under law? If the insane man is wholly subject to force, is he at the same time subject to the law? Is the man who is wholly lawless at the same time subject to the law? What did the primitive state do with the lawless? What does the term outlaw mean? What is international law? Is it law in the despotic sense? Is it law in the democratic sense? What are the sanctions of international law? Can there be two principles of right conduct? What name is given to the one principle of right conduct? Can ultimate law be understood in an imperfect state? Is it force or is it moral being that rules the universe? Can a belief in democracy be promoted by repression?*

SUBJECTS FOR SPECIAL STUDY.

1. *Sanctions of law as taught by Austin.*
2. *Law without formal sanctions as described in Maine's "Ancient Law" and his work on "Early Law and Custom."*
3. *T. H. Green's "Ethics" on "Will, not Force," as the basis of government.*
4. *Study the ordinary methods in the execution of school laws.*
5. *The growing field of state and municipal industrial coöperation.*
6. *Law as seen from the standpoint of international law.*

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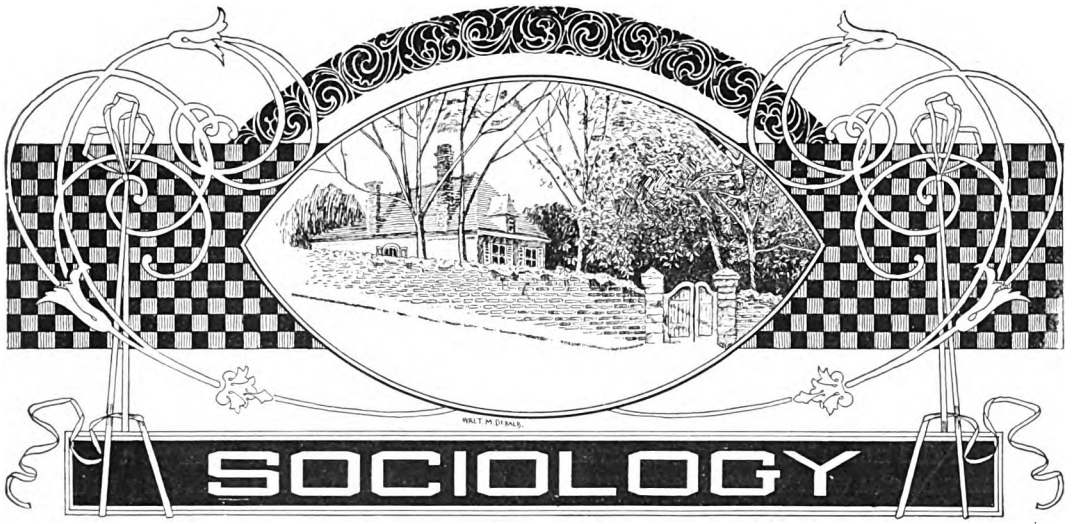

SOCIAL SELECTION AND CONTROL.

BY

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19. NATURAL AND SOCIAL SELECTION.

WE have had occasion many times to refer to the process of natural selection, by which, in a perfectly automatic way, the vigor of a race is maintained and increased. The antelope that is less fleet or wary is caught. The eagle that is less keen of vision misses its prey and its nestlings starve, and so with the fox that lacks the needful cunning, the lion that is deficient in strength or stealth, etc. They all perish by virtue of their defects and tend to make defects impossible.

The action of natural selection among primitive men is easy to trace. Nature's crude agents are wofully active, and famine, disease and violence are always dogging the savage's footsteps. But it is apparent at once that a large part of the effort of society is to change this condition of things and protect man from these dread enemies. Famine, for one thing, is prevented by all possible means, and in all more advanced societies it has disappeared, at least in its conspicuous forms. Violence is repressed with all sternness and is regarded as a public disgrace. Disease is still familiar, but every year marks progress in our mastery of this great destroyer. We do not yet know the limits of our power, (1) but it is perfectly plain that society is committed to the most uncompromising war with these agents of natural selection. This raises some interesting questions. Is natural selection baneful or can it be dispensed with? Or has society some other and better way of effecting the same result?

With regard to the first question we can answer unhesitatingly, no. Few things are better established than the fact that heredity is incapable of maintaining the quality of any stock that it is charged to perpetuate, much less of improving it, without this constant sorting. (2) This is illustrated in all our domestication of animals, where the sorting is carried much farther. Any breeder of cattle would laugh at the idea of improving a stock without constant selection, and experiment has more than once shown that when such selection is remitted the improvement previously gained is lost. We are forced to conclude that society opposes natural selec-

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tion only because a better method is required; one more consistent with the purpose and life of society.

There are two reasons why natural selection could not be tolerated in a society like ours. The first is that it prevents the development of the social instincts. Society requires that men should stand by one another in all dangers and difficulties. They must not only refrain from killing one another, but they must have a horro of seeing one another killed, which shall prompt them to those instant efforts which are necessary for mutual protection. Men cannot have these instincts if they are continually hardened by the sight of men starving or dying from violence. Men may thoroughly deserve to be starved or killed, but it hardens us to see or even imagine its being done. So we bend all our energies to prevent these hardening experiences. The selecting must be done in some less hardening way.

The second reason is that the old methods did not take account of social conditions and did not select social material. It is not the strongest man in a fight, or the man who can wait longest between meals, that was best worth preserving in a state where fighting and fasting were more and more rare in their occurrence. The candidates for the great examination must be subjected to other and very different tests.

Still it must not be supposed that natural selection is or ever can be entirely eliminated. Disease is not and can not be stamped out, though its ravages may be made less awful. New diseases, like the grippe, appear from time to time to carry off those who have weak lungs or abnormal nerves or other defect. Vice, the indulgence of appetites of a nature or in a degree not compatible with social conditions, still destroys those who lack needful self-control. The quarrelsome still run the risk of perishing by the violence which they provoke. Even famine, which we would fain believe banished, still destroys multitudes by secret and indirect methods, (3) while in countries which have made long strides toward modern civilization, it still stalks openly abroad from time to time as of old.

There is little reason to hope that these agencies can ever be wholly dispensed with. Vast ameliorations can be effected and those forms of suffering and death avoided which are most repugnant to the moral sense. The balance between life and death can be greatly altered in favor of the former so that there shall be less dying and more living in the world than now; (4) but it is death itself in fact that must effect this amelioration. There must always be natural selection because there must always be death, and death is never quite undiscriminating in its choice. It is for us to increase the accuracy of these discriminations and the painlessness of the inevitable event.

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19. NATURAL AND SOCIAL SELECTION.

(1) **Fancies Concerning the Elimination of Death.**—We at least know them better than we once did, however. The eighteenth century, in which men became so intoxicated with the idea of progress, produced many extravagancies in this line. Thus Condorset, a brilliant Frenchman, who fell a victim to the fury of the French Revolution, and William Godwin, an opponent of Malthus, each came to the conclusion that in view of our great progress in medicine, sanitary science, etc., the race was doubtless destined to become immortal, death being altogether eliminated. Along with this would necessarily come the elimination of sexual instincts, the birth of children would cease and family life and organization would cease to have any significance. This is an illustration of the danger of carrying things to their logical extreme.

(2) **Race Improvement.**—There is a great deal of dispute in scientific circles as to the importance of selection in race improvement. The case is thus admirably summarized by Warner:

"The question of heredity is at bottom a biological question; and it is decidedly annoying that, just when we most desire certainty, biologists should be able to supply us with little but controverted speculations. After many books have been written to explain how acquired characteristics are transmitted from parent to offspring, Professor Weissmann steps out of his laboratory to deny that we have any proof that they are so transmitted."—*American Charities, pp. 119-121.*

(3) **Indirect Famine.**—Open famine is secretly known in a country like our own, but indirect famine is still very common. Improper food for the sick, or for children among the poor, or accidents connected with the struggle for food under unfavorable condition are only famine in disguise and are still very common.

(4) **Increased Longevity.**—That is, the average length of human life, can be and is being increased, as is proved by mortality statistics.

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20. SEXUAL SELECTION.

Before considering the modifications which society effects in natural selection we must notice another and parallel selection which modifies that which we have just considered. It can but impress us as unfortunate that beings should come into existence which are unfit to survive and are seemingly born only to suffer and die. Better far that such were never born. While nature certainly tolerates much that we can not contemplate without pain, she seems on the whole to share this view, for there is abundant proof that many influences tend to prevent the birth of the unfit. This anticipatory selection is effected mostly through the choice of the sexes in pairing or marriage and is therefore called sexual selection.

This expression of preference which is so familiar to us in the human species is very general in nature. In general the things that are attractive to individuals of either sex in those belonging to the other are characteristics closely connected with natural efficiency and the effective performance of natural functions. In the long run this must be so, because, as we have seen, no other kind of preferences can long persist.

The individuals which are unattractive to those of the other sex are therefore individuals whose offspring would be most likely to be unsatisfactory and to fail to stand the test. So when these individuals fail to find mates, they fail to produce offspring, and so much suffering and death is avoided. The individuals which thus express their preferences are of course quite unconscious of all this. They do not choose each other because they do not like each other, and never think of connecting their dislike with the quality of their offspring. (1) But the characteristics on which they fix their attention are invariably characteristics which have some importance in the struggle of life (2) which is all that is necessary. The rest follows as a matter of course.

It is plain at the outset that this anticipatory selection, though involving some hardship in the struggles it provokes and the exclusion which it entails, is far more compatible with social instincts than natural selection. In fact, the amelioration which society effects in selection is largely only an increased emphasis upon sexual selection which proves to be infinitely the more subtle and adaptable agency of the two. We have seen how difficult it is to use the repulsive methods of natural selection, even for the grossest defects. The murderer and traitor can hardly be disposed of by summary methods without arousing passions which it is to the interest of society to suppress. How much more impossible must it be to eliminate men by capital punishment, direct or indirect, simply because they are unsociable or have bad manners, defects which after all must be eliminated if society is to become efficient and attractive, which is only another form of efficiency. (3) For all these minor defects, natural selection, that is, premature death by whatever cause, is so excessive a penalty that it is out of the question. We feel that life, that is, exemption from natural selection, is the right of every member of society, a right which must be guaranteed by society to all but those who default in their most serious obligations.(4) But marriage has never been regarded as a right, but as a privilege, a privilege, too, which is appropriately made to depend on a great variety of conditions. Only in the extremest cases to be sure does society go so far as to forbid marriage by law because, as we shall see, law is not the most effective means of controlling such matters,(5) but it is not difficult to see that marriage is, of all the natural arrangements which have been bequeathed to society, the one which society has taken most thoroughly and anxiously under its control. This control is effected by the pressure of public opinion and by the manipulation of social privileges which, according as they are granted or withheld, profoundly affect a person's happiness and even his chances of perpetuating his kind.(6)

Sexual selection thus becomes the great agent by which society secures the

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proper material for its purpose and avoids the worst results of natural selection. Every one is aware that in problems of marriage there are two factors easily distinguished and often poorly harmonized, and yet which indicate the double task that is laid upon sexual selection. On the one hand is love which in its simplest form is but the instinctive response to favorable sex endowments. This is the primitive element. On the other hand are a variety of social considerations, position, family, industrial or professional competency, etc., which stand for social requirements, and which are quite as legitimate, if not so imperious, as the others.

20. SEXUAL SELECTION.

(1) **Criminal Thoughtlessness.**—Indeed it is surprising how few persons ever give any thought whatever to the question of what the character of their offspring will be. Persons whose health or other characteristics render it almost certain that their offspring will have a painful and hopeless existence seldom hesitate to marry if it seems likely that marriage will conduce to their comfort or pleasure. Still less is any thought given to the problem of determining the character of posterity by judicious combinations of characteristics.

The writer remembers but a single case coming under his observation in which any thought was given to such matters. Perhaps as long as we know so little as we do at present about these matters, it is just as well to follow a blind instinct as it is to follow a most fallible reason. But it can hardly be doubted that with the increase of intelligence our choices can be so modified in such cases as to prevent a vast amount of human suffering. No other single source promises so much when once we know enough to use the opportunity thus open to us.

(2) **Physical and Mental Attractions.**—Physical beauty, for instance, is intimately associated with vitality, and grace and attractiveness with sex development. Another class of attractions justly emphasized with the increasing development of society concern the psychic or spiritual problems of society. To the contracting parties sweetness and unselfishness of disposition are merely problems of personal comfort, but they are characteristics which are inherited like others and which are of the utmost importance in a great variety of social situations to which the individual must adapt himself.

3 **Humane Methods.**—We cannot extinguish or in any wise connive at the extinction of human life without injury to all the instincts and sensibilities that render it possible for us to live together with our fellows in civilized society. When a man fond of hearing himself talk, advocated the immediate massacre of all Indians as the best way of solving the Indian problem, he was asked what effect he thought such a proceeding would have upon the relations of employers and employés, and upon the industrial relations of people in general. Even he did not fail to realize that it would not pay to be brutal.—"*American Charities*," *by Amos G. Warner, Ph.D., pp. 126, 127.*

(4) **Charity in Human Selection.**—If by "nature" we mean something apart from man, then "natural selection," is not only a harsh but also an unduly long and expensive way of improving the species. It is efficient, but its next most striking characteristic is its enormous wastefulness. A hundred different characteristics may be essential to the survival of a given organism under given conditions, and to fail in one essential is as surely fatal as to fail at all. For a defect in any one of many even temporary essentials the punishment of nature is death. She makes no exception in order to save for future usefulness those who are unable to cope with local and temporary conditions, but who may be very "fit" from the standpoint of race improvement.

The method of nonsentient nature for improving a species is to make a large number of experimental variations, and then to exterminate those individuals who vary unfavorably.—*Ibid., p. 123.*

(5) **Right to Life.**—Every one has a right to live. We will suppose this granted. But no one has a right to bring creatures into life, to be supported by other people. Whoever means to stand upon the first of these rights must renounce all pretension to the last. If a man cannot support even himself unless others help him, those others are entitled to say that they do not also undertake the support of all the offspring which it is physically possible for him to summon into the world. Yet there are abundance of writers and public speakers, including many of most ostentatious pretensions to high feeling, whose views of life are so truly brutish, that they see hardship in preventing paupers from breeding hereditary paupers in the very workhouse itself. Posterity will one day ask with astonishment, what sort of people it could be among whom such preachers could find proselytes.

It is conceivable that the state might guarantee employment at ample wages to all who are born. But if it does this, it is bound in self-protection, and for the sake of every purpose for which government exists, to provide that no person shall be born without its consent. If the ordinary and natural motives to self-restraint are removed, others must be substituted. Restrictions on marriage, at least equivalent to those existing in some of the German States, or severe penalties on those who have children when unable to support them, would then be indispensable. Society may feed the necessitous, if it takes their multiplication under its control; or it may leave the last to their discretion, if it abandons the first to their own care. But it cannot take half of the one course, and half of the other. Let it choose that, which circumstances or the public sentiment render most expedient. But it cannot with impunity take the feeding upon itself, and leave the multiplying free.—"*Principles of Potitical Economy*," *by John Stuart Mill, p. 252.*

(6) **Matrimonial Restriction.**—Mill seems to have been ignorant of some of the results of restrictions upon marriage in the German States to which he refers. An increase of illegitimacy and disregard for public opinion is usually clearly discernible in such cases.

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21. SOCIAL SELECTION. I.

By this term we designate all selection of individuals which is effected by social agencies. It will be apparent at once that social selection can be only a variety of one or the other forms already mentioned. If certain kinds of people are not to be tolerated in society they must either not be born, or else they must be made away with after they are born. Otherwise they are sure to be there. It is true that society often compromises the matter, tolerating the undesirable individual, but under unfavorable conditions. This is only a means of disposing of him, however, in less conspicuous fashion, either directly or in the person of his posterity. Banishment is in a way an exception, but when it does not carry with it hardships of an exterminating character it has a very narrow scope and at best only shifts the problem from one society to another. (1)

We have seen that the whole trend of social development is opposed to natural selection, which, though never eliminated, is forced into the background. But society in its turn makes a certain use of nature's harsh remedy for its own purpose. Persons hostile to society are disposed of by social authority, often in ways compared with which nature's penalties of starvation and disease must seem gentle and humane. (2) We who live in a society in which capital punishment is confined to one or two offenses, and is of the rarest occurrence, scarcely realize what an enormous rôle it has played in earlier stages of social development. Not merely hardened criminals have been put to death, but all kinds of political offenders, often men of quite as good character and lofty purpose as any in society, have been sacrificed in throngs in the interest of the established order, and of that harmony which is the first condition of society. It is useless to condemn this sacrifice of men who seem to us innocent and good. Social order can be established in no other way. When men refuse to recognize established authority they must be suppressed unless they can assert their superior claim to establish order themselves, a question that can at first be settled only by fighting. But this necessity is at last outgrown. Order becomes established so that normal individuals no longer think of resisting it. The few incorrigibles, though still dealt with harshly, are less feared for their very fewness, and are often tolerated under restrictions that insure their harmlessness. Society becomes elastic and able to tolerate and even to utilize many kinds of men whom it once found it necessary to destroy.

All this time, natural selection continues in mitigated forms. Men still die from cold, hunger, disease, and vice. A careful investigation, however, will reveal new factors in the problem. The hunger and exposure from which men die is due to different causes from those formerly in force. Once the man went hungry who could not kill game or catch fish. Now hunger is due to failure to please or satisfy society. Strength and alertness still count, but only secondarily. The man who can please men need never go hungry, even though his arts are trivial and useless. But whether we earn our bread by cajolery or by substantial service, the test is everywhere the same, *adaptation to society*. The savage starved if he could not adapt himself to nature; that is, to his great non-human environment. The modern man perishes who cannot adapt himself to the human elements in his environment.

This gives society a control over natural selection, even in its primitive form, which turns it into a kind of social selection. It is rare that society kills men because they do not suit its purpose, but to a much larger extent it leaves them in a condition where nature will kill them. It thus avoids assuming a conscious responsibility which would destroy the social instincts, while still accomplishing its purpose. (3)

Illustrations are numerous. It is well known that criminals are compelled to live under conditions that shorten their lives, and the same is true of the vicious

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and even the incompetent and unsocial. Such persons find few occupations open to them, and have upon these few, a precarious hold. They are the first to lose a job and the last to find one. They succumb to hardships and disease. Their lot is deplorable, but nature has a strange way of making her bitter doses palatable. The most hopeless feature in their situation is that they often like it. Men get adapted to any lot, even to slow destruction. Thus society unconsciously manipulates nature to accomplish her purpose. Were the task one of catching game, many of these persons would be exceptionally proficient. But the task has slowly changed. The old penalties are still used, albeit but sparingly, but the sentence is pronounced by a different tribunal, society.

21. SOCIAL SELECTION. I.

(1) **Banishment.**—At an earlier date banishment or transportation was a favorite means of disposing of undesirable social material. England banished criminals to America and later to Australia, and this went on till these countries got independent enough to have a voice in the matter themselves. England stopped transportation long ago, but France and Russia still continue it. It is now almost universally condemned by criminologists and philanthropists of every kind. In any case, it must soon cease by the development of the waste places of the earth beyond the point where they can be used in this way.

(2) **Methods of Capital Punishment.**—The enumeration of the forty or more methods of capital punishment by Mr. Fred W. Wines, in his work on crime and its punishment, will sufficiently bear out this statement. The punishment of death has been inflicted in various manners in different countries and in different periods, sometimes with great brutality and torture. In England the death penalty was carried out by hanging, burning, or the axe; only during a few years of Henry VIII.'s reign was boiling to death made lawful for poisoning. Burning was the punishment for heresy and for petty treason, viz., such crimes as the murder of a master by his servants, etc. It was thus inflicted on a woman for coining in 1788, and not till 1790 was the ordinary punishment of hanging substituted for it, though latterly the burning was mercifully preceded by hanging.

It is, perhaps, difficult for any person brought up among our modern ideas to realize the free use made of the penalty of hanging in the time of our forefathers, down even till a very recent date.

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The celebrated Bow Street runner, Townsend, in evidence given in 1816, before a Parliamentary committee, said that between 1781–87 he had seen as many as twelve, sixteen, or twenty hanged at one execution. Twice he saw forty hanged at one time.

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Parliament, however, did not lose faith in their remedy, and accordingly by 1797 the number of capital offenses without benefit of clergy was one hundred and sixty, and it rose to two hundred and twenty-two, when the efforts of Sir S. Romilly for reform in this matter succeeded only so far as to have pocket-picking, which was capital if above one shilling, taken out of the list of capital offenses. In 1811 he failed in his bill for withdrawing the offense of stealing from bleaching grounds from the list of crimes then punishable by hanging; and in 1812 the same ill success met his bill relating to soldiers and sailors found begging; so also in 1813, 1816, 1818, he failed in his most moderate desire to abolish capital punishment for stealing to the value of four shillings from shops. In 1833 a child of nine was sentenced to be hanged for poking a stick through a patched-up pane of glass and stealing twopenceworth of paint, but he was not executed.—"*The Punishment and Prevention of Crime*," *by Sir Edmund F. Du Cane, K.C.B., R.E., pp. 16-18.*

(3) **Unwise Methods.**—Many of the devices of society also coöperate with natural selection, quite against the interest of those who are responsible for them.

While the intended and usual effect of charity is to diminish the death-rate, mistaken or badly administered charities may have exactly the opposite result. An unclean hospital may result in the death of an undue number of the sick brought to it. In one maternity hospital the death-rate rose as high as two women for each five confinements. Previous to and during the sixties, European experience in maternity hospitals gave a mortality rate of about one death to twenty-nine confinements. In some large hospitals it was as high as one in seven. It is only recently that hospital service has become better than home service in this branch of medical practice. Undoubtedly the actual result of many foundling hospitals is to kill more infants than would meet death did such hospitals not exist. The death-rate is fearfully high; sometimes ninety seven per cent of the children fail to reach the age of three years; and in such circumstances the results ought to be pleasing to the most uncompromising advocate of the extermination of the "unfit." Few realize how almost impossible it is to raise babies by wholesale. Many who support charities designed to save infant life might conclude, if they studied all the facts, that they were contributing to its destruction.

The influence of charity upon the death-rate can be traced with comparative ease, though not with anything like exactness. Its influence on the birth-rate is much more obscure. Long before natural selection was discussed under that name, Chalmers called attention to the fact that the relief of the poor from public funds resulted in taking money from the thrifty and giving it to the thriftless. Apparently the last possibility in the way of contributing to the survival of the unfit was reached in the administration of the unreformed English poor law, which has been already referred to. The additional allowance per child was then so large as to make it pecuniarily profitable to have them.—"*American Charities*," *by Amos G. Warner, Ph. D., pp. 129, 130.*

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22. SOCIAL SELECTION. II.

The social selection considered at the close of the last lesson is not one which we can regard with any satisfaction. The more we become conscious of its existence the more unendurable it becomes to persons in whom the social or humane instincts have attained any considerable development. It remains one of the imperfections of society against which we should strive unceasingly, that neglect and suffering should still play so important a part in its development and preservation. But one thing must never be forgotten. *Selection is necessary* and must come in these ways if we find no better ones, for there are stern limits to all redemptive agencies. (1) We have now to consider social selection as modified by society.

Here as in the case of natural selection we have a certain amount of direct and forcible interference. In a very few cases marriage is prevented by law, but direct prohibitions in such matters usually produce worse evils than those they are meant to cure, especially when they affect the lower classes of society. (2) Indirect measures are more efficient.

But while society can not easily forbid marriage for any class it can and does regulate it for all. There is no achievement of society which is more important than the institution of marriage which is an ordered form of mating. It is not often realized how many are the restrictions and conditions it imposes. Marriage must be single and permanent and must be accomplished under forms which insure the fullest social supervision. All this is not in itself selective, but it is the condition which renders a multitude of selective agencies effective. (3) For there are few matters that society is more busy about, than in determining who shall marry and under what conditions. These we have now to consider.

First of all, marriage is discouraged between different classes as tending to confuse relations which are easier maintained in their simplicity and which have a certain relation to social organization. Every class in society has, at least at some time in its existence, a function to perform, and it maintains its integrity and adapts itself to this function by the development of appropriate traditions which it guards with great jealousy. Slowly by selection in many ways the temperaments best fitted to develop and maintain these traditions become dominant and characterize the class. Marriage outside the class tends to obliterate its traditions and its temperamental characteristics and so to disintegrate its character. We Americans have very little sympathy for all this because we are still in a mood of strong reaction against the rather obsolete class distinctions of Europe, but it is easy to see that classes are forming with us, adapted to our own conditions, and that selective marriage is strengthening the temperament and the traditions by which they are maintained.

Extending this principle, we meet a much more definite case of exclusion. Marriage is disparaged with all persons who are socially discredited, as criminals, outcasts, etc. These persons are thus prevented from establishing connections with society that would embarrass the latter in its dealings with them and increase the chance of their leaving enduring posterity. They marry among themselves, but to a less degree than is supposed, and these unions, always formed under ban, are not very fruitful. The elimination of corrupt elements is rendered so much the more certain by preventing their admixture with better blood.

One of the most universal and beneficent of social instincts is that which forbids marriage without a certain proven ability to support a family. This tends on the one hand to prevent the competent from marrying too early, and so burdening themselves and society with burdens which are likely to permanently cripple them. More important is the permanent exclusion at least from desirable and auspicious marriage of those who prove unable to earn a competence under social conditions. These pecuniary considerations are often characterized as sordid and materialistic, and indeed they have not the romantic charm of those impulses which guard more

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primitive interests and take their origin deep in our physical being, but no instinct has contributed more to present conditions of general well-being.

A multitude of interests are safeguarded by like sentiments. (4) The man who is obtuse to social requirements, inapt in social intercourse and selfish in personal relations, finds all these things obstacles to marriage. He may find some one willing to marry him, but not such a one as he desires, and he remains single. Silently, in a thousand subtle ways, society gives the preference to those whose qualities facilitate its task. As society develops in sensitiveness it becomes constantly more exacting in its requirements for that lot in life which determines the character of posterity. The unfit, that is, the unsocial, are excluded with ever increasing rigor and if for a generation or two they slip the leash of social inspection their exclusion is none the less certain.

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22. SOCIAL SELECTION. II.

(1) **Limited Influence.**—Not only is our power to redeem individuals limited but what is more to our purpose and far more important from the socialized standpoint, even such success as we achieve with individuals can not be transmitted to the race with any certainty. Persons thus elevated by culture and good influences are improved for social purposes, they are better citizens, better friends, better parents, and in so far they are better fitted to perpetuate their kind. But there is no sufficient proof that their improvement thus laboriously effected will give their children better instincts or nobler natures. The same process must begin over again with the children, perhaps under more favorable conditions, externally considered, but without any better natural foundation. It is evident that to improve society wholly by improving external conditions with no improvement in the social nature of man is a process that can not go very far, and that will be in constant danger of collapse. The brute instincts will continually break through the uncongenial restraints thus artificially imposed upon them. This is what happens continually, especially of late. We have been perfecting our training processes and our restraining processes and neglecting the selecting process by which most, if not all, the improvement in the *natural endowment* of men is to be effected. Society can never be much better till it is born better, not simply born into better cradles and better nurture, though for the generation in question this is most important, but born of better parentage and endowed with better impulses. There was profound wisdom in the remark of a certain great man that there was no privilege he would so much have coveted as the privilege of choosing his grandfather.

(2) **Improvident Marriages.**—Where a laboring class who have no property but their daily wages, and no hope of acquiring it, refrain from over-rapid multiplication, the cause, I believe, has always hitherto been, either actual legal restraint, or a custom of some sort which, without intention on their part, insensibly moulds their conduct, or affords immediate inducements not to marry. It is not generally known in how many countries of Europe direct legal obstacles are opposed to improvident marriages. The communications made to the original Poor Law Commission by our foreign ministers and consuls in different parts of Europe, contain a considerable amount of information on this subject.

Mr. Senior, in his preface to those communications, says that in the countries which recognize a legal right to relief, "marriage on the part of persons in the actual receipt of relief appears to be everywhere prohibited, and the marriage of those who are not likely to possess the means of independent support, is allowed by very few.—"*Principles of Political Economy*," *by John Stuart Mill, Bk. II., Chap. XI., Sec. 4.*

(3) **Social Restrictions.**—Not only public marriages but long engagements make the parties exceedingly sensitive to public criticism and thus bring them under the control of public opinion. This control is of course exercised to protect the social interest. It is noticeable that as society develops and becomes more sensitive to the action of individuals these restrictions increase. In some countries in Europe it is considered disreputable for persons with known consumptive tendencies to marry. Self-support is required with increasing rigor by public sentiment. Even in America the scandal of marriages in almshouses is rapidly becoming impossible. Much still remains to be done, however.

(4) **Sentimentality.** — Unhappily, sentimentality rather than common sense is the genius that usually presides over the discussion of these subjects; and while there is a growing sensitiveness to the hardships of the poor, and a ready disposition to admit claims in them upon the good offices of other people, there is an all but universal unwillingness to face the real difficulty of their position, or advert at all to the conditions which nature has made indispensable to the improvement of their physical lot.

Discussions on the condition of the laborers, lamentations over its wretchedness, denunciations of all who are supposed to be indifferent to it, projects of one kind or another for improving it, were in no country and in no time of the world, so rife as at present; but there is a tacit agreement to ignore totally the law of wages, or to dismiss it in a parenthesis, with such terms as "hard-hearted Malthusianism;" as if it were not a thousand times more hard-hearted to tell human beings that they may, than that they may not, call into existence swarms of creatures who are sure to be miserable, and most likely to be depraved; and forgetting that the conduct, which it is reckoned so cruel to disapprove, is a degrading slavery to a brute instinct in one of the persons concerned, and most commonly, in the other, helpless submission to a revolting abuse of power.—*Mill, Chap. II., §6.*

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23. SOCIAL CONTROL. I. GOVERNMENT.

The constituency of society being once determined, there remains the problem of control. How shall the people thus brought together be induced to do the things necessary for society? For it is plain, that, however well selected they may be, they will be only imperfectly adapted to their function. The problem of social control is distinct from that of education and that of selection. The least adapted are eliminated, the partially adapted are educated, that is, artificially adapted to social conditions as far as may be. But everybody knows that in every society a great deal of unadaptation remains that is not eliminated by either process. There are persons whom we cannot kill or imprison who are after all very poor citizens and very evil disposed.(1) And there are some social obligations to which almost all of us render only an unwilling and perfunctory allegiance.(2) Taken altogether, every society has to struggle with a vast amount of unruliness, about all it can manage, in fact, for this is always the limit of social development. How does it enforce its will? The first suggestion is always civil government, law and penalty. This is the most obvious form of social control, but not the most effective or necessary. The essence of government is originally always a person with personal assertion, who enforces his will by personal force, direct or indirect. Slowly there grow up certain traditions or habits of action on the part of the ruler and these bind him in turn. These become the hereditary property of the society and protect it from the caprice of its ruler. Ultimately they harden into laws, and finally as society becomes more conscious of its needs and changes, it develops conscious ways of making and mending laws which vastly increase its efficiency.(3) But the character of government in one respect never changes. It is the rule of force, and is commissioned to coerce those who will not otherwise obey. Incidentally the will of society as expressed in law is something of an educator, a guide even to the well disposed, but is a most imperfect guide. The discussions attending law-making are likewise educative, but we can make no greater mistake than to confound society with the State and imagine that law is the limit of our obligations. While the American people need peculiarly to emphasize respect for law, they need equally and in this very connection, to realize its limitations. A great deal of the contempt for law which is so manifest among us is due to the disregard of these natural limitations on the part of law-Makers.(4)

It inheres in the nature of law that it can restrain only those acts which are disapproved by a large majority of society and regarded as an infringement on their rights. Inasmuch as the progress of society has always depended in a large measure upon the initiative and the liberty of individual citizens, there is a very strong feeling in all progressive and live societies that the liberty of citizens should not be interfered with for trifling reasons. In such societies there is always a wholesome dread of overmuch law, and any attempt to coerce persons in matters of moderate importance or of doubtful opinion is sure to rally around the law-breaker an amount of sympathy which makes it dangerous if not impossible to punish him.(5)

This is further complicated by the fact that law can be applied only to those cases where the offense can be clearly defined in nature and clearly observed in fact. Where the definition of the offense is elastic the inclinations of the judge or the jury will be so capricious, or so often at variance with the capricious judgment of society, that sympathy is easily forfeited and that schism between tribunal and people is produced which is so dangerous to the successful working of law. The same is true when the offense, though easily defined is not easily observed, and can only be proved by indirect or circumstantial evidence. The element of caprice and divided opinion, so destructive to the efficiency of law, now comes in, not in the definition of the offense, but in the definition of evidence. In all such cases it seems to be the instinct of society to give the accused the benefit of the doubt.(6)

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This fear of government is enhanced by the almost universal experience that men chosen to perform its functions cannot be relied upon to act with singleness of purpose in the interest of society. There are many noble exceptions, and as soon as their exceptional nature is recognized, the increased confidence of men in their action becomes apparent, but it is to be feared that such men are still the exception.

All these and other facts point to the conclusion that government is an indispensable but limited agent of social control, one which men are disposed to use sparingly, referring all cases of doubtful nature to another agent in which they have more confidence.

23. SOCIAL CONTROL. I. GOVERNMENT.

(1) **Government of Cities.**—This is especially true of localities and classes which are somewhat exceptionally situated. Thus the great cities of Europe, especially Paris and others on the continent, are but little in sympathy with the general government under which they are placed, and are held down only by the sternest repression. The majority of the citizens of Paris seem to look upon the police as their natural enemies, and when accident relaxes the discipline in which they are ordinarily held the hostility is instantly apparent. In the communard movement in 1871 the police were seized and shot without mercy by the self-styled government which terrorized the city. Only by the most terrible punishments was the city again cowed into submission, where it is held by the vigilance of a vast police force and a powerful garrison. The city of Berlin, though less subject to these spectacular convulsions, is under a state of siege, as it is technically called; that is, it is under an extreme surveillance owing to the unsocial elements which are so nearly in control. These are only extreme examples of a condition of things that is well nigh universal, though in very varying degrees. Nowhere do the elements that compose society voluntarily settle down into peaceful equilibrium. Society is possible when the social are strong enough to control the unsocial, otherwise not. And hence society is possible just in so far in such respects as can command a working majority of social elements.

(2) **Indirect Taxes.**—How many people pay their taxes with the same cheerfulness and honor which they manifest in paying their grocer? It is almost universally admitted that so-called consumption taxes, that is, taxes which appear in the shape of enhanced prices of commodities, are the least ideal of all, but they have this great advantage, that the tax-gatherer hides under the cloak of the merchant. People pay this kind of taxes willingly, because they think they are paying their merchant's bills. Indirect taxes, though deprecated by all authorities, are, therefore, levied by all governments because they are so much more collectible than others. The writer has known very few persons who felt any compunction about smuggling goods through the customs house or cheating a railroad company or accepting a pass from a railroad in quest of political favors, very few persons, in short, who were promptly and cheerfully loyal to social obligations of a broad and indistinct or novel character.

(3) **Conscious Law Making.**—Few people, realize, however, how late an achievement this is in social development. Indeed, Sir Henry Maine says most nations never learn the art of conscious law making. Laws grow, no one realizes how, and it never occurs to most persons that they can be made to suit a particular need. The Medes and Persians were not the only ones that boasted that their laws never changed. The earliest proposals to change laws always seem audacious, even sacrilegious. There is no better test of development in a nation than its ability to coldbloodedly and consciously modify its laws. A people once accustomed to the art of legislation cannot understand the horror which a primitive people has of laws not divinely ordained, as they always suppose their primitive laws to be.

(4) **Development of International Law.**—The same causes which have enabled Christian states to reach a higher point of civilization than any other, have made them the first to elaborate a system of international law.

These causes have been principally: 1. The high moral standard of the religion which they in common professed—a religion which cultivates alike the sentiments of justice and of humanity. 2. The inheritance which came to them of philosophy and legal science from the classical states of antiquity. and especially the system of Roman law; and 3. A close historical connection since the times of the Roman empire, favoring the spread of common ideas.

Thus the same religious and jural views, and a similar historical development, give rise to a community of nations, where it is comparatively easy for common usage to grow up. No such common feeling, but quite the opposite, existed between them and their Mohammedan neighbors; and hence the latter were long shut out from the pale of their international law.—"*International Law*," *by Theodore Dwight Woolsey, p. 6.*

(5) **Public Sympathy.**—Laws punishing tramps are an illustration. Some states have tried to abate the tramp nuisance by severe repressive measures, but they have always failed through the sympathy that they have enlisted in favor of the law-breaker. It takes but a little such sympathy to enable the offender to escape. Many temperance laws and laws in favor of morality have had the same fate. It may be that a large majority of society disapprove the acts in question, but they regard them as a personal matter, or at most a thing to be discouraged rather than prohibited under penalty, and hence they feel that the offender is aggrieved when made to suffer the penalty of his offense.

(6) **Reason for Inadequate Punishment.**—This is one reason why offenses against sex morality are so inadequately punished by law. Few offenses are so serious or fraught with so much danger to society, but the great difficulty of securing just evidence has led society to remand them very largely to the tribunal of public sentiment. This, too, accounts in part for the different treatment accorded to the two sexes in this matter.

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24. PUBLIC OPINION.

This is rather an unfortunate name for the great force by which men are constrained to conform for the most part to social requirements. As a matter of fact, opinions do not in themselves restrain men any more than laws do. The restraining force is not to be found in mere rules, whether formulated as laws or diffused as opinions, but in the penalties attached to their violation. The penalties at the disposal of government are usually definite and conspicuous and we are in no danger of overlooking them, but those inflicted by society in its natural or unofficial capacity, though quite as real and often more terrible, are intangible and easily overlooked. It is these penalties which chiefly concern us rather than the opinion which determines their allotment, but as the opinion in this case is the more conspicuous half of the transaction it has given the name to the whole.

The penalties attached to repressive public opinion are mostly of the nature of restriction of social privilege. In the condition of dependence in which we now are, an exclusion from the ordinary privileges of society may easily entail the greatest hardship, leading in extreme cases, as we have seen, to elimination of the offender. More often, however, the hardship is merely an admonition which prevents the commission of the offense. Beginning with the extreme cases, the lack of certain highly artificial accomplishments or somewhat arbitrarily prized characteristics will prevent a person from entering certain carefully guarded social circles reputed to be specially "select." Such circles may have very little connection with society as a whole, may even be a menace to its stability and growth, but they illustrate the principle by which all social groups maintain their integrity. (1) Coming to accomplishments and characteristics of a more general character it is apparent that any serious lack will exclude a person from certain employments. Offensive manners or uncongenial temper will disqualify a person for those social and industrial functions which bring him much in contact with other persons, especially those of equal or superior rank. Such persons easily make their dissatisfaction manifest in subtle but extremely uncomfortable ways, and this discomfort together with the danger of exclusion from the function altogether, puts the utmost restraint upon vagrant impulses and constrains us to submit to most uncongenial requirements.

Coming down to cases more fundamental still, we encounter requirements upon which society insists with the utmost positiveness and surrounds with the awful sanctions of morality. The penalties here inflicted are so stern and so obvious that they recall the judgments of a solemn tribunal, and the rules which they are invoked to enforce, are known by a sort of metaphor as the moral law. This law is a changing one like any other, (2) adapting itself to changing conditions. It differs from the cases we have just considered only in its greater importance and the corresponding rigor with which it is enforced, and it therefore has no definable boundaries. Morals are simply a species of manners about which society is very much in earnest, because it has very much at stake in these connections.

The penalties for immoral conduct are exceedingly difficult to define, but they probably include the most terrible chastisements which society ever inflicts. As the inquisitors in former days hunted for the most sensitive points in the human body in order to there apply their tortures most effectively, so society in the interest of its awful discipline has discovered that the sensitiveness of men to the opinion and affection of their fellows, is the point in which they can be most wounded and hence most easily coerced. To the modern man gibbets or rocks are not the great deterrent, but signs of distrust, dislike and disdain, and these signs are formulated and systematized by society into an engine of almost incredible efficiency.

The superiority of moral forces to legal penalties lies largely in their greater elasticity. As an organized body of social instincts the moral law does not easily degenerate into literalism and formality. There is in a sense a revision of law for

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every case, an unconscious return to first principles and a judgment of each case on its individual merits. And despite the greater effectiveness of moral agencies they are less likely to put an interdict on individual freedom than civil laws. The man who believes that social judgments are wrong and who is earnest enough to be willing to stand the social frown, confident in the righteousness of his cause, can live out his conviction and thus make his protest against social misjudgments in the most effective manner. The maximum of constraint is thus combined with the liberty that is necessary for innovation and growth. Public opinion, with its accompanying penalties, is the great agent in social control.

24. PUBLIC OPINION.

(1) **Component Societies.**—Such groups or circles are not so much parts of society as they are societies in themselves. Their existence is often seemingly prejudicial to the development and cohesion of the larger group which we call society, because they engender feelings which tend to disentegrate it, besides squandering its resources and preventing its activities. The larger group is to such a group merely environment to be dealt with, and made terms with, much as a nation makes terms with its enemies. But the group that thus exists for itself illustrates in an admirable way the ways and means by which societies are formed and maintained, and especially those means which we are now considering. For such groups, especially the more natural ones, "select social circles," etc., have no standing in law and no laws or constitution even of their own. There is no definition of membership or of duties, but there is a flexible, undefined and intangible body of sentiment or opinion which controls the action of individuals more effectually than any other force known to us. There are no defined offenses and no prescribed penalties, but nowhere in the world do men study so carefully to do "the proper thing" or dread so seriously the consequences of misdoing.

While such groups are not formed with any intention of performing a function in society, if they do not alienate social sympathies, they are able to perform functions of the utmost importance. They establish the ideals toward which all society more or less shapes its action, imitating even while it envies and professes to despise, and thus through all the industries and professions which minister to personal ideals these groups extend their controlling influences. Such groups frequently come to appreciate in a high degree their great influence over society and the responsibility which it involves, becoming in consequence highly altruistic and self-sacrificing in cases of necessity. Thus in a long established aristocracy the sentiment, *noblesse oblige*, nobility involves obligations, becomes exceedingly binding, and in spite of fantastic and one-sided interpretations it not unfrequently calls forth the highest heroism. Our very natural American dislike for such social distinctions should not lead us to overlook the fact the English nobility constantly furnishes the major part of that exceptionally public spirited statesmanship which has so distinguished the political development of that remarkable people.

(2) **New Obligations.**—The feeling is very common that morals are not changeable, but internal and unalterable. This is only a phase of the feeling which we have seen that all peoples originally have respecting their laws. There is a nervous feeling that if we admit that the specific obligations of the moral law are changeable, people will take advantage of the fact to evade their obligations, making adaptation an excuse for laxity. The true lesson to be drawn from this truth is not that the customary obligations are becoming obsolete, but that new obligations are continually coming into existence. Our relation to people is constantly becoming more complicated and intimate, and calls for greater deference and adjustment. Our study as duty-loving members of society should be to discern the new duties which new conditions impose upon us. Only the recreant spirit will make change a pretext for evasion. The *general* obligation of morality never changes, the obligation to do right, but the things that are right or wrong vary greatly from time to time.

The Present Crisis.

When a deed is done for Freedom, through the broad earth's aching breast
Runs a thrill of joy prophetic, trembling on from east to west,
And the slave, where'er he cowers, feels the soul within him climb
To the awful verge of manhood, as the energy sublime
Of a century bursts full-blossomed on the thorny stem of Time.

* * * * * *

Careless seems the great Avenger; history's pages but record
One death-grapple in the darkness 'twixt old systems and the Word;
Truth forever on the scaffold, Wrong forever on the throne,—
Yet that scaffold sways the future, and, behind the dim unknown,
Standeth God within the shadow, keeping watch above his own.

We see dimly in the Present what is small and what is great,
Slow of faith, how weak an arm may turn the iron helm of fate,
But the soul is still oracular; amid the market's din,
List the ominous stern whisper from the Delphic cave within,—
"They enslave their children's children who make compromise with sin."

* * * * * *

New occasions teach new duties; Time makes ancient good uncouth;
They must upward still, and onward, who would keep abreast of Truth;
Lo, before us gleam her camp-fires! we ourselves must Pilgrims be,
Launch our Mayflower, and steer boldly through the desperate winter sea.

—*Lowell, pp. 65-67.*

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FOURTH WEEKLY REVIEW.

19. **NATURAL AND SOCIAL SELECTION.**—Vigor of the Race.
20. **SEXUAL SELECTION.**—Modifications Which Society Effects.
21. **SELECTION OF INDIVIDUALS.**—Social Agencies.
22. **SOCIAL SELECTION.**—Modified by Society.
23. **SOCIAL CONTROL.**—Governmental Influences.
24. **PUBLIC OPINION.**—Social Penalties.

QUESTIONS.

19. *In what way is the vigor of the race maintained and increased? How may we trace the action of natural selection among primitive men? What can you say of Nature's crude agents? What effort is society making in relation to this condition of things? What can you say of famine, violence and disease? Isn't natural selection baneful when it be dispensed with? Has society any better way of effecting the same result? Can heredity maintain and improve the quality of stock without constant sorting? Why does natural selection require the constant presence of a superior power? Why does the value of stock retrograde as soon as there is any remissness in the care of man in directing its course? Why then does society oppose selection which is only natural? What better method is required? Why does merely natural selection prevent the development of social instincts? Why does vice quickly destroy those who lack needful self-control?*

20. *What can you say of the results of anticipatory selection in marriage? Why should a woman consider the merits of her future husband as the father of her children? Why should she be careful to learn that he has no vices to be accentuated in her children? Why should a man see that the future mother of his children should be healthful, both morally and physically? Why is this anticipatory selection more compatible with social instincts than natural selection? What can you say of the amelioration which society effects in selection? What can you say of the various processes of elimination? What can you say of the pressure of public opinion in relation to social privileges? In what way then is a wise sexual selection of great value to society?*

21. *What can you say of other selections of individuals which is effected by social agencies? How does society compromise matters? What is the whole trend of social development? How are persons disposed of who are hostile to society? How do we dispose of political offenders? How must social order be established? Why is it that men who can please others need never go hungry? When and why did the savage starve? Why does the modern man perish?*

22. *Why are certain forms of social selection repulsive? In what way does society regulate marriage? What can you say of the various functions of society? What is the tendency of marriage outside the class? How is selective marriage strengthening the temperament and the traditions by which it is maintained? In what classes is marriage disparaged? In what classes is it wholly discredited? Why should improvident marriages be discouraged or forbidden? What other interests are safeguarded by similar sentiments? What are some of the results of the development of sensitiveness in society?*

23. *After the constituency of society is once determined, what great problem remains to be considered? How is the problem of social control distinct from that of education and selection? What can you say of the limit of social development? How does society enforce its will? What is the first suggestion of civil government? Why is this the most obvious form of social control? What can you say of the hereditary property of society? What is the character of goverment? What can you say of the will of society as expressed in law? What are the results of the discussions attending law-making? Why is it a mistake to suppose that law is the limit of our obligations? Mention some things which inhere in the nature of law. What will be the result when the definition of the offense is elastic? How is the fear of government enhanced? To what conclusion do these and other facts point?*

24. *What can you say of public opinion? What degree of restraint is found in opinion? What penalties are attached to repressive public opinion? By what principle do all social groups maintain their integrity? What traits disqualify men for social and industrial functions? Upon what requirements does society insist? What can you say of social penalties? What can you say of social morals? What can you say of the social penalties for immoral conduct? In what lies the superiority of moral to legal penalties? In what way is public opinion with its accompanying penalties a great agent in social control?*

SUBJECTS FOR SPECIAL STUDY.

1. *Comparison of natural and and social selection.*
2. *Benefits of wise sexual selection.*
3. *Penalties of unwise sexual selection.*
4. *The great importance, dignity and benefits of the marriage relation?*
5. *The various problems of governmental control.*
6. *The penalties attached to repressive public opinion.*

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GAZETTEER AND GLOSSARY.

Besant, Sir Walter.—Born at Portsmouth, England, 1838. An English novelist who was knighted in 1895.

He was appointed professor in the Royal College of Mauritius, but returned to England on account of ill health. From 1871 to 1882 he wrote in collaboration with James Rice. Since the death of the latter he has written many novels and short stories. It was largely due to "All Sorts and Conditions of Men" (1882) that the People's Palace in the East End of London was built.

Huxley, Thomas Henry.—Born at Ealing, near London, May 4, 1825; died at Eastbourne June 29, 1895. A celebrated English biologist.

He was educated at Ealing School and at Charing Cross Hospital, London; served as assistant surgeon on board one of her majesty's ships in 1846; he became professor of natural history at the Royal School of Mines, and Fullerian professor of physiology at the Royal Institution in 1855.

In 1874 he was installed lord rector of Aberdeen University for a term of three years. He was Rede lecturer at Cambridge in 1883, and was president of the Royal Society in 1883-85.

Among his works are "Oceanic Hydrozoa" (1859), "Lectures on the Elements of Comparative Anatomy" (1864), "Lessons in Elementary Physiology" (1866), "An Introduction to the Classification of Animals" (1869), "Lay Sermons" (1870), "Critiques and Addresses" (1873), "The Crayfish" (1880), etc.

Lalor, John J—A well-known writer on political economy who fell from the steps of the Treasury Department at Washington, June 8, 1899, and died from his injuries. Mr. Lalor was for a time the assistant city attorney at Milwaukee, then an editorial writer on the *Chicago Tribune*, under the management of Horace White.

After some journalistic experience Mr. Lalor practically adopted literature as a profession. After translating some minor works from the French and German, he translated "Roscher's Political Economy," then considered the most scholarly and comprehensive work on political economy in the German language. His next important work was the translation of "Von Holst's Constitutional History of the United States."

The great and crowning work of his life was the publication of an Encyclopedia of Political Economy, Political Science and the Political History of the United States. After completing this work Mr. Lalor obtained a position in the Treasury Department at Washington, his duty being the translation of works on finance and currency from the French and German languages.

Leicester, Earl of (Simon Montfort pron. môn-far′). Born about 1208; killed at Evesham, Aug. 4, 1265.

A celebrated English general and statesman. He was the son of Simon de Montfort. The earldom of Leicester came into the family through his grandmother, who was the daughter of Robert of Beaumont, third earl of Leicester.

In 1238 Montfort married Eleanor, widow of William Marshal, earl of Pembroke, and sister of Henry III. In 1240 he went on a crusade.

In 1248 he was appointed governor of Gascony. His vigorous administration resulted in an open quarrel with the king, and he resigned his office Sept. 29, 1252.

The ill feeling between the earl and the king forced Simon more and more into the popular party, and he was openly recognized as leader of the baron's "war" in 1263. On May 14, 1264, he captured the king and became virtually governor of the kingdom.

By writs in the king's name he summoned to a parliament, which met in London Jan. 30, 1265, one hundred and twenty churchmen, twenty-three lay barons and two knights from every shire, and also two citizens from every borough in England; this was the first appearance of the commons.

At this parliament the quarrel between Simon and Gilbert, earl of Gloucester, began, which ended in the death of Simon at Evesham.

Malthus, Thomas Robert.—An English political economist, who was born at Surrey, February 17, 1766, and died at St. Catherine's, near Bath, December 23, 1834. He was graduated at Cambridge, in 1788, and became a fellow of Jesus College in 1793.

In 1798 he took orders, and was made curate of Albury, Surrey. In 1798 he published his first essay on the "Principle of Population," which he defines to be that population increases in a geometrical ratio, while the means of subsistence increases only in an arithmetical ratio, and that vice and crime are necessary checks of this increase in numbers. This theory is called the Malthusian doctrine.

In 1805, Malthus was made professor of history and political economy at Haileybury. His other works are "The Nature and Progress of Rent" (1815), and "Political Economy" (1820). In politics he was a Whig; he supported the Catholic emancipation, and accepted the Reform Bill.

Palgrave, Sir Francis.—An English historian who was born at London, July, 1788, and died at Hampstead, near London, July 6, 1861.

He was the son of a Jew named Meyer Cohen, and changed his name by royal permission in 1823. He was called to the bar at the Middle Temple in 1827, and in 1838 was appointed deputy keeper of the public records. He was knighted in 1832. His principal works are "Rise and Progress of the English Commonwealth" (1832), and "History of Normandy and England" (4 vols. 1851-64), "Dictionary of Political Economy," etc.

Turgot (tür-gō′) **Anne Robert Jacques**, Baron de l'Aulne.—A noted French statesman, political economist and financier. He was born at Paris, May 10, 1727, and died there March 20, 1781. He studied theology first and then law, becoming an advocate in 1752, and master of *requêter* in 1753.

He was intendant of Limoges, 1761-74, and was appointed minister of marine in 1774, and immediately afterward controller-general of finance. In this office he planned many reforms, including the abolition of carriers, and of various feudal privileges.

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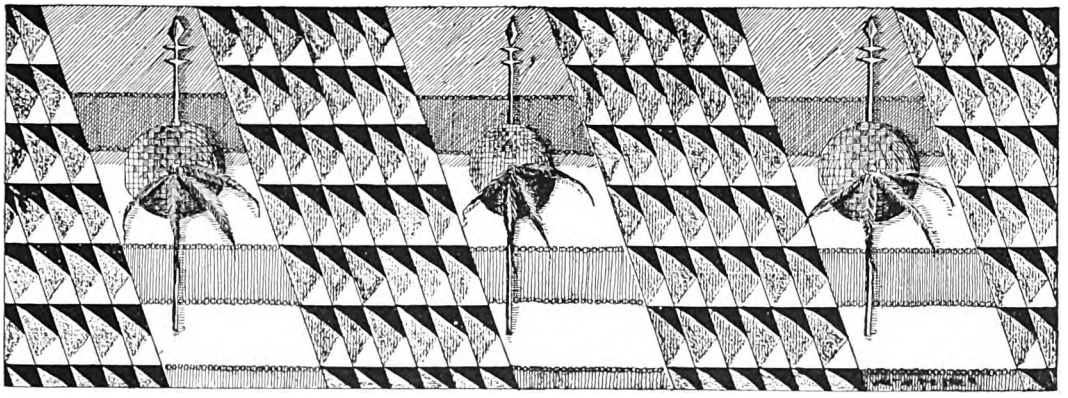

THE ECONOMICS OF BARGAINING.

BY

JOHN A. HOBSON, Lecturer in Economics, Oxford University, England.

THOUGH there are still many comfortably-situated men and women who believe that, on the whole, industrial conditions are such as to apportion the "Good things in life," in accordance with the deserts of the recipients, this belief is rarely held either by those whose circumstances give them a close and wide acquaintance with "the hard facts of life," or by those who have brought intellectual analysis to bear upon the processes by which distribution of wealth is affected. The Political Economy, not only of "the masses," as voiced by Karl Marx, Henry George and their followers, but also of the classes, through the mouths of academic teachers, is full of frank avowals of the deep injustices which underlie the existing apportionment of wealth. The following words of J. G. Hill may be taken as a representative expression of this feeling: "The very idea of distributive justice or any proportionality between success and merit, or between success and exertion, is in the present state of society so manifestly chimerical as to be relegated to the region of romance."

But when we ask where the roots of this injustice lie, no clear, consistent and widely accepted answer has been rendered. Some find the origin of evil in private ownership of land; some in the exaction of interest; some in the purchases of labor power; some in the operations of the money market. Hence violent conflicts as to practical modes of redress which shall effect a reconciliation of ethics and economics.

Now the chief reason of these failures and these contradictions is a misdirection of analysis which, instead of attacking the roots of the problem of distribution, has engaged itself with some one large branch of it. The distribution of wealth in modern industrial societies is chiefly determined by processes of bargains. Whatever wealth accrues to any one as income, whether it be paid as rent, profit, interest, salary or wages, comes to him as the result of a bargain or a series of barbains between parties, each of whom seeks in general to get as much and to give as little as possible. Custom, good-will, carelessness, temper sometimes displace bargaining, but the last is after all the dominant factor in distribution. If, then, we would know what is fundamentally wrong with distribution of wealth, it would seem only natural to seek it in the nature of a bargain.

Instead of doing this, however, most economic reformers find the wrong in some specific sort of bargain in the monopoly of land, which gives an unfair gain to land owners, in some particular power which ownership of capital, or some form of capital, such as money, gives to employers or to lenders. Now these specific attacks can be and are met and rebuffed; in the case of land, by showing that land is not a fixed quantity for industrial purposes, and that it is not really separable from the capital put into it; in the case of capital by dwelling on the forethought and self-sacrifice involved in some acts of saving, and on the tendency of competition to keep down to a minimum the rate of interest and profit; while money loans are defended by showing that the borrower gets, in many or most cases, as great an advantage as the lender from the loan.

Close analysis, not of this or that sort of bargain, but of the general process of bargaining can alone satisfy the intellect and disclose the real source of discontent with the apportionment of wealth. Such broad general analysis, often set aside as purely theoretic, will be found to give the only practical solution of the difficulty. It will show us that bargaining, as the mode of determining prices and effecting exchange, though highly convenient and perhaps at present indispensable, is, in itself and apart from the specific circumstances, morally and rationally defective.

The classical example of an unfair or oppressive bargain, but which might take place between a baker and a starving man, will serve as our starting point. Here, it is admitted, that the monopolist baker can "force" a bargain, which will give him, as the price of a loaf, all that the starving man possesses which is worth taking. Here is the extreme power of monopoly. The real question we have to determine is, how far can and does "competition" destroy this power and equalize the gains arising from a bargain. Place two closely competing and under-cutting bakers in the field, and our starving friend may get his loaf at even less than cost price, "sweating" one or other of the bakers. Now it is commonly supposed that when competition takes place between buyers on

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the one hand and sellers on the other, the whole of this element of monopoly or force will disappear, and that the advantage of bargains will be equally distributed. But this is not really the case. Take two competing bakers confronted by two competing would-be purchasers, forming a little market, have we any guarantee that the price of a loaf of bread reached by competition and by bargaining will be one that will give an equal gain to all parties? Not at all. Unless the two bakers enjoy precisely equal facilities of production and are under precisely equal pressure to effect a sale, while the needs and the resources of the two buyers are precisely equal, there cannot be said to exist even a tendency to equal distribution of the advantage of exchange. For if one baker can "afford" to sell cheaper, or needs money more than the other, he will force down the price to a point which leaves no profit or net advantage to his competitor, while in similar fashion the greater need or the fallen purse of one of the two customers may lead to the fixing of a price which leaves a minimum advantage to his more needy or poorer fellow. The same money price, paid for the same article by all the buyers and received by all the sellers, only appears to do equal justice to all, so long as we take a superficial view and ignore the special needs and circumstances of each party. If we take these latter into consideration, as we must in dealing with the "equitable" character of exchange, we shall find that, even in a market where competition is said to be most free, no two persons get the same advantage from a given price.

This fact, indeed, is admitted by many modern economists, who in their analysis of "a market" describe these "differences" of gain as producers' or consumers' "rents," depending for their amount upon special economics in production which make the same selling price more profitable to some producers than to others, and upon the special needs of consumers which give a greater "utility" to the same article in the hands of some consumers than in the hands of others. This admission of differential gains, itself completely traverses and upsets the notion that competitive determination of a price secures substantial equality for all who buy and sell. But even this analysis of differential gains does not touch the bottom fact, which is briefly this, that competition does not really fix a price at all, but only fixes the limits within which a price is reached, leaving it to the superior force or cunning of a single bargainer to fix the actual point-price. The Austrian economist Böhm Bawerk, taking his illustration from a horse market, with a number of competing buyers and sellers, shows that the buyers only compete so as to bring the price up to a certain point, the weaker or poorer buyers dropping off one by one before the price has ascended to this point; while similarly the sellers drop off, as competition among them brings down the price towards that same point. But while this competition thus brings a movement towards a price-point, which when reached will be the market price, it breaks down before that point is reached, leaving a single buyer or a single seller to fight out between them the final step. Thus, in the determination of a price, competition always gives way to a kind of bargaining in which superior force or cunning on one side or the other wins the day. A residuum of pure economic force underlies every process of market competition, however "free" and "fair" it may appear to be. It is quite true that a price determined in this way is a far nearer approach towards equality in distribution of gain than the price which a monopolist of some necessary of life can dictate to purchasers. But it is important to observe that it only differs in degree: the power of a monopolist is always present in the fixing of a price, though that power may in its range be strictly limited, as, indeed, all monopolist power is to some extent limited, by the presence or the possibility of competition.

Where competition is most "free" the residual element of force is at a minimum and may for all practical purposes be ignored: on the contrary, every restraint of effective competition, whether by the possession of some exclusive source of material, some special economy of production, some legal privilege or protection, some corner, ring, trust, or combine, or by the conditions under which sales are effected, lays stress upon the factor of economic force in bargaining.

It is not easy to form any general estimate of the extent to which the economic force operates over the whole field of industry. Economic text-books have generally made too rigid a distinction between competition and monopolies, treating the latter in a class apart, as exceptional and perhaps as morbid excrescences on the industrial organism. Investigation of the facts of industrial life, however, impresses the conviction that nowhere does there exist absolute freedom of competition or absolute monopoly, and that the differences are always of degree rather than of kind: nowhere is direct or indirect competition entirely excluded, everywhere economic force, which is the essence of "monopoly," confronts us in some shape and size. Text-books, by concerning themselves too exclusively with large industry in manufacture and commerce, gives undue prominence to the part which competition plays in fixing prices and in the apportionment of incomes. There are indeed important departments of industrial life where the market is so large, the buyers and sellers so numerous, so well-informed, and so evenly balanced in needs and resources, that "free" competition does virtually determine prices, so as to effect an equal and equitable division of gains. This is the case in the money market so far as public funds and "gilt-edged" securities in general are concerned, and still more accurately in the sale of gold and silver. Wherever an important world-market exists for some rare commodity in general use for manufacture or consumption, such as wheat, wool, cotton, sugar, iron, buyers and sellers are normally numerous and well-matched, and both differential gains and that "monopoly" gain attributable to the force of the stronger bargainer are reduced to negligible quantities. Of course, in these, as in all world-markets, this normal state of competition is liable to be upset by some corner or other combine, or by some natural or political influence upon supply or demand, which, for a time, restricts the freedom of market and establishes a more or less powerful monopoly. But, in the main, competition may be said to furnish fairly equitable prices in these markets. So, also, in other well-organized or large "markets" where big manufacturers buy raw materials from large producers, or where manufacturers sell to wholesale merchants, and where the latter sell to independent retail traders, where contracts for coal are made between mine owners and railroad companies, where machinery is bought by large factory owners; in fact, wherever both parties in the transaction are substantial members of important trades, when what is bought, is bought for capital

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and not for personal consumption, and no combine has been organized by either side, prices paid will distribute the gain with approximate fairness. But it can hardly be said that the majority of business conforms to this rule. An open two-sided competitive market is the exception. In no part of the world are farmers equally equipped in organization and resources with the dealers to whom they sell; the same is true of fishermen and to some extent of almost all small producers of raw materials. In the manufacture and sale of many common articles of use for trade purposes or for consumption, defective communication, the bulk or perishable quality of the goods, impose closely restricted areas of market, which prevent competition from being free, and favor the normal establishment of trade agreements or monopolies, as in the case of bricks, fuel, fruit, milk and many food stuffs.

The special and other characters of the transport trade for distances are such that two-sided competition is seldom possible, and this trade plays an ever increasing part in modern industrial life. The market area in retail trail trade for most purposes is very limited; sometimes the competition of stores is excessive. Sometimes in thinly peopled parts defective; it is seldom such as to guarantee what might be called a "fair" price. The conditions of two-sided bargaining are, in their direct and most efficient forms, almost wholly absent in determining professional fees or the price of any special service. The so-called labor market seldom if ever presents the phenomenon of direct competition between buyers and sellers, and the normal superiority of resources in the buyers is commonly backed by a keener competition for employment in the sellers, conducted by methods which do not permit the laborers to canvas the different wages which different employers would be willing to pay. From domestic service all elements of direct competition are banished and price of bargaining plays an abnormally large part. If we turn to the sale of land or of land-use, we find that the price or the rent is largely affected by force or skill of bargaining, and that the gain is most unequally apportioned. Though for the use of capital, for most trade purposes, investors and borrowers may be said to compete pretty freely, where borrowing is made for some personal need or by some poor man from a rich, the conditions of such money-lending are proverbially such as to turn the balance of advantage on one side.

It thus appears that over most of the economic field there exists no security whatever for a distribution of the gains of any bargain conformably with any standard of equality or justice. Since "distribution" of wealth in its wider sense is entirely effected by a number of individual bargains, the income of each member of an industrial society being composed of the separate prices paid to him for the sale of the goods, land, labor, or capital, which he possesses, it is evident that this defect in the process of bargaining implies a general inequality or unfairness of distribution.

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TRUSTS.

Edited by Samuel Fallows, D.D., LL.D.

Trusts and Socialism. — De Tocqueville sounded a note of warning in his *Democracy in America* regarding Socialism. He asked the question: "Is it creditable that the democracy which has annihilated the feudal system and vanquished kings will respect the citizen and the capitalist? Will it stop now that it has grown so strong and its adversaries so weak?"

To this question, *Harper's Weekly* responds: "We are inclined to think that the answer to the question depends upon the citizen and the capitalist themselves. They may escape an experience with tyrannous socialism if they will, but they can do so only by bending the law of natural selection by whose action men of the best trading attainments gain the largest wealth and reach the highest power. The evolution of the best men—the best economically and commercially—must not be permitted to go to the point where capital becomes the tyrant, for such a tyranny will surely be followed by the tyranny of the community, or by socialism."

The New York *Tribune* has these earnest words to say on the right to organize trusts, and the origin of their formation:

Genesis of the Trusts.—"The large number of people who imagine it their bounden duty to prevent the organization of trusts or combinations in business have before them an extremely difficult task. Perhaps if they only realized how difficult it was they would expend less time and effort in that direction. Nobody supposes that it is within the power of the law to prevent any individual from buying the plant and the business of any other individual or corporation. But if any individual can buy out the business and plant of any concern, whether that of another person, firm, or corporation, what power is there to interfere if three or three hundred individuals, firms, or corporations see fit to sell to the same man?

"It may be just as well to put the transaction in its simplest form. Jones is the president of the A. B. C. company. Smith comes and asks if the company is willing to sell him its plant, its business, its patents, and its good-will, contracts, and other property and rights. He submits what he thinks are satisfactory inducements. Jones gets together the owners of his company and states the case. No man can deny their right to sell. No man can deny the right of Smith to buy. If the company assents, Smith buys the whole concern, lock, stock, and barrel, and has exactly the same right to do so that he has to buy a ham sandwich.

"Presently it appears that sundry other people have sold to Smith their business and plants also. His right to buy one does not in the least degree impair his natural right to buy another. The right of any one to sell is not in the slightest degree affected by the fact that somebody else has also sold to the same man. Thus by the exercise of a natural right, which no one can deny and which no law can possibly limit, Smith becomes the owner of several properties. If they are of the same character and in the same line of industrial development, no one has any more right to complain of Smith than if he had bought one iron mill, one silk mill, and a rubber factory.

"But Smith has bought, it appears, all the silk mills in the country. He has agreed to pay each owner a price which is satisfactory to him. Can any law deprive the owner of the right to sell on such terms as to him seem good, because the buyer has also made terms with other people in the same line of business? Smith has offered sundry stocks in a new company to be formed. Can any law deprive an owner of his right to take stocks instead of cash? If any could, Smith could contract to pay cash, and the other man could contract to buy the stock. It is mere folly to suppose that such contracts can be prevented by any law. When Smith is the actual owner of all the silk mills he offers the absolute ownership of them to a company, possibly of his own devising. Is there any law which can prevent his selling or prevent the company from buying? And when he has sold, behold, there is a silk monopoly! But what power has the law at any step in the process to intervene, and to say that Smith shall not buy, as any other private individual might, or shall not sell, as any other private individual might? The practical outcome is that any and all laws which are intended to prevent consolidation of interests in any particular branch of business must either fail or must deprive every individual of his natural right to buy more than one property of the same kind. It will be exceedingly difficult to frame any law and to get it passed

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which will deprive American citizens of that right."

Benefit of Trusts.—On the benefit of trusts *Harper's Weekly* has this to say:

"It is time to consider the question of trusts carefully. During the winter which has just passed, the newspapers have contained, almost daily, numerous accounts of the formation of trusts. Never before in the history of the country have so many powerful combinations of corporations and capital been brought into existence. It is safe to say that the manufacture and sale of nearly every article of common need and convenience are controlled by a trust, as transportation is largely, and as labor is almost entirely. Millions of dollars are congregated together and organized for the purpose of monopolizing trade. This enormous power may be, and generally is, productive of great good. It is a wonderful labor-saving machine, and therefore a reducer of the cost of production, and the consumer reaps the benefit in lower prices, in increased comfort, and in a large saving of time in traveling."

In defense of trusts the *New York Tribune* says:

"The cartoonist who portrays the trust as devouring the substance of Uncle Sam while he sleeps, has a blind eye to facts, but open to the prejudices of the many who never ask what truth is. Some trusts do no harm to anybody, but only good. Others do harm to scores or hundreds of small competitors, by underselling them, and thus benefit millions of consumers. Others still do much harm to competitors, and yet are not so wisely managed as to serve consumers, or secure durable existence for themselves, and as these are, perhaps, more numerous than any other class, it may be pertinent to notice that they do not devour Uncle Sam's substance, neither by sending it out of the country, nor by keeping it themselves, but presently build up such shrewd and successful competition that consumers are in the end permanently benefited, not by their wish. The remaining class, few in numbers, which establishes higher prices to the injury of consumers, and uses its monopoly as greedily as it can, almost invariably gets smashed up with heavy loss in a short time by competition, and the consumers reap the benefit of enlarged production ever after.

"In process of time most persons will presumably discover that a so-called monopoly which sustains itself solely by underselling all competitors, and serving the public more cheaply than they possibly can, is by no means a devourer of the nation's substance."

The *Chicago Post*, under date of Feb. 8, 1899, says:

"Abram S. Hewitt, ex-mayor of New York, claims that the outcry against the trusts is absurd. The trust is, instead of being a drawback to civilization, a great blessing, in Mr. Hewitt's opinion, for the reason that when associated industry reaches a greatly developed condition the workmen themselves are bound to acquire shares. The corporation system now absorbs so much of industrial enterprise that a few men cannot possibly control it. To extend it many men must contribute, small shares must be sold, and thus gradually the workmen will invest their savings, which will be a potent factor in the support of the operations of great industries. Big failures will help the good work along, for at every failure there will be a tendency for those actually interested in the production, and who know its conditions, to buy and get it into their own hands. The very fact of the corporation helps the actual producers, for a corporation is a public matter and all its transactions should be on record. The publicity of it should make it far safer for the workmen to invest in it than in private concerns."

Trusts a Menace.—Prof. Albion W. Small, the dean of the Sociological Department of the University of Chicago, uttered these forceful views on March 28, 1899, before the Methodist ministers' meeting at Chicago:

"The social system in which we live and move and have our being is so bad nobody can tell the full measure of its iniquity. In this age of so-called "democracy" we are getting into the thralls of the most relentless system of economic oligrachy that history has thus far recorded. That capital from which most of us directly or indirectly get our bread and butter is become the most undemocratic, inhuman and atheistic of all the heathen divinities. It breeds children but to devour the bodies of some, the souls of others and to put out the spiritual eyesight of the rest. The socialistic indictments of our civilization are essentially sound. Mind, I do not say the remedies are sound, but the indictments are true."

Following this graphic description of social conditions, Professor Small told his clerical auditors that:

"There are clouds on the social horizon already bigger than a man's hand, foretelling changes of which no one is wise enough to predict the end. If present tendencies continue it will not be long before the men whose business is to communicate ideas will be gagged by those who publish ideas, and the publishers will be shackled by the makers of paper, and the paper manufacturers will be held up by the transportation lines, and the transportation corporations by the producers of steel, and the steel industries by the coal operators, and the coal miners by the oil producers, and the oil magnates by the stove makers, and the cook stove men by the sugar trust, and the sugar industry by Wall street, and the stock broker by the labor unions, and they by the farmers, and the farmers, God help them, by everybody. I am not throwing the dust of my library in your face, but if you heed the symptoms from bank and office, factory and railroad headquarters and daily press, you have discovered that the very men who made these combinations are beginning to be frightened at their shadows. These very business men who claim a monopoly of practical "horse sense" have involved themselves and all of us in a grim tragedy. They are asking in a quiet way how it is all going to end. Whether they realize it or not, our vision of freedom is passing into the eclipse of universal corporate compulsion in the interest of capital. The march of human progress is getting reduced to making time in the lock-step of capital's chain gang. It would make infinitely more for human weal if every dollar of wealth was cleaned off the earth, if we could have instead of it industry and homes, and justice and love and faith, than to be led much farther into the devil's dance of capitalism."

Governor Allen D. Chandler of Georgia declares it matters not whether the trust lowers the price or what it does. It strangles the individual, handicaps the young men of the day, and is ruinous and perilous to the welfare of the country and the commercial interests generally.

Judge Tuley of Chicago recently denounced trusts in the following vigorous manner:

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"This combination of protected industries, trusts and monopolies, controlled by plutocratic millionaires, limits production, advances or reduces prices, closes factories, discharges employés by the thousand at pleasure, defies the law, hypnotizes attorney generals, treats the courts with contempt, and "laughs in their sleeves" at the impotence of the masses and at the way in which they are misled by false and immaterial issues at this great crisis in the history of republican institutions."

The *Chicago Chronicle*, an influential democratic paper of Chicago, thus answers the question, "Why Some Corporations are Unpopular?"

"Men interested in corporations of the quasi-public type affect to deplore the growth of anti-corporation sentiment as unjust and without any substantial foundation. They maintain, with truth, that great corporate enterprises like railroads, telegraph companies and similar institutions, are merely aggregations of individuals who have formed themselves into corporate associations, and they insist that such associations are entitled to the same consideration as are the individuals composing them. Why, they demand, should there be discrimination against half a dozen men composing a corporation when the same half dozen men as individuals are placed on an equal footing with their fellows?

"The answer to this question appears to be that the half dozen men composing the corporation almost invariably do things or permit things to be done which as individuals they would not dream of doing—which they would quickly be stopped from doing by the action of the law. In other words, that corporations, being soulless, assume to ignore, and to a large extent do ignore, the laws which are binding upon individual members of the community. They are quick to invoke the protection of the statutes when their own rights are invaded, but resist to the last extremity any attempt to enforce the law when such enforcement runs counter to their own interests. It is the contempt for law which has been manifested by many corporations that has aroused the sentiment against them."

After referring to physical lawlessness in certain cases, the *Chronicle* continues:

"Nor is all the lawlessness of certain corporations of a purely physical type. The interstate commerce law has been invaded when it has not been defied. Here in Chicago the street railway companies ignored the fender ordinance until it was their pleasure to comply with it. The Sherman anti-trust law is in full force, yet combinations are daily formed in open violation of it. Laws for the regulation of corporations are not held to bind any one. They are merely preliminary to a series of legal proceedings, carried from one court to another, until the tribunal of last resort pronounces upon their "constitutionality." The individual who violates the statutes gets into jail. The corporation takes an appeal and continues to violate the law with impunity.

"And it is undoubtedly this situation which is responsible for the rapid rise of anti-corporation sentiment, manifested not only in Arkansas, Texas and Missouri, but in New York—the very citadel of corporate wealth. When the New York legislature, with almost universal approval, passes a measure so drastic as the Ford law, it is time that men interested in corporations should take cognizance of the situation. The public has grown tired of corporate lawlessness, and means to make an end of it."

Governor Pingree of Michigan is emphatic in his opinion that trusts must be dealt with by the law, and the corporations which are guilty of bribery must be brought to justice. He says:

"Trusts must be dealt with by law. The constitution is for the people, and it should protect them and not those who prey upon them. As for the wrong-doing of men of great wealth the remedy is largely with society. Society does not put the blame for boodling and bribery where it belongs. Corporations are made up of individuals and yet the individuals may stand high in the community while the corporations are corrupting city councils, state legislatures and other public officials. With money often acquired by questionable methods, by watering stocks and flim-flamming the public, they retain newspapers to advocate their schemes and are always ready to obtain dishonestly that to which they are not entitled. Bribery is insinuating and hard to prove, and from behind the screen where they imagine themselves hidden from public view they manipulate the strings and through their agents, cause much of the corruption in city affairs. As long as such men are treated as respectable, or even good members of society, so long will pure municipal government be well-nigh impossible. That they are generally so treated is only too obvious. These men buy up councils and legislatures and get valuable franchises; and then they buy up society by endowing colleges and hospitals, and to get their respectability. When colleges say 'We will not have your plunder,' and when society says, 'We will not have your company,' the era of reform will have set in. Do you think men would pile up ill-gotten fortunes as they do now if they knew they would be branded and shunned by society? But as long as success, however achieved, makes men respectable, and wealth, however gotten, makes them honorable, they are going to get it without regard for the method."

Mr. P. E. Dowe, President of the Commercial Traveler's Association in his statements before the Industrial Commission declared that trusts were ruining the business of salesmen.

According to Mr. Dowe thirty-five thousand men have been forced out of employment and twenty-five thousand have had their salaries reduced. He estimates the net loss to the men at sixty million dollars a year, with a saving of a similar sum to the men in the trusts.

One of these salesmen recently said in Chicago: "Many of us are working for firms which are embraced in the trusts, and there are so many traveling men who have been turned off on account of the formation of the trusts, that our positions would be gone were we to tell what we know in regard to the vast numbers of salesmen who have lost their positions."

Thousands of salesmen have lost their positions through the consolidation effected by the trusts, which, they say, enables one man to do the work formerly done by many.

He further said, "The formation of the trusts has abolished competition among business houses, and the trusts are able to dispense with the services of over one-half of the traveling salesmen. In former days salesmen employed by different firms in the same line of business covered the same territory and worked for the trade of the same customers. Under the trust system one man is able to take all orders in his territory in his line of business."

Trusts and the Courts.—There is a Federal

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law against trusts (known as the Sherman law), concerning which the Attorney-General of the United States, John W. Griggs, said on March 26, 1899, in discussing the various actions taken by the Department of Justice against corporations supposed to be operating in violation of the law:

"We have instituted suits, and we have won some and been beaten in others. In every instance we have felt when instituting a suit we have had a fair chance of winning, and it is too serious a matter to bring a suit against a corporation for violating the anti-trust law without a chance of winning."

The Attorney-General, when spoken to in regard to the various trusts which in his opinion should be prosecuted by the Federal and State authorities, said:

"I could not give an opinion upon that subject without having carefully examined the agreements among all the firms supposed to be a trust.

"Whenever there is a railroad combination existing we have broken it up, and to-day no combination exists which is not in conformity with the anti-trust laws."

Senator Hoar, in discussing the powers of Congress to control trusts in the public interest, maintained that the chief obstacle to drastic regulation (even assuming the expediency of such regulation) is found in the constitutional restraints imposed upon the Federal government. The several states can do very little, owing to the fact that to interstate and international business, State power does not extend.

On the other hand, the authority of Congress applies only to interstate commerce, and cannot be brought to bear on the great majority of combinations. What is to be done? was asked of Senator Hoar. He answered that relief must be sought in a new direction.

The senator's suggestions are rather vague, but he promised to elaborate them at a future time. To quote his own language:

"Now, while Congress cannot make any provision of the constitution that shall control in the least the business of any manufacturer, whether alone or in combination with others, so far as it is carried on within the boundaries of his own State, congress may, in my judgment, impose such conditions as it shall see fit, upon the carrying out of business by such combinations in interstate or international commerce, and one of those conditions may be that no business—with such exceptions as may seem reasonable (railroad transportation companies, banks and other companies of that kind)—shall be carried on between the State and the nation, between different States, or between the nation and foreign countries, where the men who carry it on have had the facility and the privilege of corporate power without individual liability, except in compliance with such conditions as the national legislative power shall prescribe."

What these stipulations and conditions ought to be Mr. Hoar did not indicate; he limited himself to asserting the constitutional power of congress to prescribe and enforce them. The suggestion, however, is pregnant. It evidently looks to a new national anti-trust law, much wider in scope than the Sherman act. Just as states qualify and regulate corporations seeking charters from them, so it is intimated congress might demand compliance with certain conditions (a prohibition of partnerships between independent corporations, for example, distinctly provided in State laws) as a prerequisite to carrying on business with other States.

The Supreme Court of Indiana unanimously rendered an important decision on June 6, 1899, in the suit against the Portland gas and oil companies. The Prosecuting Attorney brought suit to forfeit the corporate powers of both companies, alleging that they were unlawfully combined against the people and were abusing the rights conferred by the State. The people lost in the lower court, but the Supreme Court now reverses the decision.

The court held that existing laws are sufficient to protect the public, and that the courts can take the charters from the offending companies.

The following is the salient paragraph of the court's opinion:

"It is an old and familiar maxim that competition is the life of trade, and whatever act destroys competition, or even relaxes it, upon the part of those who sustain relations to the public, is regarded by the law as injurious to public interests, and is, therefore, deemed to be unlawful on the grounds of public policy."

"The decision of the Indiana court," said Attorney-General Taylor, "should be no surprise to lawyers or the public generally, unless we admit there is no confidence in the justice of supreme courts. The decision is in line with common law hundreds of years old, and practically the same view has been held in the case against railway pooling associations. The Indiana court will not uphold combinations to raise prices, and it makes possible, action that will crush trust combinations in this State for good."

President Adams, of the University of Wisconsin, says:

"Men form combinations, great or small, political, commercial, manufacturing, or what not, whenever they are satisfied that it is for their interest to do so; and the very essence of individualism and of liberty demands that such a course be permitted and encouraged. This great fact has been so universally recognized that in every free country combines have been a distinctive feature of modern industrial life. And they have been a result in no country but a free country.

"But liberty here, as elsewhere, while it may not be overthrown, must be regulated and restrained. As exercised by individual men, it is restrained in a hundred ways. There is no good reason why it should not be restrained when wrongfully exercised by a corporation or by a trust. The most of the evils complained of is the monstrous fact that there is often one capitalization for taxation and another for dividends. Surely the prevention of such an evil, however difficult, is quite within the scope of legislation in a free country. The tendency to combine cannot be prevented, but must be regulated."

Protection and the Trusts.—On the relationship of protection to trusts, Governor Mount (republican) of Indiana gives his views after briefly stating his reasons for considering trusts as a menace:

"I think it wise for the public to take a lively interest in all economic issues in their various relations to production, transportation, consumption, supply and demand. The rapid consolidation into trusts of many of the industries of the country is just cause for serious apprehension. Many of these combinations are speculative, overcapitalized, representing watered stock, and will speedily col-

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lapse, leaving many investors wiser but poorer. Some of the aggregations of capital may be organized upon correct business principles, with a view of reducing the cost of production and distribution, but I take it that the real purpose of this centralization of capital is to secure better profits to the concerns thus organized.

"Such coalitions are not formed for public weal, but rather for the benefit of corporate greed. I have always advocated and believed in the protection and encouragement of American industries, believing (and history has justified such belief) that home competition would regulate prices; but if home industries are to unite in gigantic trusts, thus destroying competition and controlling prices, then I am for removing protection from all articles manufactured by such trusts, to the end that, if competition cannot be maintained at home, we can have competition from abroad."

The Standard Oil Trust.—Hon. Frank S. Monnett, the Attorney General of Ohio, at Washington, D.C., May 16, 1899, was before the industrial commission as a witness in the trust investigation. His testimony related almost exclusively to the Standard Oil trust, against which he has been proceeding in his official capacity in Ohio. In detailing the particulars in the suits against the Standard, brought on behalf of the State of Ohio, Mr. Monnett said the companies comprising the trust were so distributed as to control all the operations appertaining to the production, transportation, refining and delivery of the products of the oil wells in Ohio, including even its own telegraph system. Referring to this telegraph line, Mr. Monnett said it had been developed so that it was exchanging business with the Western Union Company, acting as a common carrier and making a cheaper rate to the constituent members of the trust than to other customers, functions which were outside the corporate authority of the trust. He also complained that there was discrimination in railroad rates in favor of the Standard company tank lines, saying that it was equal to four hundred per cent against the ordinary citizen.

Mr. Monnett gave figures, showing that the capitalization of the twenty companies comprising the trust amounted in the aggregate to one hundred and two million, two hundred and thirty-three thousand dollars, and the valuation one hundred and twenty-one million, six hundred and thirty-one thousand dollars. He said the trust could make its dividends whatever it desired, as it controlled completely the retail price of oil. Mr. Monnett told of the distribution of the stock of the trust, saying that the trustees held four hundred and sixty-six thousand, two hundred and sixty, of the seven hundred thousand shares, and that John D. Rockefeller, as chairman of the trustees, held a majority of the stock thus distributed, giving him the balance of power, and making, practically, one-man power. Mr. Monnett said the original value of the plant of the trust was ninety-seven million, two hundred and fifty thousand dollars, but this figure should now be multiplied by five.

Mr. Monnett insisted that the way to control the trusts was to control the transportation companies, which, he thought, the courts could do, and if the courts could not do this, the charters of the roads should be taken from them. The Attorney General of New Jersey could secure action on this discrimination within sixty days if he would take it in hand, said the witness.

Speaking of the earnings of the oil trust Mr. Monnett estimated that the gross receipts were *one hundred and twenty million dollars a year on the Ohio product alone*, and he said that all was profit over four cents a gallon on refined oil. He placed the value of the earnings of the company per year as greater than the value of all the farm products of the State.

Trusts in Labor Unions.—The *Chicago Tribune*, of January 30, 1899, in a pungent article, compares as follows the methods of the trusts and those of labor unions:

"There is much similarity between the objects of a trust and those of a labor union. The former seeks to monopolize production. The latter wishes to monopolize a particular kind of labor. The trust wants to be in a position where it can dictate prices to consumers. The union wishes to be in a position where it can dictate wages to employers. The trust, whenever it sees itself threatened by competition, buys out its competitors or, when strong enough, drives them out of business. The union, as much an enemy of competition as the trust, endeavors to protect its members first by "unionizing" all the men engaged in a particular trade and then making it difficult to learn that trade, so that there may be no surplus of workers.

"There are in the United States at this time about two thousand two hundred window glass pots to be operated. The Window Glass Workers' National union, a well-organized union, has just about men enough to look after two thousand one hundred pots. While there is a trifle more work to be done than there are men to do it, as is the case at present, the members of the union will be in an enviable position. There will be work enough for all, and, owing to their monopoly of the labor market, they may be in a position to compel an advance in wages, but if there were a thousand more window glass workers without a corresponding increase in the number of pots, some men would have no work or would be tempted to accept lower wages to get it.

"The union does not intend that this shall happen. Therefore, it has ordered that there be no apprenticeships for this year, and that all the boys and young men now serving in that capacity shall be discharged. There are about a thousand in all. It is rather hard on these young men and boys to be thrown out after this fashion and deprived of an opportunity to learn a good trade. Probably the members of the union will admit as much. They will say, however, that they have adopted this policy in self-defense. That if they had not done this all those apprentices would have become full-fledged workmen in course of time and the labor market would have been over-supplied. For much the same reason the services of a large number of "helpers" have been dispensed with. In time they would have learned the trade and increased the labor surplus. The union would have had more men than it could secure work and good wages for.

"Labor leaders generally will defend the course of the Window Glass Workers' union in doing what it can to keep the supply of labor from outrunning the demand for labor, and yet when a trust alleges that one of the objects of its formation is to prevent the supply of goods from outrunning the demand for goods and overstocking the market the labor leaders condemn the trust for doing that which they think it is eminently proper for unions to do."

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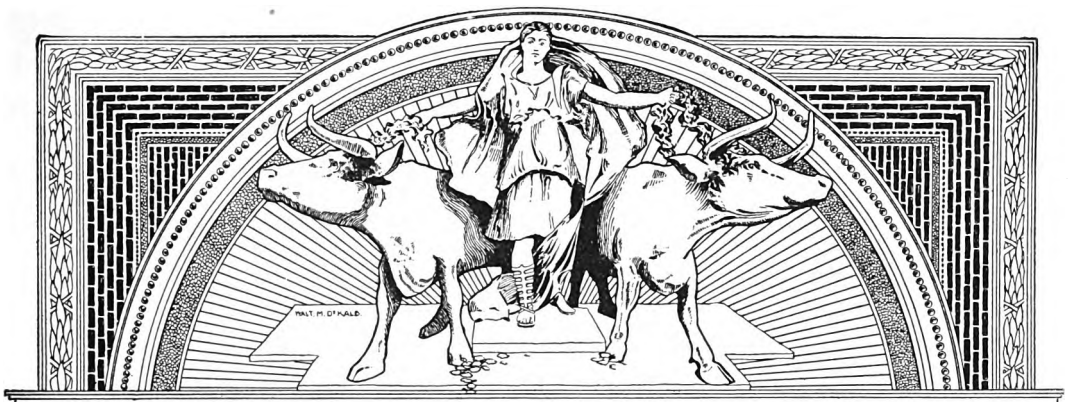

POLITICAL ECONOMY

CONSUMPTION.

BY

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1. CONSUMPTION.

WHILE it has been impossible to treat exhaustively all the topics which have been discussed in the course in Economics it has seemed best to present them with some fullness. This leaves us little space for the topics which remain, and the best that can be done is to offer what we may call a reader's guide for the remainder of the work in economics. The writer believes that in following the plan which he has adopted, he has been making the best use for students of the space placed at his disposal.

Consumption is a large subject, but we have only one lesson for it. Consumption means the using up of utilities in the satisfaction of wants. Consumption is the enjoyment of economic goods. Production stands at one end of the economic process and consumption at the other end.

Consumption is also employed in a larger sense to describe not only the direct enjoyment of economic goods, but the use of economic goods in production. This we may call producer's consumption or productive consumption. It is not, in the strict sense of the word, consumption at all, but only production. Goods are transformed in production. The concrete good is destroyed, to be sure, but the utility passes over to another good.

We have all sorts of consumption—useful consumption, useless consumption, provident consumption and extravagant consumption.

In consumption man comes forward as a consumer, and is regarded as the end and purpose of economic life. When the Germans laid emphasis upon man as the beginning and goal of economic life they necessarily directed attention to consumption. The Austrians in their emphasis upon utility as the cause of value took the standpoint of the consumer, whereas the older view which laid emphasis upon cost emphasized rather the standpoint of the producer. Doubtless the emphasis laid upon consumption in modern economies is due to the Austrians more than to any other class of writers. In our own country Professor Simon N. Patten of the University of Pennsylvania, is the one who more than any one else has laid emphasis upon consumption. But he has had followers among his own students,

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notably Dr. Edward T. Devine, Secretary of the Charity Organizations, New York, and author of a useful little manual, called *Economics*, in which consumption is made prominent.(1)

It must not be supposed, however, that in consumption we come upon altogether new topics. We do have a new point of view and a new arrangement of topics, but many things which some modern economists are inclined to place under consumption have been discussed by older economists under a different title. Utility and value, economic wants, standard of comfort, luxury, productive and unproductive consumption, and social control of consumption, are some of the topics which writers discuss under consumption. These have not, however, by any means been altogether neglected by writers who have had no main part in their treatises entitled consumption. It is necessary to utter this caution against an impression which might be conveyed that consumption gives us something altogether new.

At the same time we must guard against going to the opposite extreme and denying the importance of the modern treatment of consumption. Unless we have a separate and distinct department of consumption in our economic treatises it is altogether probable that important economic subjects will be neglected. Luxury may be mentioned as such a subject. It is difficult to see how this could be adequately treated in its various phases and the ethical impropriety of luxury pointed out under any other heading than consumption. Similarly the distinction between individual and social consumption and the growing significance of the latter, naturally fall under consumption and can scarcely be treated well under any other designation.

Consumption, however, does something more than to bring forward topics which otherwise are likely to be neglected altogether or inadequately treated. Consumption gives us a point of view, and from this point of view we may, if we desire, cover a large part of economics. One of the strong features of the English Classical Economy has been that for the most part it has taken the standpoint of the consumer. Sometimes it has gone too far in this, because we are for the most part producers as well as consumers. The consumer, however, gives us the most general point of view. When we speak about producers we naturally divide men into classes. When we consider the interest of the consumer, however, we are more apt to take in the interests of society as a whole.

It has been contended by some that consumption does not belong to economics. It is true that some of the phenomena of consumption are individual, but many are directly social and in modern society they all have their social effects. I may consume privately the most costly luxury, but my consumption withdraws so much wealth from the stores of society and produces social results.

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1. CONSUMPTION.

(1) **The Nature of Consumption.**—"Consumption is the destruction of utilities in such a manner that the satisfaction which the commodity was able to produce is actually experienced. The test of consumption is the degree of satisfaction obtained. It is obviously an error to look upon the creation of new utilities as a test of consumption, and to condemn all consumption from which there does not emerge a greater number of utilities than is destroyed. A destruction of utilities from which new utilities emerge, is, strictly, not consumption at all, but one form of production. The shoemaker, it is said, consumes leather in the production of shoes. But the utility embodied in the leather has disappeared in the one form only to reappear in another. It has not been destroyed. No want has yet been satisfied. Something very different takes place when the shoes are worn out. Here the utilities are destroyed. The desire, whether it be for ornament or for protection, has been satisfied. Nothing else than this should be called consumption, unless some qualifying word is added to indicate the meaning.

We may use the term "productive consumption" to designate the transformation of utilities from one substance to another, when no desires are satisfied in the process.

Waste is a destruction of utilities from which there is obtained neither new utilities nor the intended satisfaction. Nearly all consumption involves some measure of waste, and, though to a less extent, the productive process too is accompanied by waste. A failure to create the greatest number of utilities with a given expenditure of energy, must be regarded as waste, and consequently those forms of consumption which allow existing productive agencies to be utilized most fully must be regarded as least wasteful. It goes

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without saying that it lies in the interests of all to reduce to a minimum the waste in each of these directions. The most urgent need of all is for greater economy in consumption, as will appear more fully in subsequent pages.

Production and consumption together cover the whole field of man's economic activity. The consumption of wealth is uniformly accompanied by the sensation of pleasure. The degree of pleasure varies directly with the utility of the commodity. The utility is, indeed, only an expression of the possible satisfaction to be derived from the commodity. There is no necessary or direct connection between the effort involved in the production of the commodity and its utility. The two may, however, be directly compared, for production always involves some degree of pain or subjective cost, which is a sensation directly opposed to the pleasure obtained from consumption. — *From "Economics," by Edward T. Devine, pp. 77-80.*

PUBLIC FINANCE.

2. PUBLIC FINANCE.

Public finance deals with the revenues of government, with their expenditure and their administration. Public finance is one part of economics. Like general economics it deals with the means for the satisfaction of human wants. Some of our wants we satisfy in one way, some in another. Some we satisfy individually. Some we satisfy through private social effort, *i.e.*, largely through the private corporation. Others we satisfy through public collective effort, that is to say, through some governmental agency. The wants which we satisfy through governmental agency are not all of them so peculiar that they could not be satisfied either through private individual, or private social activity. Let us take the case of watering the streets. There are places in which the streets, in so far as they are watered at all, are watered by individuals in their private capacity, each man watering the street in front of his own house with his own hose. There are other places in which the householders join together and pay some one to water the streets for them, and do this privately. There are still other cities in which the government employs persons to water the streets and pays them from the proceeds of taxation.



Prof. Edwin R. Seligman, Columbia University.

There are, to be sure, some wants which we satisfy through governmental agency which a civilized community will not allow us to satisfy privately. This is the case with those wants which are satisfied by means of the police and the courts. It is a peculiar function of government in modern time to provide that inestimable blessing which we call security of person and property. This requires economic resources just as the satisfaction of the other wants mentioned does, and public finance has to do with the provision of these resources. Public finance, then, is a part of economics, because it deals with the satisfaction of wants through economic resources. It is also a part of economics because it has its influence upon the production, the distribution and the consumption of wealth.

While we have to insist then that public finance belongs to economics, it is more separated from the other parts of economics than they are from each other. Inasmuch as it deals with the satisfaction of wants through governmental agency it has its own peculiarities, and it is only an undue emphasis upon these peculiarities which leads some writers to make it a separate science.

The significance of public finance may be brought before us first by examination of the increasing amount of public revenues, and second by the enormous aggregate

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of these revenues at the present time. Public revenues have gone on increasing during the present century by leaps and bounds. An illustration is afforded by the history of France. Some sixty years ago the public expenditures of France reached one thousand million francs for the first time, or as we Americans generally say, a billion francs. There was universal astonishment and alarm, just as there was when for the first time an American Congress spent a billion dollars in two years. Never since the time, however, when the public expenditures of France first amounted to a thousand millions have they been so small. Gradually they increased until they reached two thousand millions, never to pass below that mark; then they increased until they touched three thousand millions, and now they are in the neighborhood of four thousand millions. It is said that public expenditures at the present time under the modern government consume something like a tenth part of all the wealth produced. Now what does this mean? Does it signify increasing extravagance or even corruption? Quite the contrary. While the modern government is far from perfect, it is throughout the civilized world probably better than it ever has been before. Take the civilized world as a whole, there probably never was more honest government or more efficient government than there is to-day. What it really means is this: We are living in a period of increasing public coöperation. Through governmental agency we are satisfying an increasiug number of wants. We think we find it more advantageous to satisfy a considerable proportion of our wants through public coöperation than through individual effort or private coöperation. This is the significance of the increasing governmental budget throughout the civilized world. Educational expenditures afford a good illustration. They run up into the hundreds of millions in the modern nation, whereas previously to this century they were insignificant. Expenditures for police protection, for public lighting and sanitation, are something which, so far as any expenditures of magnitude are concerned, belong to this century.(1)

Public finance has another significance. Questions of social reform are now connected quite generally with financial questions, just as formerly they were with constitutional questions. Public finance has become the central fighting place for social reform. The question of tariff protection has from the earliest days in this country been connected with public finance. Police regulation has also been connected with fiscal measures. The license-charge for saloons furnishes an illustration. The idea of the police powers is expanding in the United States, and this means expansion of the field of public finance.

The discussion of public expenditures reveals as few other subjects do, the nature of our civilization. The discussion of public revenues brings before us such topics as public industries, fees, special assessments, taxation of all kinds and public loans.(2) The subject of public finance is one which has been until recently neglected by English and American writers, but it is now one which is receiving considerable attention. Among the workers in this field may be mentioned Prof. C. F. Bastable, Trinity College, Dublin, the author of the first systematic treatise on public finance in the English language, Prof. H. C. Adams, the author of two fine works, namely, *Public Debts* and *Finance*, and Prof. E. R. Seligman, the author of numerous learned monographs, his two most noteworthy books being *Essays in Finance* and *The Shifting and Incidence of Taxation.* Mention should also be made of Dr. J. H. Hollander of the Johns Hopkins University, whose work on *The Financial History of Baltimore* has recently appeared. (*See page 740*). Dr. Hollander is also editor of a work called *Studies in State Taxation*, with particular reference to the Southern States, which has been prepared by graduate students of the Johns Hopkins University.

The writer may surely with propriety mention his own name as one of those specializing in the field of public finance and call attention to his work, *Taxation in American States and Cities*, as a pioneer work in its own territory. He has also

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directed the attention of numerous students to this field during the eighteen years of his academic service. The result is seen in many financial works of importance. Thus, Dr. F. C. Howe's *Taxation in the United States Under the Internal Revenue System* had its origin in a class essay prepared by Dr. Howe when he was a member of one of the writer's classes, and the same may be said of Prof. Edwin A. Ross' monograph on *Sinking Funds*. The work of Professor Scott, on *The Repudiation of State Debts*, was suggested by the writer to Professor Scott while one of his students, as a doctor's thesis. This may likewise be said of Professor Kinley's work on *The Independent Treasury System of the United States*.

2. PUBLIC FINANCE.

(1) **Reform in Taxation.**—Remedies for the evils connected with taxation are in general of two kinds:

1. Better adjustment of the burdens of taxation by a careful combination of taxes, national, State and local, forming an harmonious system.

2. Better utilization of public resources.

The Property Tax.—By a property tax we understand a tax levied on all property, real and personal. It is the tax which is the chief source of revenues in American States, and all the local political units. According to law all property in our States and cities is valued and taxed at a uniform rate. The only exception which occurs to the writer is Savannah, Ga., where the rate on personal property is a much lower one. Certain minor exceptions, however, are usually allowed by law. A small amount of household furniture, for example, is generally exempt. The main difficulty with this tax is that real estate, that is, lands and houses, is visible and can readily be found by tax assessors, while a great deal of property—say one-half of all property—is in form of stock, bonds, instruments of credit, and the like, and often cannot be found at all. The result is that real estate generally pays an undue share of taxes. Competent business men in Boston, for example, have estimated that in that city personal property is four times as valuable as real estate, although it is assessed for only one-fourth as much. The problem is a better adjustment of the burdens of State and local taxes, so as to make those pay their share who own invisible or easily concealed property; also so as to make that considerable class contribute something to the support of government who have little or no property, but enjoy, nevertheless, large incomes, sometimes larger than the accumulations of the lifetime of the ordinary man.

Personal Property Tax.—The thought naturally suggests itself that vigorous efforts should be made to find personal property, and then that it should be subject to the same tax which real estate must pay. This, however, can scarcely be regarded as practicable, as all experiments in this direction have thus far proved futile. It is so difficult to find many kinds of personal property that the returns which such kinds yield are adjusted to practical exemption. Safe bonds, for example, bear so low a rate of interest that it is manifest the owners do not expect to pay taxes on them. The tax rate for State and city together in many American cities is as high as two per cent. This would mean forty per cent of the income of a bond bearing five per cent interest. Moreover, one State alone cannot proceed in this matter successfully. Bonds, notes and mortgages move freely from State to State. Real estate is manifestly different, because, as it is known in advance what tax it will have to bear, the selling price is adjusted to the tax, and if the tax should be removed the price would be higher, so that the purchaser loses very little in the fact that property is taxed, and to remove the tax, providing it is one which has existed for some time, would be like making a present to the existing owners.

Some have hastily jumped to the conclusion that personal property should, on account of the difficulties of taxing it, be altogether exempted from taxation. This conclusion does not seem warranted, for it would free a powerful portion of the community from bearing its just share of taxes. While miscellaneous kinds of personal property, like those mentioned, may be exempted from taxation, the tax can be retained on certain specified forms like bank stock, which can be easily discovered and occasion little difficulty. The writer would suggest that personal property be exempted from taxation unless it is of the kind specially mentioned as subject to taxation. If, however, it is decided to retain the general tax on personal property it should be a much lower rate, say something like one-half of one per cent, as the temptation then to evade this payment would not be so strong. Those who are called upon to pay nearly one-half of their income in taxes feel that a gross wrong is done them, and the temptation to evasion becomes very strong.

Income Tax.—An income tax seems the most promising remedy, but against this there is in many quarters an unreasonable prejudice. Space is too limited to treat at length this subject. It may be said that while general personal property taxes become worse and worse the longer they exist, wherever a rational kind of income tax has been laid, as in Switzerland, Prussia, and England, the longer it lasts the better it works, and the more general the popular approval. It is the only way in which a large and influential and even rich class can be made to bear its fair share of taxes.

(2) **Better Utilization of Public Resources.**—By this is meant that public property and its use should be paid for. Cities and States should stop making presents to corporations. If street-car companies use the streets they should pay for the privilege. This is sometimes done, but too often the public is robbed. The Baltimore street-car companies, for example, pay to the city nine dollars for every hundred they collect, but this is not enough. When five-cent fares are charged street-car companies in great cities can sometimes afford to pay as high as forty or fifty dollars to the city for every hundred they collect. Similar principles should be applied to other corporations using streets, like gas, electric lighting, telephone companies. It is, however, best for the city to manufacture its own gas and electric lights, and to provide itself with water. —*From "Outlines of Economics," College Edition, by Richard T. Ely, pp. 359-365.*

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3. THE HISTORY OF ECONOMIC THOUGHT. THE MERCANTILISTS.



Frederick the Great, of Prussia.

We now pass over to a brief survey of economic thought. Modern economics may be traced back to the Mercantilists. The ideas of the Mercantilists with their practical application are sometimes designated as the mercantile system, sometimes as the restrictive commercial system, and sometimes Colbertism from the French statesman Colbert, who is regarded as one of the foremost Mercantilists. The period of Mercantilism is from the early part of the sixteenth until the latter part of the eighteenth century. Mercantilism is not strictly speaking a system of economic thought. It is the name given to those economic views and to that economic policy of statesmen which prevailed during the period mentioned. These views were not by any means harmonious, but it may be said that they had a certain common tone and that they were grouped about one idea common to all Mercantilists, namely, that a nation should strive to export a quantity of goods greater in value than its imports in order that a balance of precious metals might be imported into the country. The great question of the Mercantilists was this: How to increase the supply of precious metals, especially in a country without mines. Most prominent among the Mercantilists are statesmen like Colbert of France, Frederick the Great of Prussia, and Cromwell of England. Among the theorists of Mercantilism, Serra of Italy, Thomas Mun of England, and Sir James Steuart are especially prominent. The work of the last named, entitled *Inquiries into the Principles of Political Economy* may be regarded as perhaps the best theoretical statement of modern Mercantilism. It appeared in 1767, and may be looked upon as closing the theoretical development of this line of thought. Mercantilism resembles more or less modern Protectionism, and yet it differs from it in important particulars. Mercantilism aimed to make agricultural products and labor cheap in order thereby to cheapen manufactured products, inasmuch as cheap manufactured products would find a ready sale abroad and thereby increase the favorable balance of trade. Sometimes, indeed, the exportation of agricultural products was entirely prohibited. All this is in marked contrast to modern protectionism, which at least professes to desire high prices for agricultural products and for labor. Modern protectionism also lays far less emphasis upon a balance of trade for the sake of importation of the precious metals. While the Mercantilists were not the founders of a true system of Economics, but rather writers who presented detached and only loosely connected economic ideas, they were the fore-runners of a real school of economists.



Oliver Cromwell.

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4. PHYSIOCRATS.

We give the name Physiocrats to a school of economists who were active in France during the latter part of the last century. The Physiocrats were the first ones to elaborate a rounded out system of economic thought and they are thus the true founders of economic science. The founder of the school was François Quesnay, who wrote a work called *Tableau Économique*, which appeared in 1758. It was this work which led to the establishment of the school. It seems strange now that it attracted such widespread attention and produced so profound an impression as it did. There are many indeed who looked upon it as a new gospel. The elder Mirabeau said of it, "There are three marvelous inventions in the world —writing, money and the *Tableau Économique*."

Two other names are generally associated with Quesnay as leaders of the Physiocratie school: These are Turgot, the great statesman and minister of finance, and Gournay, a merchant.

The system of the Physiocrats is called in French "Physiocratie," and we might call it in English "Physiocracy," although it was called by Adam Smith the Agricultural system. "Physiocratie" means the rule of nature. One of the most fundamental thoughts, perhaps the most fundamental, in the writings of the Physiocrats, was that nature had established an industrial order and that it was for man simply to follow the promptings of nature. "Let nature rule" was their watchword, and their economic philosophy was simply a part of that general philosophy of the time which cried "back to nature." Over against the artificial wealth of the Mercantilists they placed natural wealth; over against manufactures they placed agriculture; over against governmental regulation they placed the rule of non-interference.

Doubtless the starting point with the Physiocrats was the fiscal needs of government. The public treasury was in dire stress and the great question of the day was, how to replenish it? The Physiocrats held that it was necessary to look below the fiscal machinery of government and to examine into the causes of the prosperity of the people, for the prosperity of the people, in their opinion, alone could fill the public treasury. They urged that the petty means and the petty regulations which were then in favor were inadequate to supply the king with needed revenues. The motto of one of their books was, "Prosperous peasants, prosperous country; prosperous country, prosperous king." They told the king in effect that the only hope for ample public revenues must be a prosperous people. It was thus that they were led to examine into the causes of general social well-being, and in so doing they took a wide survey.

What was the true cause of general social well-being? It was the desire of each one to improve his own condition, and it was the duty of government to give free scope to the operations of individuals stimulated by self-interest. *Laissez-faire* was the all-embracing rule of government: Let things alone. This implied, however, much negative activity, and it must be frankly granted that at that time a great deal of negative activity was called for. A multitude of restrictions existed which had outlived their usefulness. The great work was to tear these down. We now see that this tearing-down process was simply something which was needed in order to make room for future constructive work; but at that time the future constructive work was not perceived clearly.

One of the principal demands resulting from the *laissez-faire* policy was free trade. And this meant not merely free trade between nations, but free trade within the nation. There were at that time in France, as well as in other countries of Europe, a multitude of restrictions upon domestic commerce, but these were greatly lessened by the activity of the Physiocrats and the result was beneficial. They deserve great credit for pointing out the gains resulting from the free exchange of products.

Another one of the main features of the Physiocratic system was their doc-

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trine of taxation, and this doctrine has had important consequences in the development of fiscal theory, and, to some extent, in the development of fiscal policy. The Physiocrats generally held that there was only one truly productive pursuit and that was agriculture; and consequently that the only source of new wealth was the rent of land. Persons engaged in other pursuits could maintain themselves, and also could by their activity replace the capital they consumed. Increments to national wealth, however, must come out of the rent of the land. Consequently the only possible source of taxation, which to them was something over and above subsistence, must be the rent of land. They were thus the earliest advocates of what we now call the "single tax."

Inasmuch as all taxation must in their opinion fall ultimately upon the land, it was much better to place it in the first instance upon land. It was better for the landowners themselves as well as for all others. Placing taxation at once upon the rent of the land the result would be mininum taxation and also minimum interference with industry. It was, however, not only a politic matter to place the tax upon the rent of land; it was the only source from which an attempt could justly be made to extract taxes. It was right that the owners of land should bear all the burdens of government, because, in the opinion of the Physiocrats, they alone enjoyed a peculiar bounty, namely, the rent of land, which was a free gift of nature. Rent was thus to them a surplus value, something over and above the necessary reward of labor and capital, and that idea which now is so large in economic thought—surplus value—may be traced back to the Physiocratic doctrine of the rent of land.

We must finally notice the warm humanitarianism of the Physiocrats. They had the welfare of the masses really at heart, and whatever they advocated they thought would benefit the toilers of earth. The warm glow in the writings of Turgot especially makes them even now pleasant as well as profitable reading.

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5. ADAM SMITH.

Take it all in all there is doubtless no greater name in the history of economic thought than that of the great Scotchman, Adam Smith. It is probably not because his intellect was greater than that of economists who have lived since his time, but because in him the needs of his time, and that a critical one, were met in an unusual degree. There was a great work to be done in economics at that time, and Adam Smith was equal to the task prescribed by the needs of the hour. It is thus that the other economists must be regarded in a way either as his predecessors or his successors. The Physiocrats were indeed the true founders of economic science, and yet he carried so much farther and elaborated so much more fully their ideas, bringing them into so much more vital relation with the life of his time, that they along with others have to be regarded as his predecessors. Since the time of Adam Smith there have been many schools of economists, but they all trace themselves back to Adam Smith as a common source and they all delight to do him honor, although they may criticise him in many particulars.

Adam Smith had the same fundamental ideas which have been presented in connection with the Physiocrats. He brought, however, his Scotch habit of mind to bear upon them, and with his vigorous common sense he was able to avoid some of the extreme positions of his predecessors, whom he himself admired greatly. While there is a striking similarity in fundamental principles between Adam Smith and the Physiocrats, it must not be supposed that Smith lacked independence and originality. Smith, who lived from 1723 to 1790, was the contemporary of the

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Physiocrats, and although their most important works appeared before his own epoch-making *Wealth of Nations* which bears the date 1776, he claims, and evidently with truth, that before he was acquainted with the Physiocrats he had worked out independently the main features of his system of economic philosophy. It is undoubtedly true that Adam Smith was personally acquainted with the Physiocrats and familiar with their ideas, but, as Roscher says, he probably learned no more from them than any able man will learn from his predecessors. He carried forward and improved what they had begun, and his merit is seen in the fact that it is his works rather than the works of the Physiocrats which have influenced posterity.

We find in Adam Smith the same idea of an industrial order governed by natural law, and of these natural laws the chief is this, that self interest in economic affairs leads to socially beneficial action. Left alone, unhampered and unrestricted, man in pursuing his own interests will do far more to promote the welfare of society than all the contrivances of legislators. We have here, as in the case of the Physiocrats, what is called the system of natural liberty. We notice, however, that when Adam Smith works out his system in detail he introduces far-reaching qualifications. He is thus in favor of free trade, but he sees important instances in which protection is desirable and he would proceed cautiously in passing over from a system of protection to one of free trade.

He opposed labor laws, but when we examine the kind of labor laws which he opposed we find that they are labor laws which fetter and restrict the workingmen in their efforts to improve their own condition.

We notice in the opening words of Adam Smith's *Wealth of Nations* a somewhat different tone from that which greets us in the writings of the Mercantilists and also in that of the Physiocrats. The Mercantilists found in foreign trade the source of wealth. The Physiocrats found the source of wealth in the beneficence of nature. But Adam Smith begins his *Wealth of Nations* with the bold statement that the source of wealth is labor. The words are these: "The annual labor of every nation is the fund which originally supplies it with all the necessaries and conveniences of life which it annually consumes." Doubtless Adam Smith designed to emphasize labor as opposed both to foreign trade and to nature. There is not, however, the opposition in ideas between him and the Physiocrats which one would infer from the opening sentence, although he undoubtedly works out his ideas concerning labor in an interesting and novel way. He laid an emphasis upon labor, and upon labor as a measure of value, which had important consequences in the development of economic thought, especially in the direction of socialism. We have traced back the doctrine of surplus value to the Physiocratic doctrine of rent. Rodbertus, one of the profoundest of modern socialists, asserts that the socialistic doctrine of labor as the only source of value goes directly back to Adam Smith and consists simply in an elaboration of what is found in his *Wealth of Nations.*

The Physiocrats had their adherents even among crowned heads. Catharine the Second of Russia was not altogether uninfluenced by the Physiocrats, while Joseph the Second of Austria was quite inclined to take up their ideas. Karl Frederick, the Margrave of Baden, went so far as to make a practical endeavor to carry out their ideas in three villages in his own country. The *Wealth of Nations* found no such supporters, among crowned heads in the days of its author, but it gradually won its way among thoughtful people, and from that day to this has not failed to produce a profound impression upon the minds of statesmen, and has thus influenced in a marvelous manner the development of economic institutions. We do not mean by this that his ideas have been adopted without criticism, but that they have been taken into consideration and have had an influence even upon those differing from Smith in many important particulars. He has contributed his part, and that a very large part, to the happiness of mankind.

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6. MALTHUS AND RICARDO.

Giving our attention to the writers whose works have been epoch-making in the development of economic thought the next name which greets us is that of Thomas Robert Malthus, an English clergyman and professor of history and political economy in the college of the East India Company at Haileybury, England. Born in 1766, he lived until 1834, his life covering in a way the period of the industrial revolution.

Adam Smith investigated the causes of the wealth of nations. Malthus, however, gave his attention rather to the causes of the poverty of nations, for this is what his investigation of the law of the increase of population really signified. Writers of the latter part of the last century were generally optimistically inclined, and one of the favorite subjects of discussion was the perfectibility and consequent happiness of the human race. Plans abounded which were to lead mankind out of present misery into future happiness.

One of the writers of this period, whose name is still well known to scholars, was William Godwin, author of *An Enquiry Concerning Political Justice*, and numerous other works, some of them directed against Malthus. Godwin thought that he found the cause of human misery in government, and some have thus been inclined to call him the father of modern scientific anarchy. Malthus, however, undertook to show that the causes of human misery were deep-seated in human nature, and consequently could not be laid to the door of government. The great cause of poverty and the insuperable obstacle to many otherwise promising schemes of reform was found by Malthus to be the law of population. This law of population we have already briefly considered. It is simply one part of the general Darwinian struggle for existence; and Darwin himself acknowledged that he had received from Malthus suggestions which, carried out, led to his own remarkable discoveries.

The law of population, as stated by Malthus in the first edition of his *Essay on Population*, was pessimistic indeed. Population constantly tended to outrun the means of subsistence, and was only kept down by vice and misery. The criticisms which this remarkable work called forth, and his own reflections and investigations, led Malthus in a subsequent edition to present the theory of population less pessimistically. He added to the restraints upon the excessive growth of population moral checks, such as prudence and regard for others. Up to the last, however, the Malthusian theory of population, if not downright pessimism, had at least a decided pessimistic tinge, and from the time it was first advanced until the present day, it has been used as a strong argument against many proposals of reform. The question is perpetually asked, Will not such and such measures of reform simply result in an increased population which will bring back the mass of mankind to their former condition? Why, indeed, should we busy ourselves with schemes to raise wages if the result is simply a larger wage-earning population with eventually the same old rate of wages?

Malthus himself applied this doctrine vigorously to the subject of the poor laws and advocated the abolition of public relief of poverty, holding that it did only harm. While the views of Malthus were not completely accepted, he achieved a great triumph in the reform of the English poor laws in 1834. It must, indeed, be said that on the whole the results of the change in the poor laws have proved beneficial, although now the time has come when the best minds of England demand a further development.

It has already been intimated that the modern view of the doctrine of population is one which is far more hopeful than the doctrine of population even as finally modified by Malthus. Some of the fundamental premises of Malthus are called in question. The law of population may be a stern-visaged law, but certainly there

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seems to be no reason why it should lead us to despair of improvement in human affairs.

The doctrine of rent in its modern form was fairly well worked out by Malthus, although the name of Ricardo is attached to it.

The doctrine of wages as a sufficiency for subsistence was also a logical outcome of the views entertained by Malthus concerning population and the nature of the increase in agricultural produce.

One noteworthy thing about Malthus was the extent to which he made use of travel and statistical inquiry, together with deduction. He may in a way be called the forerunner of the modern historical school, which insists upon careful and extended observation of the life about us. One of the favorite maxims of his successor in the East India college, namely, Rev. Richard Jones, was, that to understand the economic life of man you should "Look and See."

David Ricardo, who lived from 1732 to 1823, was a man of very different type from Malthus, and yet one whose work coalesced with that of his great contemporary in such a manner as to form a part of one compact system.

Ricardo was the son of a Jew, whose family came originally from Portugal, where many of the most gifted members of this gifted race have had their home. Ricardo himself became a Christian and married a Christian woman, on account of which he was cast off by his father. He was, however, a man of such capacity that he soon acquired a large fortune on the London Stock Exchange and early retired from active business and gave himself up to scholarly pursuits.

Ricardo followed an extreme deductive method, taking certain premises and working out their conclusions by logical process. It was thus that he worked out in a clear and systematic form the doctrine of rent and the subsistence theory of wages. Ricardo also developed certain pessimistic tendencies found in the writings of Malthus. He claimed to show that there is a necessary antagonism between wage-earners and their employers, inasmuch as after rent had been deducted from the total social produce all that was left had to be divided between capital and labor, and what one received took so much from what could be enjoyed by the other. The most marked lack of harmony of social interest was found, however, to spring from the doctrine of rent.

The progress of population, according to Ricardo, carried the cultivation of land down to less and less desirable soils, the consequence of which was increasing rents and decreasing profits, and unless persistent effort was made to maintain the standard of life, decreasing wages. However, in cases in which wages were already reduced to subsistence, of course there could be no fall in wages.

We have thus a very simple law of distribution of wealth. If we take cultivation on no-rent land, according to strict Ricardian doctrine we have wages equal to subsistence, and any surplus over and above wages would be profits. The difference between the yield on no-rent land and more desirable pieces of land is consumed by rent. In consequence of this the laws of distribution are simple, and on the whole decidedly pessimistic. It is on this account that Malthus and Ricardo are often called pessimists.

If this is too strong an expression, inasmuch as their doctrines do not lack altogether hopeful features, we may say at least that they develop pessimistic tendencies.

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FIRST WEEKLY REVIEW.

1. **CONSUMPTION.**—Various Kinds of Consumption. Consumption Chiefly a Point of View.
2. **PUBLIC FINANCE.**—Its Nature and Significance.
3. **THE MERCANTILISTS.**—The Period of the Mercantilists. Mercantilism and Modern Protectionism.
4. **THE PHYSIOCRATS.**—Physiocracy and the Order of Nature. The Position of the Physiocrats with respect to *Laissez-faire* and the Single Tax.
5. **ADAM SMITH.**—Adam Smith and the Physiocrats. The Position of Adam Smith with Respect to Labor.
6. **MALTHUS AND RICARDO.**—The Theory of Population and Its Pessimistic Tendency. The Doctrine of Rent. Ricardo and the Deductive Method.

QUESTIONS.

1. *What do you understand by consumption. What kinds of consumption are there? What American economist has given special attention to consumption? To what extent does consumption deal with new topics? What is meant by the statement that consumption gives us a point of view?*



Prof. J. H. Hollander, Johns Hopkins University.

2. *Define public finance. Show that the science of public finance belongs to economics. Point out its significance. What do you anticipate will be the outcome of increasing public expenditures?*
3. *What other terms are used for Mercantilism? Mention the most prominent Mercantilists. Distinguish between Mercantilism and modern protectionism.*
4. *Who was the founder of the Physiocratic school? What is the most fundamental thought in the system of the Physiocrats? Why did the Physiocrats advocate Laissez-faire? Why did they propose a single tax upon the rent of land? What is your opinion about the justice of the single tax as proposed by the Physiocrats?*
5. *What was the relation of Adam Smith to the Physiocrats? What position did he take with respect to labor? What has been his practical influence?*
6. *What was Malthus' explanation of poverty? What did he propose with respect to the poor laws? Explain the law of rent and of wages held by Ricardo.*

SUBJECTS FOR SPECIAL STUDY.

1. *Adam Smith and Alexander Hamilton: their views compared and contrasted.*
2. *A critical examination of Henry C. Carey's theory of population.*
3. *Mercantilism and modern protectionism.*
4. *The Physiocrats.*
5. *Adam Smith's views of labor.*
6. *The pessimistic tendency of the Malthus theory.*

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7. JOHN STUART MILL.

John Stuart Mill, whose life covered approximately the first three-quarters of the present century, is one of its greatest characters. Few men have exerted more influence upon their day and generation. What was the source of his power? One source was the purity of his character and his motives. He was a member of Parliament for one term, and while there he won the respect and admiration of those with whom he came in contact. His moral influence was felt to be a stimulus. The great Gladstone said of his career in Parliament, "He did us all good," and he dubbed him "the Saint of Rationalism;" while Herbert Spencer spoke of his "almost romantic generosity."

Another source of his power was the large intellectual field which he covered in a masterly manner. One of his works, and a very great work, was a treatise on

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Logic, and another was an *Examination of Sir William Hamilton's Metaphysics.* Several of his works occupy a prominent position in political science, while doubtless his most distinctive work was in the field of economics. As a recreation he pursued botany, and became sufficiently master of it to entitle him to contribute botanical articles to a magazine devoted to that specialty.

Another source of his power was his wide intellectual sympathies, enabling him to appeal to those holding very different views. It is thus that individualism and socialism have both claimed him and both with a certain measure of justification. Few others appreciated more than he the significance of individual liberty, and rarely has the case of individual liberty been more strongly stated than in his little work entitled *Liberty.* But with it all he had a sympathy with the masses exceeded by no socialist, and he himself stated in a memorable passage, that if he had a choice between the present social order without improvement and communism, that all the difficulties of communism, great and small, would be to him but as dust in the balance. Mill's attitude with respect to socialism was thoroughly characteristic of the man. The problem on which he was working at the close of his life was how to unite individual liberty and responsibility with that common ownership in the instruments of production demanded by socialism.

We have before us many elements of power, and when we add to these the keenness and profundity of his intellect we have given the chief sources of his remarkable power. We have also in what has been stated an explanation of the inconsistencies in his thought, inconsistencies with which he has been reproached, and that not without justification. He attempted to hold fast to the individualism in which he had been trained by his father, James Mill, and by his father's friends, Bentham and Ricardo, and to build on this foundation of individualist economics what was in many respects a socialist superstructure. He could not give up the old foundation principles, and yet he was thoroughly alive to new thoughts and new ideas brought forward by advanced writers in England and in France. Toward the close of his life he himself saw that his system of economics needed reconstruction, but he felt that he was then too old to relay the foundations. All this must not lead any one to underrate Mill, or the value of a course in Mill's political economy. It has been well said, although perhaps with a little exaggeration, that a course in Mill is in itself a liberal education. Certainly a thorough mastery of Mill is something which one may well strive to attain.

Mill has been called "a readable Ricardo," but he was more than that. He held, like Ricardo, to the theory that wages were sufficient to provide for the wage-earners in accordance with their standard of life, and he brought this also into harmony with his idea of the wages-fund. However, what is noteworthy is that his minimum of wages was not a minimum sufficient to maintain merely physical existence, but to maintain also higher wants, provided these had been made a part of the real standard of life. His minimum, then, was not a physical minimum, but a moral minimum. The law of population was held by Mill in a rather rigid Malthusian form. He held, however, to the possibility of development of satisfactory prudential and moral restraints upon the growth of population, and did not find in the law of population insuperable obstacles to human progress.

Mill even went beyond the wages system in his thoughts for the future, and thought that it would eventually be replaced by one form or another of coöperation.

Mill's idea of the unearned increment in the rent of land and the taxation of this unearned increment in the future was one of the main features of his economic system. He held with his predecessors that rent was an unearned income. Appreciating, however, the importance of conservatism in change and also the demands of justice based upon established expectations, he held that it was not right to interfere with present rents. He thought, however, that it was right and proper to take for social uses future unearned increment of the rent of land.

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We cannot now enter into the arguments which Mill advanced in favor of this reform. Still less can we consider them critically. It is, however, an excellent subject for investigation.

We must, even in this brief review, call attention to the view of nature which Mill held. The Physiocrats and Adam Smith looked upon nature as a beneficent power, and the eighteenth century philosophy in general thought that a return to nature would bring us happiness. The evils of mankind they ascribed to human interference with the beneficence of nature. According to Mill, however, nature was a cruel power, surpassing in malignity the most wicked Roman tyrant. Beneficence must be sought, according to Mill, not in nature, but in man, and it belonged to man to redress the injustices and inequalities of nature. This thought in Mill is fundamental and also characterizes a certain stage in the evolution of philosophy.

Mill closes in England one line in the evolution of economic thought and he opened another phase in this evolution. The old and the new are united in him in a remarkable manner. His careful nature taught him to hold fast to that which was good in the past, but at the same time his vision was directed towards the future with ardent hope for improvement in the lot of mankind.

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8. THE OPTIMISTS.

The pessimistic tendency in economics which we have considered may be regarded as the development of one line of thought naturally proceeding from Adam Smith's *Wealth of Nations*. The optimists in economics can also claim that their doctrines are developments of certain phases of the economic philosophy of Adam Smith. Both pessimists and optimists, however, are guilty of a onesidedness which cannot be found in the author of *The Wealth of Nations*.

We find economic optimists in all countries, but there is no better representative of this school of thought than Frederic Bastiat of France, whose chief works appeared about the middle of this century.

The doctrine of rent made, as we have seen, a great rift in the ethical harmonies of the classical economists. They were in general disposed to favor a theory of distribution according to which each one received a reward in proportion to services. Rent, however, was a surplus value, something over and above the reward for service. It is natural then that the optimists, holding that this is the best possible sort of a world, should direct their ammunition against the doctrine of rent. Bastiat denied this doctrine, and Henry C. Carey, the American representative of the same line of thought, devoted a great deal of space to an effort to show that the fundamental assumptions upon which the Ricardian doctrine of rent rested were false. According to Ricardo the tillage of the ground begins on the best soil, and, gradually passes down to land inferior either in fertility or situation, the result of which is, that there is a constantly increasing rent.

Carey held that the worst lands were first cultivated and after that the better lands: consequently, there could be no such thing as a return for the use of land in itself. What we call rent, according to Carey, is simply a return to capital. There is no such thing then as a favored class, so far as rent is concerned. The late comers have even a better chance than those who first took up the soil. Nature is increasingly generous to her children.

John Stuart Mill and others have effectively shown that the views of the optimists rested upon misconceptions and upon a failure to follow accurately the real course of evolution. How, indeed, can any one who has eyes to observe the economic

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phenomena about him, deny that for the mere use of land apart from any improvement rent is paid?

Another part of the doctrine of the optimists is that capital yields decreasing returns. The rate of interest, they say, falls continually, and this proves that capital receives relatively a decreasing share of productive industry. On the other hand, the returns of labor, according to the optimists, increase by natural law. Bastiat put it in this way: "Absolutely there is an increase in the returns to capital, but relatively a decrease; whereas the gains of labor increase both absolutely and relatively."

The result of this is that it becomes constantly easier to make a transition from the position of the hired workman to that of the employer; but on the other hand, in his opinion, there is constantly less inducement for the workmen to pass over to the ranks of employers, inasmuch as the two positions, that of employer and that of employed, approximate to each other in advantages! What a beautiful optimism have we here! Surely wage-earners should be satisfied with a share in the product of industry which increases not only absolutely but relatively, and so long as capitalists, owing to increasing capital, have an increasing product, even if it is relatively a smaller share than heretofore, these can have no very serious cause for complaint. Bastiat elaborates these views and attempts to establish a complete harmony of all economic interests. In his introduction to his work *Economic Harmonies*, he uses these words: "I undertake in this work to demonstrate the harmony of those laws of Providence which govern human society. What makes these laws harmonious and not discordant is that all principles, all motives, all springs of action, all interests coöperate towards the grand final result which humanity will never reach by reason of its native imperfections, but to which it will always approximate more and more by reason of its unlimited capability of improvement; and that result is the indefinite approximation of all classes towards a level which is always rising; in other words, the equalization of individuals in a general amelioration."

Ricardo had shown the divergence of interests between wage-earners and their employers. They had, according to him, a cake to divide. Manifestly, what one took left so much less for the other. The optimists never tire of telling us that the interests of capital and labor are one. But we always notice this somewhat strange fact, that those interests are correctly perceived only by the employers. It is the workmen who are always entreated to yield their opinions to the opinions of the employers because their interests are one. The employers are never urged to give up their position on account of the harmony of interests.

It would take too long to examine critically all the errors involved in the position of the optimists with respect to the earnings of capital and the wages of labor. It may be suggested, however, that the rate of interest tells us very little about the distribution of the product of industry. One thing we must ask is this: what is the amount of capital in various stages of industrial evolution upon which interest must be paid? If capital increases ten times while the rate of interest falls one half, manifestly capital has five times as much as formerly, and it is a mere assumption to say that capital has relatively a smaller share than heretofore. That is something which must be proved and not merely asserted. Again, this position of Bastiat leaves out of consideration altogether, the enormous returns to monopoly which the optimists do not see at all.

Another feature of the economic philosophy of the optimists is their denial of the Malthusian theory of population. Henry C. Carey argues at great length against the Malthusian theory of population, endeavoring to show that the food supply increases by a more rapid ratio than the increase of population. It is to be feared, however, that his arguments against Malthusianism rest largely upon a misapprehension of the points really at issue in this controversy, although some parts of his argument have considerable force.

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9. ECONOMICS IN GERMANY.

At a very early period there was a considerable development of economic thought in Germany. Long before the time of the Physiocrats, Germans had been writing with great learning on many economic topics, although they had not evolved anything which could be properly designated as an economic science. One part of economics was tolerably well rounded out by the Germans by the middle of the last century, and that was public finance. We may say that in the field of economics there has been a great activity in Germany for over one hundred and fifty years. The causes of the great development of economic thought in Germany are several. Among them we may mention the philosophical character of the Germans. They speak of themselves as a nation of thinkers, and such, indeed, they are. They like to reason about the things falling within their own experience and to understand the causes of the phenomena by which they are surrounded. Apart from this, however, there has long been a close and most fruitful connection between the civil service of Germany and the universities. It has always been one of the main functions of the German university to prepare men for the civil service. Indeed, it is scarcely too much to say that in many particulars the German university does for the German civil service what West Point and Annapolis do for our army and navy.

As a result of this the German universities always cultivate those studies useful to men engaged in the civil service, and naturally among these, economics occupies a high rank. This close connection between the civil service and the universities has also another effect which has always characterized German economics, namely, a certain realism which has kept the economists from wandering too far away from actual conditions.

Adam Smith's writing early produced an influence upon German thought and German policy, and on the whole a wholesome influence. His work was eagerly studied, and the realism of which we have spoken kept the Germans generally from going to such extremes as did many of his followers in England and France. Adam Smith's doctrines were mingled wholesomely with conclusions drawn from German experience and German thought.

The first great independent movement in economic philosophy in Germany which had a permanent result, not only upon the development of economic thought in that country but in the world at large, was that which resulted from the establishment and activity of the German historical school in the middle of the century. The three leaders in this school, namely, Roscher, Knies, and Hildebrand, have already been mentioned and their method has been briefly described.

The founders of the historical school did not wish to convey the impression that history was the only source of economic knowledge. They did, however, insist upon the importance of history as one source, and they insisted upon an examination of conclusions reached deductively from premises in the light of actual experience. They advocated the use of statistics as well as history.

But the adherents of the historical school insisted upon a great deal more than method. They insisted upon an economic policy adapted to actual historical conditions, and this is doubtless one of the things which they chiefly had in mind when they called themselves the historical school. They opposed so-called absolutism of theory. They did not believe that any one policy was adapted to all times and all lands. To use one illustration, economists have been too much inclined to argue as if the policy of free trade or protection were altogether right or altogether wrong. The German economists have been unwilling to classify themselves either as free-traders or protectionists. They would say, as probably economists generally to-day will say, that the true policy must depend upon actually existing conditions.

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In addition to their insistence upon a relativity of economic conclusions, must be mentioned the ethical spirit which they infused into economics. This has always been one of the main distinguishing characteristics of German economics. German economists insist that the beginning and the end of all economic study is human welfare, and they have as keen an eye for the welfare of the wage-earner as for that of his employer. Their warm humanitarianism is like that which we find in Türgot.

A different attitude towards the state from that of the English economists has also characterized German economics from the earliest times up to the present. The Germans have never taken the position that everything should be turned over to the State, nor have they been inclined to say that in case of doubt we must decide in favor of public action, although such statements are frequently erroneously made. What the Germans have attempted to do has been to determine by scientific analysis the true field of State activity and its proper limits.

There have been many eminent economists in Germany since the historical school was founded, and not all of them by any means are willing to classify themselves as adherents of this school, although in the main they are very generally animated by similar aims and purposes and follow similar methods. Some of the more recent economists in Germany lay more emphasis upon deduction and less upon historical research. Professor Wagner may be mentioned as one who belongs to this class.

Among other distinguished German economists mention may be made of Professor Schmoller, like Professor Wagner, a professor in the University of Berlin, who adheres strongly to the historical school, laying even more emphasis upon economic history than the founders of the old historical school, so that he is sometimes spoken of as the leader of the younger historical school whose adherents sometimes go so far as almost to resolve economics into economic history.

Professor Shoenberg of Tübingen, Professor Conrad of Halle, and Professor Cohn of Göttingen, are also economists of such prominence that they could not be omitted in any sketch of economics in Germany. And Dietzel and Lexis are likewise familiar names of men whose services have been eminent.

We must leave many of the most meritorious and distinguished economists unmentioned on account of the limitations of space. One characteristic of German economics at the present day is its attitude toward socialism. Not one of the German economists is a socialist, but they nearly all claim that we have much to learn from socialism, and they evince a disposition to examine its claims fairly and impartially, and to adopt whatever is true in socialism while rejecting what they conceive to be its errors. An illustration of this tendency, although perhaps in a slightly extreme form, is found in the excellent account of German socialism given by Professor Werner Sombart of the University of Breslau in his work on *Socialism and the Social Movement in the Nineteenth Century*, translated by Rev. A. P. Atterbury of New York.

Outside the German universities there is less activity than in other countries, inasmuch as the German Universities absorb so large a proportion of the best intellectual life of the German nation. There are, however, various social movements of interest going forward.

One of the most interesting is the Christian Socialist movement, of which the young pastor, Paul Göhre, is a prominent representative. It was Göhre's work, *Three Months in a Workshop*, which was especially influential in giving an impulse to Christian socialism among the German Protestants, and this work will be read with great profit. Fortunately this work also has been translated by an American under the name of A. B. Carr.

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10. THE AUSTRIAN ECONOMISTS.

As we have three founders of the German Historical School, so we have three prominent representatives of the more modern Austrian school, namely, Professor Carl Menger, Professor Friedrich von Wieser and Professor Eugen von Böhm-Bawerk.

Our attention has already been directed to the Austrians in connection with the subject of economic method, and inasmuch as their services have been so largely connected with method, and furthermore inasmuch as their activity is so much more recent, it is necessary to say far less about them.

The founder of the school is Professor Carl Menger and his two associates, as mentioned, have gained equal prominence. Indeed, the one best known in the English speaking world is Dr. Böhm-Bawerk, whose two works, *Capital and Interest* and *The Positive Theory of Capital* have been excellently translated into English by Professor William Smart of Glasgow, Scotland.

The best known work of Professor Wieser is "Natural Value," also translated into English, while the far earlier work of Professor Carl Menger on the *General Principles of Economics* is accessible only to those who read German.

The Austrians stand for a reaction in favor of deduction, and they feel themselves more closely related to the English economists than to the Germans. They acknowledge the imperfections of the English economic systems, but they hold that these imperfections are due not to the deductive method, but to the faulty use of the deductive method. Their aim is to find a larger and broader basis for deduction.

The doctrine of utility and value which has been presented in the lessons in this course is substantially that of the Austrian economists. A similar doctrine of value, based upon marginal utility, was presented in England by Professor Jevons at about the same time that it was worked out by Professor Menger. Both were independent workers in the same field, and to both great credit is due. The Austrians, however, are the ones who elaborated most fully the new doctrine of value and have shown its significance in the distribution of wealth.

The Austrians have been engaged chiefly in critical work, re-examining older views, showing their errors and then attempting, in some instances at any rate, to replace them with sounder views. Professor Böhm-Bawerk especially may be mentioned in this connection. After examining critically and rejecting older views of interest, he presents one which he holds to be correct. He has also subjected to like destructive criticism the socialism of Karl Marx in his work entitled *Karl Marx and the Close of his System.* The Austrians have thus attacked vigorously the German economists and the German socialists. They are evidently aware of the fact that thus far their activity has been quite largely negative, and report has it that they intend later to present more positive results and to give us a constructive program of economic reform.

It is a mistake to suppose that there is a real fundamental antagonism between the German economists and the Austrians. The Austrians have done a work which was needed. Attention had so long been given to the collection of facts and such emphasis had been laid upon the importance of historical investigation, that it was important to have attention again called to the province of deductive reasoning.

The Austrians have learned much from the Germans, and the Germans are also profiting by the work of the Austrians. Economic thought and future development will absorb what is best both in the writings of the Austrians and in those of the Germans.

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11. ECONOMICS IN ENGLAND.

England is in many ways the greatest country in the history of economic thought. What has already been said makes this clear. England has given the world Adam Smith, Malthus and Ricardo, three names whose influence in the development of economics can be matched by no other country. Then we have John Stuart Mill, whose influence on the English-speaking world has been profound, although not so great as that of the other authors, just mentioned, on the non-English speaking world. We have also a host of lesser lights, making altogether a remarkable group of writers. The English, however, have neglected some branches of economics, especially public finance, in which they have not even approached the Germans, and they have also in recent years suffered from lack of originality.

Contemporary English economists have admired and justly admired the great leaders of thought their country has produced, but it would almost seem as if they had allowed themselves to be overawed by the brilliant original powers of their predecessors. Good work has been done and is being done, but during the past generation a certain timidity in thought is too frequently apparent among English economists, and this has had the result of directing an undue proportion of their intellectual vigor into processes of refinement, so to speak. The thoughts of the older economists have been turned over and over, elaborated in this direction and that, polished in all their aspects, but daring originality has been lacking, so that we have a most marked contrast between the recent achievements of England in economics and some other intellectual fields, notably biology. It is not said that much may not be urged for caution in economic investigations, and it is admitted that rashness in economic thought has its peculiar dangers, nor must it be supposed that there is not much to praise in the works of the English economists of our day. It is simply intended to point out the absence of large originality in the economics of England and to suggest an explanation. As a son may be placed at disadvantage by a father of towering eminence, the extraordinary achievements of one generation may so impress themselves on one or more future generations as to fill their thoughts and imaginations.

Among contemporary economists in England, the first name which occurs to us is that of Prof. Alfred Marshall, who holds a chair of economics in the University of Cambridge and has written the first volume of a treatise entitled *Principles of Economics*. The work appeared in 1890, has passed through several editions already and is one of the most widely read of recent economic works. It is a carefully prepared book, which endeavors to preserve what is valuable in the writings of his English predecessors and to unite that with the results of more recent researches. In the preface to his first edition Marshall uses these words explanatory of his purpose: "The present treatise is an attempt to present a modern version of old doctrines with the aid of the new work, and with reference to the new problems of our age."

Along with Professor Marshall must be mentioned Dr. William Cunningham, who holds the Tooke professorship in King's College, London, and the position of lecturer in Trinity College, Cambridge, and also during the summer of 1899 special lecturer in the University of Wisconsin. Professor Cunningham has devoted himself especially to economic history, and has written a valuable and learned work entitled *Growth of English Industry and Commerce*, which occupies an honorable position in economic literature.

Dr. Cunningham has in addition to this presentation of English economic development prepared numerous popular works, such as his *Use and Abuse of Money* and *Modern Civilization in some of its Economic Aspects*. He has also interested himself in the ethical aspects of practical economic problems and has written essays

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discussing the Christian idea of property and the Christian view of usury. Dr. Cunningham unquestionably occupies a position in the front rank of the English economists of the day.

Mr. John A. Hobson, whose work has so often found mention in this course of study, has a keen intellect and one so original and bold that no reproach of timidity in thought attaches to him. The field of work which he has covered has been a wide one, embracing pure theory and the most immediately practical efforts in the direction of reform. His work on *The Economic Bargain or the Economics of Distribution* will take the first place among his theoretical works, and it ought to have high rank in economic literature in general, while his work on *John Ruskin, Social Reformer*, is far and away the best work on the economic and social philosophy of the great character with whom it deals. Hobson's *Evolution of Modern Capitalism* is unsurpassed in its own field, while his work on *The Unemployed* touches still another important subject. In the opinion of the present writer, the work of Hobson is surpassed by that of no living economist in England.

Prof. F. I. Edgeworth of Oxford, Secretary of the British Economic Association and editor of the *Economic Journal*, which is its organ, deserves mention as one of the leading economists of to-day, and so does Prof. William Smart of Glasgow, one of the liberal and progressive economists of the day. Dr. John K. Ingram, of Trinity College, Dublin, who more than twenty years ago made a vigorous plea for reform in English economic methods, and who claimed that economics must be considered in its general social relations, should not fail to receive mention. Dr. Ingram is the author of the best treatise on *The History of Political Economy* which we have in our language, and it is one which well repays perusal.

Mr. and Mrs. Sidney Webb are among those who are to-day doing the best work in economics, and few more important works than their *Industrial Democracy* have appeared during the present generation. It is a work which no one can neglect who would understand the true economic nature of the movements of the wage-earners at the present time.

Literary men in England are giving a large amount of attention to popular social and economic movements. Among these may be mentioned Mr. W. E. H. Lecky, who has discussed the subject of socialism and presented its weaknesses as he sees it in his work, *Democracy and Liberty*. Mr. Lecky is one of the great writers of our age; but those who have been delighted by his former works are apt to experience a certain measure of disappointment when they read his utterances in the one just mentioned. In his *Democracy and Liberty* Mr. Lecky discusses all sorts of popular questions of the day in so far as they have an economic and social side—and is there any question which does not have such a side?—but it has been said that this work of Mr. Lecky partakes of the nature of political pamphlets, and doubtless his warm admirers could not deny a too partisan character to it. A man of Mr. Lecky's thoughtfulness and insight could not, however, discuss any question without throwing light upon it, and his examination of socialism, together with other questions of democracy and progress, will repay attention. It is not by any means altogether one-sided, and occasionally we notice in it gleams of light which remind us of his *History of European Morals*.

Another prominent literary man in England who has given a large amount of attention to social questions is W. H. Mallock. One of his most recent works and doubtless one of his best is entitled *Aristocracy and Evolution*. In this work he attributes progress to the aristocratic class and endeavors to show that what they receive is less than the amount that they add to the production of wealth. The book presents one side of the questions of the day and that a side which is well deserving of attention by those who would look at all sides of popular movements. A deeper examination of the real issues involved in industrial democracy leads, however, to different conclusions from those reached by Mallock.

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12. ECONOMICS IN THE UNITED STATES.

Were there sufficient space the writer would be glad to say something about economics in other European countries, especially in France and Italy, but as it is, he prefers to give the very small amount of space still left at his command to the United States.

Most of the writers to whom it is natural to call attention in a discussion of economics in the United States have already been mentioned in one connection or another. It remains now to give a general survey of the briefest possible character.

First of all it may be said that every American has reason to feel gratified with the progress which the science of economics has made in the United States during the past twenty years. Probably no country, not even Germany, has during this period given more earnest and serious attention to economics and economic problems than our own, and the writings of our economists are known and read in every part of the civilized world. Several of them have indeed been translated into foreign languages. After an acquaintance with the students of the present course for a period of twelve months, it may not be an unbecoming personality for the writer to say that it is a gratification to him to know that his works have in several instances been translated into Japanese and are read in that country widely, while his *Introduction to Political Economy* has been translated into Dutch under the auspices of Professor Treub of the University of Amsterdam, and is used as a text-book in that institution.

While American economists have everywhere a high reputation, and while their activity has attracted the attention of economists of all lands, this has come about during the past twenty years; for twenty years ago the name of an American economist was scarcely known in foreign countries. Occasionally one would hear the name in a German university of Henry C. Carey, but that was about all.

It is not altogether an easy matter to discover the causes of the wonderful progress which Americans have made in economics. Something must be attributed to the stimulus received from study in the German universities, and something also to the peculiar conditions and needs of our own country. Americans have been quick to perceive these conditions and these needs, and have undoubtedly responded to them. At the same time, American universities have done a noble part in furnishing facilities and opportunities for research and investigation in economics and in the encouragement of economic study.

One of the most important events in the history of economics in the United States was the foundation of The American Economic Association in 1885, and the writer feels that he did a valuable service in taking a leading part in the establishment of this association, of which he was for seven years the secretary. It brought together the younger workers in economics and encouraged and stimulated them. It helped to give vitality and courage to American economic thought, but of course it has been only one of many agencies at work.

The part which the American universities have played in the development of economics is so large that it is not inappropriate to mention those which have attained special distinction in this direction. Harvard University is the first name which occurs to one if we begin our survey with New England. It was not many years ago that one man could attempt to cover more than the field of economics in Harvard, but now in the department of economics alone there are several gifted men at work, the three best known of whom are doubtless Professor C. F. Dunbar, Professor F. W. Taussig and Professor W. J. Ashley. Harvard University must also be given credit for having started *The Quarterly Journal of Economics*, which is among the more important periodicals at the present time devoted to economics.

Yale University, in addition to younger men, claims Professor W. G. Sumner

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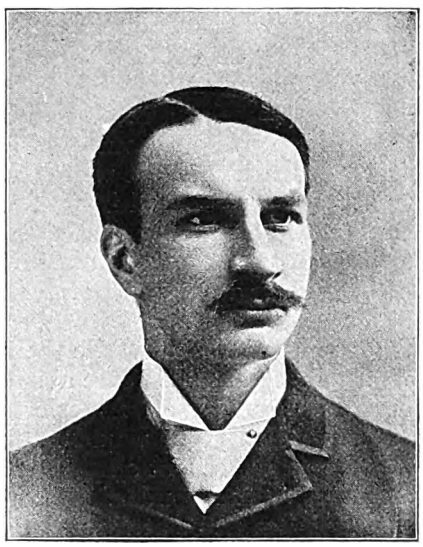
and Professor Arthur T. Hadley, both of them well known by numerous works, the latter especially for his writings on railways. Yale University has as its organ, *The Yale Review*, which is chiefly devoted to economics.

Columbia University has undoubtedly one of the strongest departments of economics in the United States, and boasts among its faculty Professor Richmond Mayo-Smith, Professor Edwin R. A. Seligman, and Professor J. B. Clark, all of them well known authors. The excellent *Political Science Quarterly*, edited by the faculty of political science of Columbia University, covers the entire field of political science and gives more attention to economics than to any other part of the field.

The University of Pennsylvania has its Wharton School of Finance and Economy, and among the members of its faculty mention may be made of Professors Simon N. Patten, Roland P. Falkner, Emory R. Johnson and Henry R. Seager. The limitations of space will not permit us even to give the titles of the works of these gentlemen, but mention must at least be made of Professor Patten's thought-stimulating book, *The Development of English Thought.* The mention of the University of Pennsylvania suggests the name of a Philadelphia writer who evidently has been associated with that institution, namely, Dr. Charles W. Macfarlane, whose recent work on *Value and Distribution* has already been mentioned as one deserving of attention on account of its discussion of some of the more important recent economic theories.



Prof. W. F. Willcox.

Going a little farther south we come to the Johns Hopkins University, where it was the privilege of the present writer to have charge of the work in economics during the eleven years from 1881 to 1892. At the present time the work there is carried forward by two of his former students, namely, Professor Sidney Sherwood and Dr. J. H. Hollander, whose work in the field of finance has already received mention. It is now nearly twenty years ago that the Johns Hopkins University started a series of monographs entitled *Studies in History and Political Science*, and some of these have been devoted to economic subjects.

Cornell University has not been so strong in political science as some other departments, although its first president, Hon. Andrew D. White, has done perhaps as much as any other one man to encourage the development of economic and political studies in the American universities. There are, however, several excellent men at Cornell, and mention may be made of Professor J. W. Jenks, Professor Walter F. Willcox, Professor Charles H. Hull, and Dr. Charles J. Bullock, the last named of whom, however, is about to enter upon a professorship in Williams College.

Coming still farther west mention must be made of the University of Chicago, which has a well equipped department of economics, as well as one of sociology the latter also giving attention to economics as well as social problems. The best known economist in the University of Chicago is Professor J. Laurence Laughlin; but mention may also be made of Dr. T. B. Veblen, whose original and thoughtful work on the *Theory of a Leisure Class* is at present attracting considerable attention.

The University of Michigan at Ann Arbor has in its service Professor H. C. Adams, Professor F. M. Taylor (both already mentioned), and Dr. Charles H.

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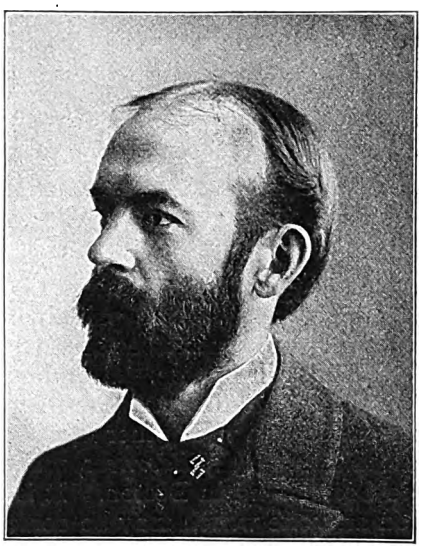
Cooley, whose recent monograph on *Personal Competition*, published by the American Economic Association, is deserving of notice.

The University of Wisconsin established in 1892 a School of Economics, Political Science and History, and called to it as Director the present writer, who also holds one of the chairs of economics. Associated with him are Professor William A. Scott, who gives special attention to economic theory and economic history; Dr. E. D. Jones, who is developing important statistical work as well as a more or less new line which he entitles economic geography; also Dr. B. H. Meyer, whose work on the economics of railway transportation and on the railway history of Wisconsin has attracted very flattering comment on both sides of the Atlantic. One of the features of the writer's work, both in Johns Hopkins University and in the University of Wisconsin, which he has found most gratifying, is the ability and moral earnestness of the young men who have been members of his classes, and there are few things in which he feels more gratification than in the activity of these young men in positions of eminence and usefulness in all parts of the United States.



Prof. Charles H. Cooley.

One of the women's colleges deserves special mention on account of its work in economics and allied fields, and that is Wellesley College. The Professor of Economics in that institution, Miss Katharine Coman, has won a recognized position among economists and has done much good work. One of the special articles to this course, it will be remembered, was contributed by her. Miss Vida D. Scudder, connected with the same institution, has written essays on subjects falling under the general head of Ethics of Economics and has recently given to the world an admirable book entitled *Social Ideals in English Letters.* Social ideals are important in economics as well as in sociology, and the charming book which Miss Scudder has given us is one that can be warmly recommended to those who would inform themselves on the relations between literature and social movements in England.

A western Agricultural College, namely, that situated in Manhattan, Kansas, has during the past year or two been doing a notable work in economics, having in its faculty such men as President Thomas E. Will, Professor Frank Parsons and Professor Edward Bemis, of whom the two former may perhaps be called radical, at least on the money question, and the last named progressive, but not radical.

On the Pacific Coast we have two institutions which give promise of much activity in the field of economics. The mention of the University of California brings before us the names of Professor Bernard Moses, author of a recent work, *Democracy and Social Growth*, presenting to us a thoughtful and critical examination of the relations between the democratic spirit, education and socialism; and also of Professor Carl C. Plehn, who gave us recently the first elementary work devoted to public finance which has appeared in the English language. It is entitled *An Introduction to Public Finance.* Leland Stanford University has had in its service three young men of unusual capacity, namely, Professor Amos G. Warner, author of the admirable work, *American Charities*, which can perhaps already be termed a classic; Professor E. A. Ross, whose studies on social control have been widely noticed; and Professor H. H. Powers, who has contributed the articles on Sociology to the current

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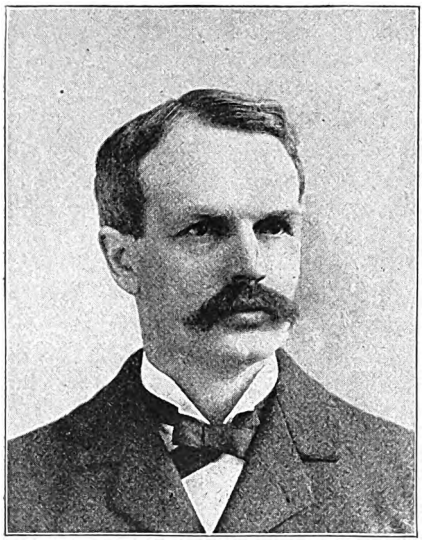

Prof. Bernard Moses.

course of study. The person who would know what Americans are doing in economics, and especially in what we may term applied economics, should not fail to direct his attention to the gifted and learned men working in the government departments at our national capital, where we find such writers and investigators as Commissioner Carroll D. Wright, Mr. W. T. Willoughby, Mr. George H. Holmes, Dr. Max West, Mr. H. T. Newcomb, and also Prof. Lester F. Ward, whose chief interest, however, lies in the field of sociology.

The Social Settlements in the United States have a place in the development of economic thought in this country. Their own activities are, to be sure, practical rather than theoretical, but there can be little doubt in the minds of careful observers that they have their indirect influence upon economic theory. Professor Graham Taylor has given the readers of PROGRESS an article on Social Settlements, and the Chicago Commons, of which he is the head, is one of the most prominent of these. *The Commons*, issued by the settlement of the same name, is the principal organ of the settlement movement. Two other especially prominent social settlements are Hull House in Chicago and the South End House in Boston. Members of Hull House have prepared a work called *Hull House Maps and Papers*, and Mr. Robert A. Wood, head of the South End House, has edited and with other members and associates of the settlement written a work called *The City Wilderness*, which describes the social and economic conditions in the South End in Boston. It is a work which deservedly is attracting wide attention and one which may be commended to those who would have a glimpse of the economic conditions surrounding portions of the dwellers in American cities.

It was the intention of the writer to say something about still other authors in this country whose works are of interest to the economist. Mr. W. D. Howells, who has himself recently given considerable attention to social problems, has spoken in a recent number of the *North American Review* of the poems of Mrs. Charlotte Perkins Stetson, which are of interest to the student of social science and economics. She may perhaps be called one of the poets of socialism. It would be pleasant also to say something about the work of Dr. Charles B. Spahr, whose book on the present distribution of wealth in the United States gives us the most careful statistical examination of the subject with which he deals and whose editorials in the *Outlook* are always worthy of attention. It was hoped likewise that at least a paragraph could be devoted to the line of work which in this country has been so well opened up by Professor Walter A. Wyckoff of Princeton University in his personal investigations of the conditions of the wage-earners in the United States. Nothing more can be done, however, than to refer the reader to his published books called *The Workers*.



H. T. Newcomb.

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The limits of space have now been reached, and it only remains for the present author to express his thanks to the many members of The University Association who have followed his articles during the past twelve months, and to express the hope that they may have received suggestions and stimulus which will prove helpful to them in their future studies within the broad field of economics.

SECOND WEEKLY REVIEW.

7. **JOHN STUART MILL.**—The Position of Mill with Respect to His Predecessors and Successors.
8. **THE OPTIMISTS.**—Bastiat and Henry C. Carey.
9. **ECONOMICS IN GERMANY.**—The Influence of Adam Smith upon German Economics. The German Historical School. Recent German Economists.
10. **THE AUSTRIAN ECONOMISTS.**—The Revival of the Deductive Method. The Doctrine of Value.
11. **ECONOMICS IN ENGLAND.**—Recent English Economics Characterized. Marshall, Cunningham, Hobson, and others.
12. **ECONOMICS IN THE UNITED STATES.**—The Work of the American Universities.



W. D. Howells.

QUESTIONS.

7. *What position does John Stuart Mill occupy in the development of economic thought? Explain the sources of his influence. To what extent did he modify the doctrines of Ricardo?*

8. *Explain what is meant by economic optimism. What is its significance? Can you give any reason why the spokesmen of the capitalist class should be more inclined to economic optimism than the spokesmen of the class of employed? Give Bastiat's doctrine of capital. What position did Henry C. Carey take with respect to the theory of population?*

9. *What are the causes of the extraordinary development of economics in Germany? Explain German realism in economics. Who were the founders of the German historical school? What were the chief characteristics of this school of thought? Who are the principal successors of the early German historical school?*

10. *Who were the founders of the Austrian school of economists? What view does this school hold of Method? What doctrine of value does it advocate?*

11. *Characterize recent English economics. Mention the principal English economists of the day and describe the work which they are doing.*

12. *What causes can you give for the unusual development of economics in the United States during the past twenty years? When was the American Economic Association organized? Describe the work of the principal American universities in the field of economics. What are the Social Settlements doing for the development of economic thought? What does the popular literature of the day indicate with reference to the trend of economic thought in this country? What is your own view concerning the future of economics in the United States?*

SUBJECTS FOR SPECIAL STUDY.

1. *Comparison of the views of Frederic Bastiat and Edward Atkinson.*
2. *Mill's doctrine of the unearned increment compared with the single tax as advocated by Henry George.*

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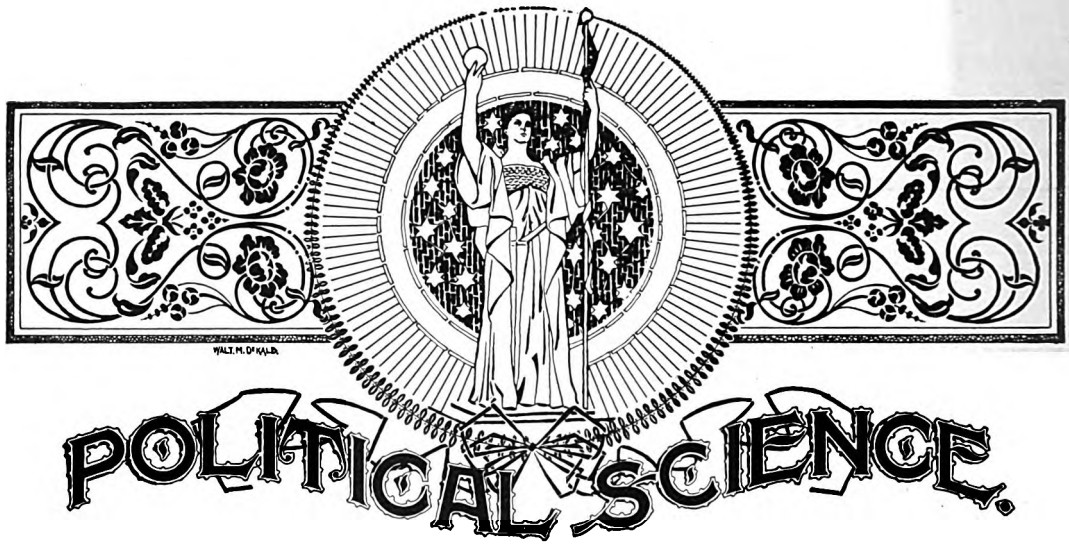

DEMOCRACY FOR THE WORLD.

BY

JESSE MACY, M.A., LL.D., Professor of Political Science, Iowa College, Grinnell, Iowa.

13. THE ISSUE BETWEEN DEMOCRACY AND DESPOTISM.

IN the perfect state there will be no conflict between the individual and organized society. The conscious weaknesses of each individual in certain lines will be supplemented by the comparative strength of other individuals in those lines. The large and increasing sphere for the individual will arise from the increasing consciousness of individual defects. The individual life cannot be lived except as it is supported and made perfect through the coöperation of the brotherhood. The State becomes the necessary and perpetual agency for the fulfillment and realization of the individual man. All who have ever consciously labored to found the State have aimed at some method of harmonizing the individual with the external organization of society. This is true of those who have striven to found the despotic State, as well as those who have striven to establish the democratic State. According to the one, harmony is attained by the submission of the many to the will of the one, or to the will of the few. According to the other, harmony is attained by the friendly coöperation of all in the interests of all.

The conflict of the ages is not a conflict between theology and science. It is a conflict between the effort to attain the repose of society by imposing the will of the one upon the many, and the effort to attain just relations through brotherly coöperation. In pursuance of this conflict the freer and more liberty-loving moved to the west in Asia and in Europe. At Marathon,(1) at Thermopylæ, and at Salamis, the right of friendly coöperation confronted despotic power. Later, the Greeks themselves became despotic, and the State was ruined. The Romans by centuries of brotherly coöperation built up an invincible State. Later it became imperial, despotic, and then a victim of Goths and Vandals. In sea-girt Britannia and in the forests of Switzerland liberty again found a home, a field for slow and mature growth. With all the accumulated experiences of past ages; with the best the world has furnished in religion, law, philosophy, poetry and art, the spirit and the institutions of liberty grew apace in England and Switzerland. Yet all the time liberty was neighbor to

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despotism. The conflict was never abated. History seemed to be repeating itself, and Christian Europe was fast becoming subject to oriental despotism. In the midst of the conflict the more daring spirits crossed the ocean to make a new stand for freedom on the vacant continent. It was through the closest coöperation of the builders of the free State in America, and the defenders of liberty in Europe, that the democratic Christian State became clearly defined. They were American democrats who headed the agitation which gave to England a Commonwealth in the middle of the seventeenth century. By the continued coöperation of Europeans and Americans the idea of the democratic State was kept alive. By the encouragement of English statesmen and by the help of liberty-loving Frenchmen our revolutionary fathers accomplished the apparently impossible task of founding an independent free state in the New World. The triumph of democracy in the New World was an efficient cause of the French Revolution.

The French Revolution and the Napoleonic Wars raised and established among the nations a definite, recognized issue between despotism and freedom. This issue has always existed. It has always entered into the conflict of nations, but it has ever been obscured or concealed by other motives—the sheer lust for power, the desire for plunder, pride, ambition. But after the Revolution there was a new Europe. That definite conflict, which had for centuries been kept alive in Switzerland, and in England between despotic power and voluntary coöperation among the people, was extended to the whole of Christendom. The issue once raised and clearly defined can never grow less important or less insistent until the human race shall know for certain whether man is made for slavery or for freedom. The Holy Alliance was formed by the leading monarchs of Europe to crush out all voluntary risings of the people against tyranny and to establish universal and unquestioning obedience to constituted authority. England, under the leadership of statesmen who inaugurated there a democratic revolution, met the Holy Alliance by direct opposition. America, encouraged by England, met the Holy Alliance by what is known as the policy of the Monroe Doctrine.(2) On the side of the theory of despotic government Russia has always been the leading State. In favor of the theory of popular government England has taken the lead in Europe, and the United States has taken the lead in the New World. In Europe especially this issue has tended to color and to dominate the policy of all the States. It has tended to create a United States of Europe. The peoples of the various States are learning to keep step in the march towards freedom. About the year 1830 Europe was stirred by popular movements: notable and permanent advances were made in England, France and Switzerland. More notable still were the revolutions of 1848.

The last half of the century has been made memorable by the transformation of the whole of Europe into a huge military camp. This, for the most part, has taken place during a time of profound peace. The wars have been few and brief, yet the preparation for war has been persistent and of ever-increasing extent and completeness. As noted incidents to the formation of the military camps, Germany and Italy have been united. The reason assigned for the continued increase of military burdens on the part of the various States is the proximity of dangerous rivals. A real, though often a disguised reason is the dread of popular uprisings. The governments fear their own subjects, and hence they arm themselves against the people. Happily the progress of democracy is not dependent upon revolutions and popular uprisings. It is rather dependent upon the school, the university, the press, the platform, the pulpit, voluntary associations and many other peaceful agencies. So, under the most despotic of the governments, democracy has constantly grown and become more formidable. With the diffusion of knowledge the people have everywhere become more responsive to the sufferings of their fellowmen. The Armenian massacres appealed mightily to the conscience of Europe, and the people will not soon forget the crime involved in the permission of such an easily prevented abomination.

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In the New World, after the close of the Napoleonic wars, democracy grew apace until nineteen new republics had been formed with constitutions modeled after that of the United States, and the last crowned head departed from the land. Meanwhile the people have grown more sensitive to the cry of oppressed peoples. It is to this increased sensitiveness that we may attribute the late war with Spain.

13. THE ISSUE BETWEEN DEMOCRACY AND DESPOTISM.

(1) **The Battle of Marathon.**—Marathon was a town in Greece near the eastern coast of Attica, near which the Persians under Datis and Artaphernes were defeated in 490 B.C. The Persians having crossed the Ægean sea, passed over to Attica, landing on the Plain of Marathon. They numbered about 110,000. To oppose them was an Athenian force of 10,000 heavy armed infantry and a small body of light armed troops and attendants.

According to Athenian law there were ten generals, each of whom in turn was entitled to command for a day. But the other generals named their claim in favor of Miltiades, who thus became commander-in-chief and he resolved to sally from his position on the heights and attack the Persians who were crowded in the plain. The attack was a complete surprise. The Greeks advanced in three bodies, a center and two wings, with a considerable interval between. Both attacks by the wings were successful and the enemy was driven right and left, but in the center the Persians repelled the Athenians, who were for the time being forced backward. Miltiades then recalled his victorious wings, which fell upon the flanks of the Persian center, which was speedily broken.

(2) **The Monroe Doctrine.**—It was stated at the commencement of the last session that a great effort was then making in Spain and Portugal to improve the condition of the people of those countries, and that it appeared to be conducted with extraordinary moderation. It need scarcely be remarked, that the result has been, so far, very different from what was then anticipated. Of events in that quarter of the globe, with which we have so much intercourse, and from which we derive our origin, we have always been anxious and interested spectators. The citizens of the United States cherish sentiments the most friendly, in favor of the liberty and happiness of their fellow-men on that side of the Atlantic. In the wars of the European powers, in matters relating to themselves, we have never taken any part, nor does it comport with our policy so to do. It is only when our rights are invaded, or seriously menaced, that we resent injuries, or make preparation for our defence. With the movements in this hemisphere, we are, of necessity, more immediately connected, and by causes which must be obvious to all enlightened and impartial observers. The political system of the allied powers is essentially different, in this respect, from that of America. This difference proceeds from that which exists in their respective governments. And to the defense of our own, which has been achieved by the loss of so much blood and treasure, and matured by the wisdom of their most enlightened citizens, and under which we have enjoyed unexampled felicity, this whole nation is devoted. We owe it, therefore, to candor, and to the amicable relations existing between the United States and those powers, to declare that we should consider any attempt on their part to extend their system to any portion of this hemisphere, as dangerous to our peace and safety. With the existing colonies or dependencies of any European power, we have not interfered and shall not interfere. But with the governments who have declared their independence and maintained it, and whose independence we have, in great consideration and on just principles, acknowledged, we could not view any interposition for the purpose of oppressing them, or controlling in any other manner their destiny by any European power, in any other light than as the manifestation of an unfriendly disposition towards the United States. In the war between those new governments and Spain we declared our neutrality at the time of their recognition, and to this we have adhered, and shall continue to adhere, provided no change shall occur, which, in the judgment of the competent authorities of this government, shall make a corresponding change, on the part of the United States, indispensable to their security.

The late events in Spain and Portugal, show that Europe is still unsettled. Of this important fact, no stronger proof can be adduced than that the allied powers should have thought it proper on any principle satisfactory to themselves, to have interposed by force in the internal concerns of Spain. To what extent such interposition may be carried, on the same principle. is a question to which all independent powers, whose governments differ from theirs, are interested, even those most remote, and surely none more so than the United States.

Our policy, in regard to Europe, which was adopted at an early stage of the wars which have so long agitated that quarter of the globe, nevertheless remains the same, which is not to interfere in the internal concerns of any of its powers; to consider the *de facto* as the legitimate government for us; to cultivate friendly relations with it, and to preserve those relations by a frank, firm, and manly policy; meeting, in all instances, the just claims of every power; submitting to injuries from none. But in regard to these continents, circumstances are eminently and conspicuously different. It is impossible that the allied powers should extend their political system to any portion of either continent, without endangering our peace and happiness; nor can any one believe that our southern brethren, if left to themselves, would adopt it of their own accord. It is equally impossible, therefore, that we should behold such interposition, in any form, with indifference. If we look to the comparative strength and resources of Spain and those new governments, and their distance from each other, it must be obvious that she can never subdue them. It is still the true policy of the United States to leave the parties to themselves, in the hope that other powers will pursue the same course.—*Monroe's Message enunciating the Monroe Doctrine in "Select Documents of United States History," by William Macdonald. New York: The Macmillan Company. 1898.*

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14. TWO METHODS OF AIDING OPPRESSED PEOPLES.

There are two radically different ways of aiding oppressed peoples. Switzerland has for generations given aid to the oppressed, through the kindergarten, through Christian education, through the example of free government, through the sentiment of freedom which breathes through all its literature and through all its history. Switzerland is, in natural resources, one of the poorest of countries. Its people are, nevertheless, comparatively well-to-do on account of their free institutions, on account of their spirit of brotherly coöperation. Switzerland has no fleet, it maintains no standing army. It is not able to create a fleet; it is not rich enough to support a standing army. Only by example, only through the use of spiritual weapons is it possible for Switzerland to carry the hope of liberty to remote peoples. England, on the other hand, represents an entirely different policy. Long before the ruling classes in England had come to have any sympathy with democracy there had been established an imperial policy. England had entered into competition with other nations for the control of so much of the earth as it was possible to lay hands upon. Moreover, when democracy was finally developed in England it was early identified with freedom of contract and the free, open market both at home and abroad. By the middle of the present century democracy and free trade had come to be in England almost interchangeable terms. Richard Cobden and John Bright saw the world entering upon a millennium of democracy and free trade. All the nations would disarm. By means of the free competitive market, habits of Christian coöperation would be established. By means of commerce the whole human race would be rapidly trained to habits of freedom and local self-government. The English free-traders opposed the imperial policy. They would have every English colony become independent and self-governing. Some of them would even withdraw from India and surrender every outlying possession. Their doctrines have fastened upon them the name "Little Englanders." England has adopted free trade, while at the same time she has continued and extended the policy of imperialism. She has enlarged her army and navy. She has extended her dominions in all lands. Spain has failed in her imperial policy because of oppression. The imperial policy of England and Holland (1) succeeds because of the spirit of liberty and fair dealing which pervades the administrations. More than a hundred years ago Warren Hastings was impeached and branded as a tyrant because of his treatment of native Indians,(2) while in India his name is still venerated as the founder of a new and better order. England is the one great nation which is bringing hope and courage and aid to the oppressed peoples in many lands by the use of armies and navies. After our civil war America was at liberty to adopt either the Swiss or the English method of laboring for the oppressed. We set to the nations a truly heroic example of disarmament. Within a few months after the greatest war of the half-century, we were without a standing army and without a navy. We might have taken a position that we would have no army and navy. We might have determined to extend the principles of liberty only by example, by means of the teacher and the preacher. But the United States was not, like Switzerland, a poor country. For us to really follow the example of Switzerland in this regard would be to devote the surplus wealth, which would otherwise go to the support of army and navy, to the maintenance of the kindergarten, the school and the church in every land upon the face of the earth. This policy would also have been quite in harmony with the teachings of the English free-traders. Before the war America was rapidly adopting a policy of free trade. The American protectionists had always intended to adopt a permanent policy of free trade after our industries had been diversified



John Bright.

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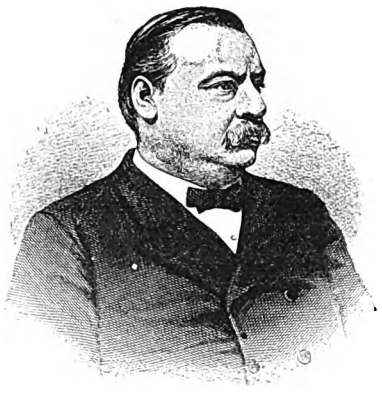
and developed. Before the civil war the Republican party was largely a free trade party. But, as an incident to the war, taxes were laid without stint upon everything taxable. We taxed home producers, and we laid enormously high duties upon imported goods. Immediately after the war, taxes were removed from the home products, but were allowed to remain upon imported goods. While the American voter was busied with reconstruction and the money question, a wholly new doctrine of protection was allowed to spring up. This new protective policy involved the building up of a permanent system of hostile tariffs against all nations. It involved also the continuous transfer of the property of one set of American producers into the hands of another set of producers. It involved continuous governmental aid and encouragement to the concentration of wealth and the building up of monopolies. The new protective policy involved the devotion of millions of money to the preaching of the doctrine of pure national selfishness; worse than that, it involved the preaching of the doctrine of jealousy and hatred towards other nations, and especially it involved the preaching of hatred towards England.



Grover Cleveland.

Our war tariffs, continued in time of peace, gave us an overflowing treasury. Part of the surplus revenue was devoted to the creation of a navy. With the creation of a navy measures were taken to secure harbor and coaling stations in remote parts of the earth. Thirty years ago it surely was an open question whether we ought to imitate the great States of Europe in the creation of a modern navy. We, however, decided to create such a navy. It was still an open question what we ought to do with it. Four years ago it was an open question whether we ought to unite with the States of Europe to prevent the Armenian massacres. We decided to hold aloof and assume no responsibility in the matter. Yet at the same time the President of the United States threatened to make war upon England in case she still refused to settle a Venezuelan boundary question in a manner dictated by the United States. Had the United States joined with England in her policy of furnishing protection to the Armenians the massacres would not have occurred. It was even asserted by those well informed in London, that England, acting alone and unsupported, would have put an end to the massacres had it not been for President Cleveland's message threatening war upon England. The United States, being a great naval power, does exert an influence, whether we will or not. If we do not take a positive attitude in order to make our power felt at the time and place where our influence is most needed, we are likely to give positive aid to tyranny and oppression, as we did in the case of the Armenian massacres.(3)

Two years ago it surely was an open question whether we should use our navy and create an army to deliver the oppressed Cubans. True Americans took squarely contradictory views upon this question. Some held to the view that it were better to prolong still further the policy of diplomacy and peaceful interference. Some maintained that it were better to invoke the coöperation of other powers and seek with their help a peaceful settlement of the difficulties. The United States determined to act alone and made war upon Spain.

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14. TWO METHODS OF AIDING OPPRESSED PEOPLES.

(1) **Holland.**—This name is frequently applied to the kingdom of the Netherlands, although in its strictest sense it is applicable only to the provinces of North and South Holland.

North Holland has an area of about ten hundred and fifty square miles. It consists of a peninsula joined to the mainland at its southern extremity,

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and of the islands of Weiringen, Texel and Vlieland lying at its northern extremity. It has a population of six hundred and twenty-nine thousand three hundred and forty-five. The surface is marshy and in many places it lies below the level of the sea, from the encroachments of which it is protected by dunes and dykes, while canals intersect and drain it in every direction.

(2) **Trial of Hastings.**—India owes to Pitt's triumph a form of government which remained unchanged to our own day. The India Bill which he carried in 1784 preserved in appearance the political and commercial powers of the Directors, while establishing a Board of Control, formed from members of the Privy Council, for the approval or annulling of their acts. Practically, however, the powers of the Board of Directors were absorbed by a secret committee of three elected members of that body, to whom all the more important administrative functions had been reserved by the bill, while those of the Board of Control were virtually exercised by its president. As the president was in effect a new Secretary of State for the Indian Department, and became an important member of each ministry, responsible like his fellow-members for his action to Parliament, the administration of India was thus made a part of the general system of the English government: while the secret committee supplied the experience of Indian affairs in which the Ministry might be deficient.

Meanwhile the new temper that was growing up in the English people told on the attitude of England towards its great dependency. Discussions over rival plans of Indian administration diffused a sense of national responsibility for its good government, and there was a general resolve that the security against injustice and misrule which was enjoyed by the poorest Englishman should be enjoyed by the poorest Hindu. This resolve expressed itself in the trial of Warren Hastings. Hastings returned from India at the close of the war with the hope of rewards as great as those of Clive. He had saved all that Clive had won. He had laid the foundation of a vast empire in the East. He had shown rare powers of administration, and the foresight, courage, and temperance which mark the born ruler of men. But the wisdom and glory of his rule could not hide its terrible ruthlessness. He was charged with having sold for a vast sum the services of British troops to crush the free tribes of the Rohillas, with having wrung half a million by extortion from the Rajah of Benares, with having extorted by torture and starvation more than a million from the Princesses of Oudh.

He was accused of having kept his hold upon power by measures as unscrupulous, and with having murdered a native who opposed him, by an abuse of the forms of English law. On almost all these charges the cooler judgment of later inquirers has acquitted Warren Hastings of guilt. Personally there can be little doubt that he had done much to secure to the new subjects of Britain a just and peaceable government. What was hardest and most pitiless in his rule had been simply a carrying out of the system of administration which was native to India and which he found existing there.

But such a system was alien from the new humanity of Englishmen; and few dared to vindicate Hastings when Burke, in words of passionate earnestness, moved for his impeachment. The great trial lingered on for years, and in the long run Hastings secured an acquittal. But the end at which the impeachment aimed had really been won. The attention, the sympathy of Englishmen, had been drawn across distant seas to a race utterly strange to them; and the peasant of Cornwall or Cumberland had learned how to thrill at the suffering of a peasant of Bengal.

Even while the trial was going on a yet wider extension of English sympathy made itself felt.—"*A Short History of the English People*," *by J. R. Green, M.A., Vol. IV., pp. 1740, 1741.*

(3) **Armenian Massacre.**—All the London correspondents of the New York papers are unanimous as to the effect upon the Armenian question of the jingo war with England. One of them quotes an Armenian organizer as saying: "The



Edmund Burke.

hope of England's doing anything there has perished altogether, and the Armenian sympathizers here who are really in earnest are plunged into the depths of despair."

Another declared: "Whatever else may be said, President Cleveland has come to the rescue of the unspeakable Turk. The Eastern question has dropped out of sight. The Sultan has ceased for a week to be a prominent figure in the eyes of Christendom. He has escaped observation, and has been left at liberty to order additional massacres of Armenians and continue the process of pacifying rebellious provinces by bloodshed and rapine. The latest news bears evidence that the Sultan has not been slow to 'catch on' to the change in the situation, for it reports the attack upon Zeitun by Turkish troops and the barely successful resistance of the Armenians in the place. Of course, England cannot look out for the Armenians while she has a war with us on her hands. The only way by which the United States could exert any influence upon the Sultan was by giving her moral support to England in the matter, but we cannot fight England over a boundary line dispute in Venezuela—a country in which there are no American residents—and at the same time join hands with England for the protection of the Christians in Armenia, among whom there are several hundred American citizens. So we have turned the Christians over to the Turk, and he is dealing with them in a style barbaric enough to suit the wildest jingo."—*Editorial in "The Nation," December 26, 1895.*

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15. THE TRUE AMERICAN POLICY.

It is not necessary to recount here the many unforeseen results of our war with Spain. Thirty years ago we began to follow a policy of acquiring harbors and coaling stations in distant regions. We now own harbors and coaling stations in the two oceans, and we have a possession in the Orient almost as large as Japan. It is no longer an open question whether the United States is to become a great and recognized naval power. This is already an accomplished fact. It is, however, an open question still, whether we are to adopt a policy of expansion and imperialism similar to that of England. Shall we enter upon a permanent policy of acquiring and ruling territories in every available portion of the globe, or shall we rid ourselves at the earliest possible moment of all the territory acquired as a result of the war with Spain, and confine ourselves to strictly adjacent continental expansion, or to no expansion at all? These are questions which demand an answer. They do not answer themselves. We have merely drifted into a policy of foreign conquest. The first and the really decisive step in this line was taken when we decided to create a formidable fleet. The step was taken, as it were, inadvertently, without the people in general realizing what they were doing. The war with Spain has simply served to reveal to us the natural conclusion of a policy then adopted. Really, the time for the anti-expansionists to grow excited and bring the question to an issue was thirty years ago, when the creation of the fleet began. But the late war has put the issue for the first time into form for easy popular apprehension. Seldom has a people been confronted with a more important and far-reaching question. It deserves calm and deliberate treatment; yet so sudden has been the onslaught and so important has seemed the result that there has been little room for calm debate.

Those opposed to the policy of expansion have felt that the nation, without forethought or deliberation, was being committed to a policy of imperialism in violation of all former safe and conservative traditions. If anything were done to stem the tide of foreign conquest, it must be done soon. Especially must the United States be prevented from gaining a permanent foothold in the Orient. (1) The anti-expansionists have not had time to agree among themselves as to just what ought to be done with the Philippines. (2) If they have not actually encouraged the natives of the islands to resist by force of arms the authority of the United States, they have openly rejoiced in the fact that they have resisted. They have seen in Aguinaldo a second George Washington, and in his followers our revolutionary fathers. They have compared our army of occupation to the armies of George III. They have sought to persuade the American soldiers to refuse to fight the Filipinos. Some have even proposed to stop the war at once by an "injunction." But this is not calm debate; it is a species of more or less justifiable hysteria. On the other hand, many of the supporters of the policy of expansion have been equally disposed to settle the whole question by an appeal to sentiment. Let not the American flag ever be hauled down from a foot of soil over which it has ever waved. This is imperialism with a vengeance. If such a sentiment should become a ruling passion, Americans would rapidly degenerate into a nation of tyrants and slaves. In the main the policy of expansion has been supported by the mere opportunist argument—what else can be done?

We may reasonably expect that the time for sober second thought will soon arrive, and that upon the basis of the deliberate judgment of the nation our permanent foreign policy may be defined. There are certain broad general principles upon which all parties ought to agree.

It should be conceded that we can no longer pursue a policy of isolation for the reasons assigned in Washington's Farewell Address. Washington commended isolation until such time as we should become masters of our own

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destiny. If Washington had meant that Americans who were the beneficiaries of countless ages of suffering in the Old World should settle down on the richest continent that God had made and should appropriate it all for their own selfish enjoyment, he would have been among the meanest of men. He neither said nor meant any such thing. It was for the sake of the liberty-loving in all lands, as well as for the well-being of Americans, that he commended the avoidance of the intrigues of European politics.

It was quite in harmony with the spirit of the farewell address that President Monroe's message was prepared in 1823. America could for the time give most effective aid to true lovers of liberty in all lands by first preëmpting the whole of the New World for free institutions. In pursuance of the policy of the Monroe doctrine, the New World has been preëmpted for freedom, and in the meantime the world has grown small. A new industrial age has ensued. The world has become articulate by steam and electricity in a manner not dreamed of in 1823. It may still be true that our country should prolong a policy of isolation from the Old World, but such a policy cannot be justified for the old reasons. We are under the same old obligation to do all in our power to assist all people in their striving for light and liberty. Under the new and changed conditions it is fairly an open question whether this may not be better done by more direct participation in the politics of the Old World.



Gen. George Washington. (From portrait by C. W. Peale.)

A hundred years ago alliances between the States of Europe meant almost continuous wars involving the leading nations in deadly conflict. To-day there is much reason for believing that the "United States of Europe" means a method for avoiding war. Since the Holy Alliance of 1823 there have been few hostile encounters between leading European States. The Crimean war is now looked upon as a blunder or a crime. The war between France and Germany is viewed with scarcely less favor. We see, then, the remarkable phenomenon of the European States supporting armies and navies beyond all former precedent along with a growing disposition to avoid hostile encounter. Surely Americans ought to agree upon a policy of continued disarmament. We ought to use the full weight of our power and influence in favor of the disarmament of Europe. We ought to use our best endeavors for the prevention of European wars. Whether we pursue a

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policy of isolation or whether we participate more directly in the diplomacy of the world, our general policy ought to be the same. Our aim should be the time-honored purpose of making an end of oppression and militarism.

15. THE TRUE AMERICAN POLICY.

(1) **The Anti-imperialist Position.**—To the People of the United States: The full ratification of the treaty with Spain will cause a technical change in the relations of the United States to the Philippine Islands, but will afford no reason for any change of the views of the anti-imperialists in regard to the future of the islands, nor will it in the least affect the clear duty of this Republic.

We are now engaged in warfare with the inhabitants of those islands. It is unprofitable to discuss the question as to which party began hostilities. No other result could have been expected, when the lines of two opposing military forces were held so close and in such tense condition that little was needed to cause an explosion.

The evidence is very clear that Aguinaldo was brought to the islands by our own warship, that his aid was accepted and desired in our military operations against the Spaniards, and that hopes of independence were encouraged by our consuls and other officers; that a parliament of the islands, organized by representatives elected by one hundred and eighty-six towns and provinces, chose Aguinaldo president and framed a constitution, which was promulgated, defining the powers and duties of the separate departments of the government with remarkable clearness and ability, and that the government so formed fairly represented the intelligence of the people of the islands.

It is also undeniable that on January 5, President McKinley issued a proclamation, through General Otis, declaring that on the tenth of the previous month the Philippine Islands had been ceded to this country by Spain by the signature of the Treaty of Paris, and further ordered him to extend the military government of the United States "to the whole of the ceded territory," and to demand the surrender of Iloilo, which was then held by the Filipinos in an orderly manner by capture from the Spaniards.

It cannot be claimed in law that this assumption of power was warranted in advance of the ratification of the treaty by both parties, and there can be no doubt that the arbitrary claim greatly aggravated the people of the islands, whose hope of independence seemed thus rudely destroyed. No declaratory resolution as to the future of the islands was assented to by the administration before the ratification of the treaty by the senate, and none has been made since.

Any right that we assert to ownership of the Philippines must rest, therefore, either upon conquest or upon purchase from their Spanish oppressors, or upon both; and in any case it is, as we believe, inconsistent with the principles of this Republic, and fraught with danger to its peace and to the peace of the world.

The first result we already witness—a war of subjugation, which must embitter the people we seek to rule, and which, however successful, must bring disaster and death to our soldiers, and unmeasured cost to our people.

Profoundly impressed with the seriousness of the situation, it is the purpose of the anti-imperialists to continue the circulation of literature; to assist in the formation of leagues, and by public meetings, and every proper means known to a free people to agitate for the revival in the land of the spirit of Washington and Lincoln; to protest against a spirit of militarism and force; to oppose the colonial idea and a permanently large standing army, and to assert the vital truths of the Declaration of Independence embodied in the Constitution and indissolubly connected with the welfare of this Republic.

They urge, therefore, all lovers of freedom, without regard to party associations, to coöperate with them to the following ends:

First—That our government shall take immediate steps toward a suspension of hostilities in the Philippines and a conference with the Philippine leaders, with a view to preventing further bloodshed upon the basis of a recognition of their freedom and independence, as soon as proper guarantees can be had of order and protection to property.

Second—That the government of the United States shall tender an official assurance to the inhabitants of the Philippine Islands that they will encourage and assist in the organization of such a government in the islands as the people thereof shall prefer, and that upon its organization in stable manner the United States, in accordance with its traditional and prescriptive policy in such cases, will recognize the independence of the Philippines and its equality among nations, and gradually withdraw all military and naval forces.

GEORGE S. BOUTWELL,
and Twenty-nine Others.

(2) **Philippine Islands.**—These islands lie to the north of Borneo and Celebes. They are more than twelve hundred in number, with an area of about one hundred and fifty thousand square miles. Population about four million five hundred thousand. Three-fourths of these have been, until recently, subject to Spain, the remainder being governed according to their own laws by independent native princes. One-fifth of the population of Luzon has long been independent.

Luzon, on the north, has an area of fifty-one thousand three hundred square miles, and Mindanao, or Magindanao, in the south, fully twenty-five thousand. There are more than a thousand lesser islands in the group, concerning which but little is known.

The Sooloo Islands form a long chain, from Mindanao to Borneo, having the same mountainous and volcanic structure, and all are probably fragments of a submerged continent. Many active volcanoes are scattered through the islands, often causing great devastation. Earthquakes are frequent and destructive, Manila, the capital, having been nearly destroyed by one in 1863. On February 3, 1864, another terrible earthquake visited Zamboango, in Mindanao, leveling all the houses to the ground and causing some of the smaller islands to disappear.

Rain may be expected from May to December, and from June until November the lands are flooded. Violent hurricanes are experienced in Luzon and on the western coast of Mindanao Especially at certain seasons monsoons, storms of wind, rain, thunder and lightning prevail. Except the wildcat, beasts of prey are unknown.

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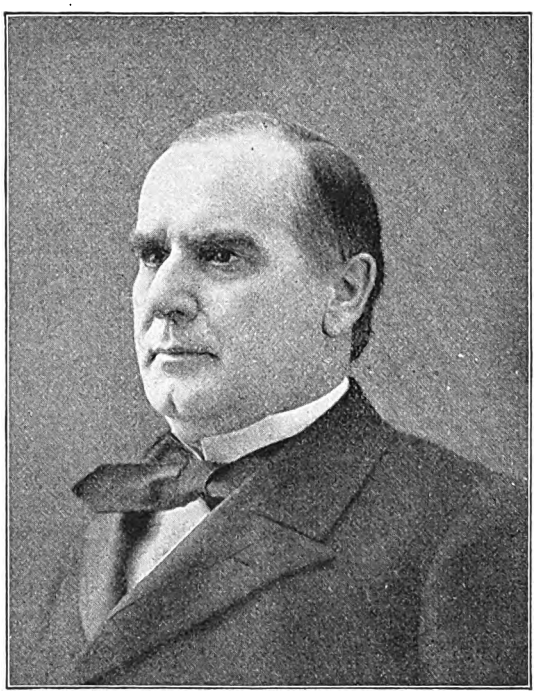
16. AMERICA AS A MODEL FOR THE FEDERATION OF MAN.

If the entrance of the United States into the concert of nations involves the creation of a standing army, the step should not be taken. An army is always and necessarily a menace to liberty. The military education is in its very nature despotic. An army cannot tolerate free speech and free thought. The great military equipments of Europe are maintained quite as much for the enslavement of the people as for the protection of the States against foreign enemies. We are told by one of the most capable of our officers in the Philippine Islands that it will require an army of a hundred thousand men to subdue and rule only one of the several islands. When it was first announced that an army was to be sent to the islands, the Administration proposed to send only a few soldiers. But the general in charge demanded a large army on account of his sense of personal dignity. Suppose the Administration had found a man who was great enough in himself not to feel the need of a sacrifice of the lives of his fellowmen as a means of gratifying his sense of personal importance. Suppose a man had been found who would have counted it a greater honor to preserve order in the islands with even less than the thousand men whom Spain had been accustomed to employ. Such a policy would have been a notice to the natives and a notice to the world that under no circumstance did the United States intend to enter upon a career of foreign conquest. The most capable and order-loving among the natives would have been discovered and placed in positions of responsibility. The American flag and the American soldier would have been made symbols of law and order. If in any part of the islands there were war and disorder it would be in those parts most remote from the American soldier. Under such a policy the American soldier would not be present to make war, but to prevent war. Under such a policy American public sentiment would be chastened and purified. There would be a sense of worthy achievement. Suppose on the other hand we should send a hundred thousand men to conquer and rule the island of Luzon, and another hundred thousand to subdue the remaining islands. When this policy had been carried out to its bitter end the most virtuous and the most capable of the natives would have been destroyed. It would probably require a hundred years to place the islands in conditions as favorable for the introduction of the institutions of civilization as before the conquest, and in the meantime the American nation would be in process of brutalization. We cannot maintain a policy of foreign conquest without at the same time tending to fasten upon ourselves a despotic rule.



William McKinley.

Thus far our experience in the Philippines ought not to be accepted as settling anything as to what ought to be our permanent policy. We have been merely drifting. Domestic politics has become mixed up with foreign politics in a way which would be impossible after a permanent policy had been defined and accepted

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by the nation. It is not improbable that there would have been no rebellion in the Philippines had it not been for the anti-expansion agitation in America. The opponents of the Administration have not had time to be deliberate. They have outdone the Orientals themselves in their characterization of the diabolical intentions of our government. Whatever may be the policy finally determined upon, the peculiar hysterical condition of the debate will pass away. We may enter upon a career of world-wide expansion through peaceable agencies and at the same time win the support of a practically united people. Such a policy ought not to be thought of under any other condition.

Where can there be found an American who does not take pleasure in the thought that many of the important features of our form of government are becoming world-wide? Nineteen republics in the new world have constitutions modeled upon that of the United States. The same may be said of the Canadian constitution as well as of that proposed for Australasia. The Swiss, also, have copied many features of our constitution. As democracy has become more aggressive in England there has resulted a movement for the decentralization of the powers of government, using in many respects the American experience as a guide. A new phrase is coming into use: "The United States of Europe." If bodily form and substance should ever be given to the idea involved in this form of words it will be somewhat after the manner of the evolution of the United States of America. We shall see the various States first sending delegates to confer together and agree upon rules of conduct for the mutual advantage of all. There is first mere voluntary and friendly coöperation. But the rules of international conduct increase in number. When these were few, the moral force of the various States was all that was needed to insure their observance. The rules, however, multiply and become more important. It is found desirable to have a permanent Board of Arbitrators, to whom complaints may be made in case of violations of the rules of international law. There has never been any serious discussion of a permanent board of arbitration in which there was not frequent reference to the Supreme Court of the United States. As a matter of fact the formation of our Supreme Court was preceded by a Committee of the States acting as board of arbitration between the States. If the now proposed quinquennial Congress of the Nations should become an established institution; if there should be a permanent Court to settle disputes arising under the observance of the rules of the Congress; if, in course of time, the rules should be so numerous as to require permanent administrative agencies to secure their observance; then, indeed, the United States of Europe would have become one State. But we are informed that Europe includes Asia, or Asia Europe. A new word, Eurasia,(1) has been coined to express this idea. The United States of Europe would mean, then, the United States of Eurasia. Already the United States of Europe have entered into joint control of a Free State on the Congo, and for nearly a century there has been a joint police of the coasts of Africa on the part of the United States of Europe and America. So if there is to be a United States of Eurasia it is not at all likely that Africa will be left out.

But what shall be the attitude of the United States of America? Shall we retain our membership in the Congress of the great States? Shall we assume our full share of responsibility in the settlement of all the affairs of the world?(2) It is my opinion that it is better for the United States and better for the world to rid ourselves of every vestige of the policy of isolation and assume our full share of direct responsibility for the well-being of every part of the human race. This does not at all mean that we shall lose anything of our practical interest in the perfecting of free institutions in the New World. Rather, we shall extend that interest to every part of the globe. Such a policy would but be an additional motive for strengthening every bond between American republics; an additional motive for the formation of a United States of Pan-America.

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16. AMERICA AS A MODEL FOR THE FEDERATION OF MAN.

(1) **Eurasia.**—Is Asia, as a distinct continent, to disappear? The question has already been raised and the term Eurasia suggested to cover the two grand divisions, hitherto separate, but constantly being brought into such close relations that the distinction ceases to mark a difference. It becomes almost insistent as one studies the map. The old boundaries are rapidly losing all significance. The Ural Mountains are within what is known as a European province and Russian maps cease to change their color as they cross the Caucasus. In all probability the Caspian will ere long be but a Russian sea; and when the same power accomplishes its purpose of securing Constantinople, with the Balkan Peninsula on the west and Asia Minor on the east, the last vestige of a continental boundary will disappear. It is significant that while it is possible to make a map of Europe alone, of Africa, of America, it is impossible to make a map of Asia without including, at least, the greater part of Europe within its scope? With the boundaries, national and race distinctions are to a considerable extent disappearing. Wherever Russia goes she not only conquers, but assimilates, and England, while leaving far more of local independence and fostering far more strictly native development, still places a distinctly European stamp upon every country that she dominates. As these two practically control the development of the continent, it cannot be long before the national differences, which in default of the disappearing physical boundaries can alone define the continent, will cease in great measure to exist; not that India will ever become England, as Siberia is already, and Manchuria undoubtedly will be, Russian; but the difference will be less continental or racial, more distinctively local, such as may fairly mark different sections of the same continent.

The significance of this European domination of Asia will appear in the series of articles we print this week. The writers have been selected with the special purpose of representing their national view as strongly as possible. Thus, Herr Holmstrem expresses the views of Prince Ukhtomsky, an acknowledged leader in the expansionist party and a most intimate counselor of the Czar. Sir Charles Dilke's clear vision of and ambition for England's work is set forth in his "*Problems of Greater, Britain*" as acknowledged authority on British foreign policy. M. Paul Guieysse shows himself the skillful French advocate, and makes out the best possible case for the Republic. Count Okuma's article on Japan will strengthen confidence in Japanese clear-sightedness, as well as diplomatic skill. Is it significant of China's decadence that it was impracticable to find a Chinese to write on that empire from the standpoint desired, or of the fate of Korea that there, too, we had to rely on foreign words? Neither country has suffered, however, at the hands of Mr. Norman, Dr. Henry, or Professor Hulbert, all of whom, by long experience and study, are thoroughly qualified to set forth the interests they represent.

Professor Moore's service on the Commission that framed the Treaty of Peace with Spain, as well as his connection with the State Department at Washington and his careful studies in international history, eminently qualified him to speak on the relations of this country to the problems suggested by the others. Especially indebted are we to M. Reclus for his very clear setting forth of the historical lines of connection, as traced by ages of footsteps in the clay and rock of the continent, and to Captain Younghusband for his picture of the place where three empires meet, and from which have radiated the influences that are now surging back upon the land and causing changes which the map hints at, though it can scarcely give their full meaning.

To some there may come sadness as they read the articles and consult the map. So many things are fading into the past. Yet in their place are coming others of far more value, betokening a new life. The screech of the locomotive echoes from the walls of Jerusalem and the Taj Mahal, but it awakens the forces that have been asleep for centuries.

Europeans are gridironing the plains and burrowing into the mines of the "Middle Flowery Kingdom," but are driving famine and pestilence before them. The "Morning Calm" has vanished from Khosen, but to it will succeed the vigor of high noon. Fact, the essential prelude to success, is replacing fancy in Persia. Slav and Saxon have met on the "roof of the world."—*New York Independent, May 4th.*

(2) **Anglo-Saxon Supremacy.**—Should Russia succeed in becoming mistress of Asia, she will dominate some eight hundred millions of the human race—active, hardy, intelligent and requiring only direction to become a formidable force in any competition, whether in commerce or in war. The reduction of the British Empire is essential to the accomplishment of her scheme of universal dominion.

It requires no elaborate argument to demonstrate that the death-knell of the British leadership in the world would be nearly as disastrous to America as to Britain. To realize the position which the United States would occupy, it is only necessary to study the commercial and industrial policy of Russia wherever any possibility of rivalry is in question. The power of the United States to extend her trade in Asia and in a large measure, to expand as a nation, depends much on the Anglo-Saxon supremacy. Once in possession of Turkey and Persia, India and China, and with the resources of Asia organized under her direction, Russia would be not only supreme on land, but would be also the commanding sea power. With the Pacific Ocean a Russian lake, and Europe dominated, America and South Africa, in addition to Australasia, would, as a natural consequence, fall under the ascendency of the Slav.

The common aims and aspirations of the United States and Britain, the bond of race, of language, of religion and of government indicate for them a common destiny. Between the free people of the States and the semi-Asiatic despotism of Russia, there can be no real sympathy; these nations are antipathetic and cannot unite. The danger threatening Britain is one threatening the Anglo-Saxon race.

May the democracies of Britain and the United States realize in time this common danger, not the less pressing because it may not seem to concern to-day or to-morrow! May leaders arise who will guide both nations in the path of duty, of honor and of prosperity, and bring them to submit without murmur to the sacrifices which will enable the race to maintain the ascendency it has so long held.—"*Eastward Expansion of the United States,*" *by Archibald R. Colquhoun, in Harper's Monthly, November, 1898.*

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17. INTERCHANGE OF SERVICE BETWEEN THE OLD AND THE NEW WORLD.

The Old World needs America and America needs the Old World. Our principles of government are in demand in every clime. America stands for democracy. It stands for home rule. It should never be forgotten that democracy does not mean a mere form of government. The true principle of democracy requires the use of every form of government which the diverse peoples of the earth demand. If an Indian tribe in the United States is better served by a monarchial form of government, our democracy gives them a monarchial government. Democracy does mean government by education and training. Education and environment tend naturally to give to the Indian tribe the republican form of government. We may believe that education and environment will tend to the substitution of the newer for the older forms of government. But it is a violation of the fundamental principle of democracy to make a direct attack upon any mere form of government. Always and everywhere the determining question must be: What form of government is best suited for the training of the people in the practice of conscious coöperative righteousness.

The Old World needs especially the methods of diplomacy which America represents. Formerly diplomacy was a part of the system of lying and deception which is necessary to the success of despotic tyrannies. Free governments could then have little influence because of the limitations of their ability to deceive. But all this is being rapidly changed. The despot is now incurring positive disabilities in the field of diplomacy. The appeal is to the public sentiment of the world. Open diplomacy is revealing the secrets. In the Congress of the World it is the representative of the tyrannical government who is placed on the defensive, who is shorn of his power and influence on account of the necessity under which he labors to conceal the truth; while the representatives of free governments can boldly and effectively appeal to the enlightened opinion of mankind.(1)

If the Old World needs America much more does America need the Old World. In its very nature a new world means the absence of experience, while an old world means the accumulation of experience. Man is capable of learning from the experience of others, yet, on account of the prevalence of original sin or some other equally baleful influence, men have for the most part refused to avail themselves of the experience of others. While in theory recognizing the high rational principle of vicarious suffering, they have, like the fool or the brute, trodden the beaten path to their own destruction. Americans of all people are most in need of taking account of the experiences of the Old World. The whole history of America has tended directly to create a fool's paradise on a most gigantic scale. From our peculiar and exceptional conditions we have had three centuries of exemption from the ordinary, normal burdens of the race. We have been simply going on to the next farm and taking possession as of a free gift from a bountiful Providence. Our free acres have given to Europe a prolonged period of abnormal relief, from the ordinary burdens of an expanding population. Americans are now called upon to adjust themselves to the normal conditions of the Old World, and are in especial need of Old World experiences in dealing with ordinary industrial, social and political problems. Old World conditions are being suddenly forced upon us. The exceptional conditions to which we have been for so long a time wonted, are misleading. It is Old World conditions rather than New that we need to contemplate—the problems of pauperism, the unemployed, the government of cities, the management of railways. Not that we should expect to copy the conduct of the older States; but, being still in the position of exceptional privilege, we should expect to avoid the worst mistakes of the older States. The time has fully come when isolation from the Old World should cease.

If America should enter directly into full fellowship with the Great Powers we

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ought to expect that the full weight of our influence would at all times be exerted in favor of disarmament, in favor of the settlement of all disputes by peaceful means, in favor of arbitration, in favor of guaranteeing to all peoples in all lands, the management of their own local affairs. If our influence should be otherwise, it would indicate such a degree of national degeneracy that mere isolation could not save us.

We ought to expect also that our enlarged international responsibilities would tend to purify and elevate our domestic politics. Our late war with Spain has manifestly strengthened the cause of civil service reform. A quarter of a century ago our navy department was organized so as to eliminate the spoils system from its management. We came through the war with a proud consciousness that not a life was needlessly sacrificed in the navy. Our army, on the other hand, was under the care of a spoils politician, and we have the humiliating consciousness that corruption and culpable inefficiency destroyed more men than did the enemy. Already there is a more imperative demand for a more efficient diplomatic and consular service. As our foreign relations grow more important, higher ability in the service will be required. Especially, if we are to be responsible for the preservation of order among remote and diverse peoples, we must command governors experienced, capable, and incorruptible. The maintenance of a capable and incorruptible foreign service will have a strong tendency to elevate our domestic politics as well.

Our domestic politics have been corrupt and inefficient largely because the government has been weak. The government has been weak because the business in which the government has been engaged has been comparatively unimportant. In our cities the great industrial operations involved in a street-car service, a water-supply, and a light supply, appear infinitely more important and respectable than the police court and the ward caucus. The city government is treated with contempt because the business in which the city is engaged is relatively contemptible. Mere police business has never commanded a high degree of respect. The city becomes respectable, and city politics become pure and efficient when the city itself enters directly into such great industrial enterprises as place the city clearly above any mere private corporation. The government of the United States is contemptible when it is compared with the great railway systems of the nation. The history of the Interstate Commerce Commission is a history of growing contempt for the government, and of growing respect for the railway management. The government will command respect by engaging in great enterprises, by assuming great responsibilities, by taking its full share of direct international obligations. We ought to be better able to cope with private corporations by every honest endeavor to improve the condition of alien races in remote regions.

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17. INTERCHANGE OF SERVICE BETWEEN THE OLD AND THE NEW WORLD.

(1) **Policy of Japan.** — Meanwhile important changes had taken place in Japan, and in these the United States led the way. For more than two centuries Japan had pursued a policy of exclusion. Foreign intercourse was almost wholly forbidden, and complaints were made that the crews of foreign ships wrecked on the coast were arrested and imprisoned. In 1846, Commodore Biddle, with his ships, anchored in the Bay of Yeddo, under instruction to endeavor to gain access to the country, but in such a manner as not to excite a feeling of hostility or of distrust toward his government. His expedition signally failed, as did a similar one soon afterward attempted at Nagasake by a French admiral. In 1851, Commodore Aulick, then commanding the naval forces of the United States in the East Indies, was ordered to make another effort. The establishment of a line of steamers from California to China had been projected in the United States, and an assurance of supplies of coal from the Japanese was desired. The right of access for American vessels, in order to dispose of their cargoes by sale or by barter, was also to be requested. But the protection of shipwrecked sailors and property was deemed "even more important." In his letter of credence Aulick was described by President Fillmore as "an envoy of my own appointment, an officer of high rank in his country, who is no Missionary of Religion." In the following year, Aulick's powers, which had not been executed, were transferred to Commodore Perry, who succeeded him in his command. Perry was instructed to proceed to Japan with his whole fleet, but, as the President had no power to declare war, he was not to resort to force unless in

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self-defense in the protection of the vessels and crews under his command, or to resent, an act of personal violence offered to himself or to one of his officers. To these instructions Perry gave a liberal construction. Naval officers who had preceded him had, without regard to their nationality, been treated with scant courtesy and sometimes with indignity. But besides possessing energy of character, Perry had had wide experience and understood his ground; and he determined to act with fairness and decision, demanding as a right what others had solicited as a favor. In an account of his negotiations he said: "With people of forms it is necessary either to set all ceremony aside, or to out-Herod Herod in assuming personal consequence and ostentation. I have adopted the two extremes." When he entered the Bay of Yeddo he declined to meet any one but an officer of the highest rank. When he was ordered away he proceeded higher up the bay. An imperial counselor was sent to meet him, and to this official Perry delivered his credentials and a proposal to treat. He then left, but next year he returned with a larger force to receive an answer. On March 31, 1854, he concluded, with commissioners on the part of Japan, a treaty which, although it was exceedingly limited in the scope of its operation, constituted the first step toward the opening of Japan to intercourse with the West. It allowed American ships to obtain in the ports of Simoda and Hakodate supplies of provisions and coal and other articles of necessity, by purchase and by barter. Aid and protection in case of shipwreck was promised. The privilege of appointing a consul to reside at Simoda was obtained.—*N. Y. Independent*.

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18. INTERNATIONAL COÖPERATION THE HOPE OF DEMOCRACY.

If the leading States do not coöperate for the sake of preventing abominations and for the sake of the progressive enlightenment of the race, there will be a constant tendency to revert to the barbarism of war and national jealousy. With the advent of the spirit of democracy there did come the habit of coöperation among the States. The nations agreed among themselves upon effective methods for policing the ocean for the suppression of piracy. They agreed among themselves so to legislate as to make the slave trade an act of piracy. There has been long-continued and more or less effective coöperation for the suppression of the slave-trade. Out of this policy has come the entering of one nation after another, with the coöperation and consent of the other nations, into the Continent of Africa, with, at least, the profession of motives of humanity and a purpose of freeing the natives from their worst oppressors. It is by the agreement of the nations that Africa has become divided into "spheres of influence," and that the Congo Free State has been founded with provision for a liberal and civilizing government for the natives, and a friendly meeting-place for all the nations By direct international legislation the area of possible war has been diminished by neutralizing the territory of Belgium, Switzerland and other regions. By the same process the area of Turkish tyranny has been diminished in Europe and in Africa. This tendency of the nations to substitute law for brute force in their conduct towards each other is an essential, an integral element in the growth of democracy. Democracy cannot survive in a nation pursuing a policy of selfish isolation. A people mean enough to clutch at liberty and enlightenment and hold them as a peculiar and special privilege will speedily become mean enough to be made the victims of despotism and slavery. There would be no Swiss democracy had there not been Swiss citizens whose souls were on fire to carry the principles of the new education into all lands. Democracy must be true to its original principle of practical sympathy for the oppressed, the ignorant, and the debased of every land.(1)

It is quite in harmony with the spirit of democracy that the Congress of the Nations has legislated to limit the field of war. This is what democracy means: it means the substitution of law and friendly coöperation for brute force. Every act of the Congress of the Nations to mitigate the severity of war is a step in the direction of the triumph of reason and conscience over the brute in man. Such are the laws forbidding the use of certain weapons unnecessarily cruel: the laws providing for the ambulance and various other agencies for caring for the sick and wounded. The same may be said of the laws restricting the operation of the blockade and those protecting private property by land and sea in time of war.

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But shall the representatives from democracies unite with those from monarchies in the making and enforcing of international laws? Certainly. Democracy has never made progress in any other way. It has always been because the few who have believed in democracy, were willing to unite with the many who have believed in despotism to secure a more rational order, that the idea of democracy has grown. It is by the appeal to the sense of right which law involves, that the despotic element is being eliminated from the freest states. Democracy has nothing to lose and everything to gain by the widest possible union of States for the extension of the bounds of international law. But the democratic States must contend for the principle of home rule. They must resist the idea of a massed world-despotism. The cosmopolitan democrat does not aim at the securing of one particular form of government



House in the Woods, The Hague, Holland, where the Congress of Nations was held.

upon any other principle than that of the intelligent voluntary choice of all the people. He attacks no mere form of government. He only insists that, whatever be the form, it must seek to win, and in the end must actually win the voluntary support of its citizens.

The subjects of the Czar are perfectly free to teach their doctrines both as to church and state in all democratic lands. Citizens from democratic States are not thus free to teach their doctrines in Russia. There is here an apparent inequality and injustice. But the difference grows out of radically different views of government. So long as the people of Russia are content with their lot, so long as the Czar succeeds in retaining the support of the great body of his subjects, the democrat has no ground for interference. But the democrat has a right to object to the extension of the Russian government over alien peoples. That government is a challenge to every other form of government. It is therefore naturally and necessarily hostile to every other form of government and to every other religion. Other states have a right to resist its encroachments. Democratic States have also a right to put for-

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ward some form of interference when Russia, having made an acquisition of territory under a guarantee of the extension of perpetual religious freedom to the inhabitants, should afterwards proceed with methods of forcible conversion. There may come a state of affairs in the relation of the government to its ordinary citizens that may give rise to a case for interference. It is estimated that one-sixth of the Russian peasants are Protestants and are therefore in revolt against the Orthodox Church. If this class should greatly increase, and if the government should be led to adopt methods of repression cruel and revolting to the moral sense of mankind, it would be the duty of other States to interfere,—first by friendly admonition, while in an extreme case forcible interference might be justified.

The democratic State is likewise a challenge to every despotism in the world, but democrats are slow to learn that there is a radical difference between the democratic and the despotic challenge. The despot challenges by the sword, as well as by the Koran or by the orthodox faith. The democrat cannot challenge by the sword. He can only challenge by the one primary sense of human brotherhood. Democracy has failed and continues to fail because democrats do not rightly apprehend this difference. Democracy offers but one competition and that is a competition in brotherhood, or friendly coöperation. Despotism may appeal to every conceivable motive. Democracy will become irresistible as the eye of the public becomes single and all hope of justice is seen to rest upon one motive.

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18. INTERNATIONAL COÖPERATION THE HOPE OF DEMOCRACY.

(1) **The Anglo-American Alliance.**—"Yes," it may be urged, "that is all very well for the past. But what are we going to do now? Whether we were wise or not in getting some sort of a grip upon these distant possessions, we can not let them go; we cannot abandon them to their fate; we cannot turn our backs upon them and let them perish." Here I wish to present an idea which may appear very bold, but which is the one suggestion which I should like to make in view of the existing situation. We have certainly achieved a position in our relations to the rest of the world which is absolutely unprecedented in our history. It may be almost said that we are in a position to dictate terms to individual nations, and that, if we should affiliate ourselves with that power beyond the sea, in whose land are the roots of a great many of our people, we should certainly be able to dictate terms to most of the rest of the world. The Anglo-American alliance has, for that reason, a very attractive aspect, and I can readily understand that, to one who looks at the question from a purely selfish standpoint, it would seem to be the best possible thing that we could do to-day. But I think there is another and a better view above it, What we want all around the world is a system of international government. What we want to create to-day is the highest court of appeal, that court of appeal to which nations could take their differences and their problems for final adjudication.

In a very remarkable little book, entitled *World Politics*, is a line of historic criticism and suggestion, which impresses me as singularly original, and in which occurs something of that which I have in mind. Go over the history of the development of government out of the primitive and aboriginal forms of society. See how it climbed up from the club and brutal force, both in the community and in the state, to some kind of organized life, and something that represented order. See how this ascended to a conception of order which was not necessarily enforced by the hand of brute power, but which acquiesced in rulings and judgments which were the voice of an authority created by the State itself. We have got that far, and now, I believe with our prestige and our position entirely outside the local quarrels of the rest of the civilized world, we are so situated as to be able to propose a still higher step to the rest of the world; to say to them: "Men and brethren, you have been settling your differences for a long time by what might be called the Queensberry Rules." These are, I believe, the rules which regulate the force, and the conditions, and the frequency, and the places and things, in and with which, one pugilist may hit another. Now, I am at a loss to distinguish any essential difference between that and the modern concept of war. They are both equally brutal, and they both aim at substantially the same results, except that war is infinitely more destructive and appalling in its consequences. Have we not got to a time in the history of the world when we can go above that? Have we not reached the stage when it will be worth while for some great nation, so great that their suggestions and proposals shall command respect, to say to the other nations of the world: "Let us have done with the business of butchery. Let us see if we cannot, somehow or other, constitute a tribunal, to which questions of the kind which have been settled hitherto by slaughtering men and burning towns and destroying property, shall be referred for adjudication; and now, as evidence of our sincerity in making that proposition, when you with us have created such a tribunal, let us bring to it this question of the Philippines. It is far more your business than ours. You have got a great deal more to do with it, from your geographical proximity, from your trade interests, from your relations of populations and colonies and the like, than we have. Come and let us adjudicate this question together, and decide, if possible, how we shall share the responsibility of administering this sacred trust, if we will so regard it, for the best interests of these whose well-being we are to guard and promote.—*Bishop Potter, in "North American Review," April, 1899.*

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THIRD WEEKLY REVIEW.

13. **THE ISSUE BETWEEN DEMOCRACY AND DESPOTISM.**—Define as belonging to the Present Century.
14. **TWO METHODS OF AIDING OPPRESSED PEOPLES.**—The Swiss and the English.
15. **THE TRUE AMERICAN POLICY.**—The Principles of Which Are Approved by all.
16. **AMERICA AS A MODEL FOR THE FEDERATION OF MAN.**—The United States of the World.
17. **INTERCHANGE OF SERVICE BETWEEN THE OLD AND THE NEW WORLD.**—Each Necessary to the Other.
18. **INTERNATIONAL COOPERATION THE HOPE OF DEMOCRACY.**

QUESTIONS.

13. *What are the two methods of harmonizing the individual and the State? What ancient nations exhibited the spirit of liberty? How did America save Europe from Oriental despotism? How did the issue become clearly defined? Name the striking events in Europe illustrating the issue between democracy and despotism. How is the arming of Europe related to the struggle for liberty? How may democracy progress without revolution? Does democracy involve sympathy with all oppressed peoples?*

14. *How do the Swiss aid the oppressed in other lands? What did the English free-trader aim to accomplish? What method of aid to the oppressed has England adopted? When did America become free to adopt either the Swiss or the English method? What new doctrines of tariff policy arose after the Civil War? Why did we build a fleet? What influence did the United States exert over the later Armenian massacres?*

15. *Has the policy of expansion been at any time calmly debated? What arguments have been used for and against expansion? Do the same arguments for isolation hold that prevailed a hundred years ago? What are some of the changed conditions? Do European alliances now tend to promote war or peace?*

16. *Does the United States intend to enter upon a career of foreign conquest? Who is to blame for the war with the Filipinos? May Americans unite in a policy of world-wide peaceable expansion? How far has the American model been already copied? Are the United States of Europe moving in lines marked out by the United States of America? Should the United States assume direct responsibility in the world-wide extension of its principles of government?*

17. *Does the Old World need American democracy? Does it need American diplomacy? Why does America especially need the Old World? Which is the normal, permanent condition: free acres to be had for the taking, or lands all occupied? How may America avoid the worst mistakes of the Old World? How would enlarged international responsibility affect our domestic politics? Why has our government been corrupt?*

18. *Does democracy require the coöperation of the nations? Give important instances of international coöperation? Will democracy gain by friendly coöperation with believers in despotism? May the despot consistently force a form of government upon an unwilling people? May the democrat do the same?*

SUBJECTS FOR SPECIAL STUDY.

1. *The Holy Alliance and the Monroe Doctrine*
2. *The English colonial and imperial policy.*
3. *The American debt to the Old World.*
4. *The principles of federalism. Local government harmonized under a general government.*
5. *Lessons from the Old World; referendum; ballot.*
6. *Arguments pro and con for a policy of expansion.*



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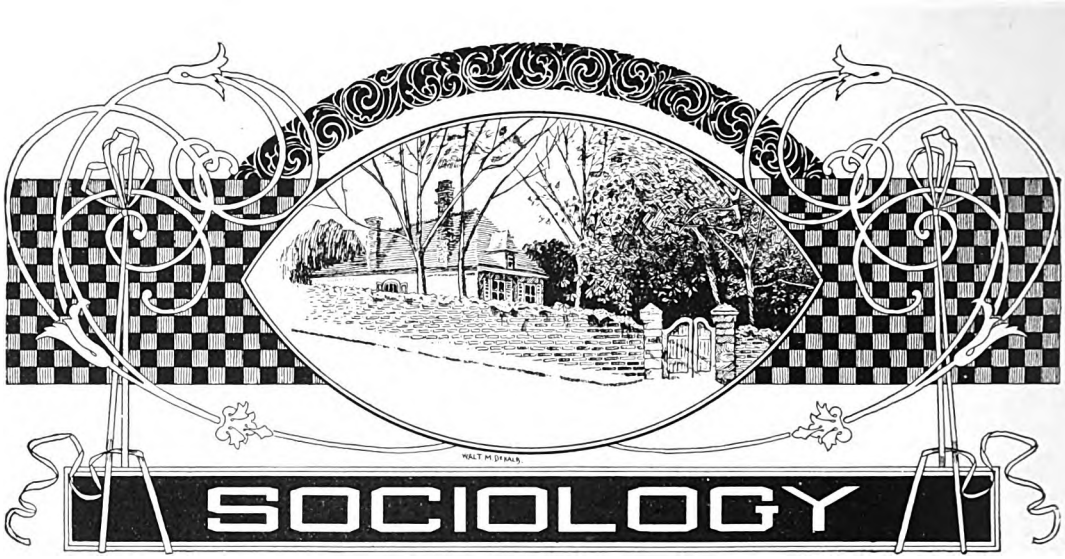

UNSOCIAL MAN.

BY

H. H. POWERS, Ph.D., Late Professor of Economics and Sociology, Leland Stanford Jr. University, Cal.

19. CHARACTERISTICS OF THE CRIMINAL CLASS.

IN the last lessons we have had frequent occasion to refer to those individuals who are in society but not of it, their character being such as unfits them for membership in society and the performance of social functions. These disqualifications may be of many different kinds. The person may be too weak to do his share of social labor or too unintelligent to adjust himself even to the simplest social conditions or too perverse in his sympathies to make him a safe companion and servant of society. These various defects are much more nearly related than we usually imagine, and one seldom exists without something of the others. They appear in infinite variety, and all our attempts to classify social defectives are necessarily more or less artificial. The most salient distinction is that between perversity and incapacity, characterizing the delinquent or criminal class on the one hand, and the dependent or pauper class on the other.

The popular judgment of the criminal class is but partially correct. It is generally assumed that criminals are much like other men, having substantially the same perception of social relations and the same admonishing instincts as other men, but wickedly setting all these aside, and committing crimes from sheer perversity.(1) It is now known that criminals are defective beings, deficient in certain kinds of intelligence and feeling which are necessary to interpret social requirements. Certain general characteristics are now so well established that they may be stated as practically universal in this class.(2)

The most general and significant of these is lack of foresight and consequently an inability to foresee the results of good and bad conduct. The great majority of criminals are said to be quite unable to form any vivid conception of next year, frequently not of next week. They appreciate the future only a few hours, or at most a few days, ahead, and if they see no danger within this period they are quite undeterred by the likelihood of remoter consequences.(3) Within the period covered by their foresight they are often remarkably intelligent, but they are easily outwitted by those who look a little farther ahead.

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A large part of the criminal class is without the ordinary sensibility to pain.(4) The result is that they quite fail to appreciate the pain that others suffer and misunderstand the expressions of pain which they see in others. Sensitiveness seems to them childishness and cowardice, and they at once lose all sympathy for those who manifest it. Thus is lost one of the great safeguards which protect men from each other.

Closely allied to this lack of sensitiveness to pain, is an obtuseness to the feelings and opinions of others which makes them but little amenable to what we have seen to be the great force of social control, public opinion. They are oblivious of the social smile or frown, except as it suggests some other and more concrete reward or penalty. Their perceptions are dull and obtuse.

Turning to positive characteristics we usually find a strong development of the grosser appetites and passions and a marked tendency to superstition. There is probably no class in the world which is so profoundly superstitious, but in a sense which only increases its anti-social character. Criminals believe in the unseen powers, but as they have no perception of social relations they never imagine those powers to be essentially social in their sympathies, that is, to be on the side of right. They do not hesitate to invoke their aid in their enterprises, no matter how nefarious.

These characteristics are easily explained by what we now know of evolution. Types which were once normal, tend to perpetuate themselves unduly, reappearing occasionally long after they have become abnormal. A moment's reflection will convince us that the type above described is essentially that of primitive man. Improvidence, callousness to pain, fortitude based on insensibility, powerful passions and gross superstitions. These are well-known characteristics of savages everywhere. A criminal of this type is therefore merely a savage born out of due season.

In other cases the criminal is not so much of a survival as he is of a freak, an abnormality which was never normal. Every variety of abnormality in character and structure is liable to appear from time to time as the result of an imperfectly working heredity, precisely as is the case in every department of life.

Among the criminal class are found from time to time those who instead of being survivals of a past type are anticipations of a future type, but who suffer for the disturbance which they produce in society.

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19. CHARACTERISTICS OF THE CRIMINAL CLASS.

(1) **Brutality.**—Hence the punishments for crime have often been needlessly brutal and vindictive. Vindictiveness is the natural reflex action of society against those who inflict injury upon it, but an instinct which needs to be sternly repressed as soon as we are able to deal rationally with criminals in the light of our knowledge.

(2) **Potential Criminals.**—By the criminal class, however, we do not mean simply those who have committed crimes. Some men commit crimes as the result of an accidental combination of circumstances and are not strictly to be counted in the criminal class at all. A much larger number of persons never commit crimes, being prevented by circumstances, but nevertheless belong to the criminal class, because they have those characteristics which make men criminals when they are placed in an appropriate environment. They are potential criminals. The criminal class may perhaps be defined as consisting of those persons who have unsocial instincts combined with something of energy and an aggressive temperament.

(3) **Obstacles to Reform.**—Mr. Brockway, the superintendent of Elmira Reformatory, finds one of the greatest obstacles to the reform of criminals in their inability to appreciate what is meant by a term of imprisonment, say of five years, or what is to be gained by shortening it. The devices which he adopts to convey this meaning to their limited intelligence are among the most remarkable means which he has employed.

(4) **Rossi's Criminals.**—One of Rossi's hundred criminals received, when a child, his father's blows "as caresses," and he was able to walk with a dislocated foot from Genoa to Novi (some thirty miles); another wounded himself severely and declared that it gave him no pain. Dr. Penta, in the course of his elaborate researches, found that the majority of his one hundred and eighty-four instinctive criminals at Santo Stefano were insensible to the pain of punctures, burns, cuts and even grave surgical operations. "I have extirpated tumors," he remarks, "of considerable size, in the back and the neck, without the necessity of producing anæsthesia, and without causing pain."—*"The Criminal," by Havelock Ellis, p. 113.*

The Introduction to Ellis' book contains an excellent portrayal of criminal character in its different phases. The book as a whole attaches too much importance to superficial characteristics.

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20. THE PUNISHMENT AND PREVENTION OF CRIME.

Society has always protected itself against injury by punishing those who inflict that injury. There can be no doubt whatever that the punishment of criminals and all like offenders, has been primarily with a view to the protection of society. The criminal himself has come in for very little consideration until recently, and even then only as subsidiary to social interests. (1)

The first punishments are what we may call instinctive. The injury is resented, and the resentment dictates a counter injury. At first the resentment was primarily a personal affair, and the injured person or his nearest of kin retaliated. Interference on the part of outsiders was neither necessary nor permitted. It was a personal quarrel, and the interests of society required it to be kept within the narrowest limits, at the same time that they required the retaliation to deter evil-doers.

Early, however, we see signs of a social supervision of these personal quarrels, a specification as to who should be permitted to retaliate and how far the retaliation should be allowed to go, including measures to mitigate the harshness of the penalty in cases of accidental injury. (2) Eventually this regulation of private quarrels goes so far as to result in the withdrawal of the right of retaliation altogether from individuals. Private resentment yields very reluctantly to this limitation, and all the authority of law and religion has to be invoked to effect the transfer. "Vengeance is mine; I will repay, saith the Lord," (3) marks both the early conception of punishment and the transfer of the duty to a larger body. As the punishment of crime becomes more rational the old instinctive resentment persists in residual form as the sentiment of justice, a feeling that injury inflicted calls for punishment, irrespective of any good to be gained by it for the offender or anybody else.

The instinctive punishment of crime serves its purpose as all other instincts do. But eventually men become conscious of the end to be accomplished, and punishment becomes rational. The conditions of rational and conscious action are so different from those of instinctive action that punishment on this basis assumes quite a different character. The whole is more calculated and cold-blooded, contrivance and device taking the place of feeling. Punishment becomes more regular and systematic, caprice is ruled out, and even compassion, the old mitigator of instinctive severity, is often over-ruled. (4) Punishments are now regulated, not with reference to satisfying the feelings of the injured party, but with reference to deterring others from like injury. (5)

It is evident that if punishment is to deter evil-doers it must be so inflicted as to enable them to draw the necessary conclusion. They must see that the punishment was a result of the evil-doing; must infer that their evil-doing will receive a like punishment, and, finally, the punishment must be of a kind that they will dislike. These conditions have often been sorely neglected on account of the failure to understand criminal psychology.

To make clear the connection between the crime and the punishment the latter must be as prompt as possible. If a year or more elapses between the crime and its punishment the connection will be perfectly clear to most people, but not to the criminal. Tell him that if he kills a man he will be hung after a year or two and he will be very little deterred. Tell him that he will be hung within a week and the effect will be magical. (6)

The certainty of penalty is equally important. If to the prospect of long postponement of penalty is added a fair chance of escaping it altogether, the deterrent effects of punishment are almost entirely destroyed. In this case the penalty is inflicted seemingly as a piece of needless cruelty and only serves to still further alienate abnormal minds from society as their natural enemy.

The nature of the penalty has often been ill adapted to its purpose. Inflictions of physical pain, often exceedingly abhorrent to all humane instincts, have been

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made with the utmost publicity in oversight of the fact that the criminal is, of all persons, least sensitive to these tortures, and that his power of stolid endurance easily excited the admiration of the spectators. When it is remembered that, in addition to other primitive characteristics, the criminal is usually endowed with an excessive and childish vanity, this opportunity to pose as a hero becomes a positive inducement rather than a deterrent. (7) It is certain that most of the tokens of sympathy, flowers, etc., sent to criminals, are interpreted by them rather as tokens of admiration.

All penalties are inflicted by society at serious cost of pain to sensitive minds and jeopardy to social instincts. Too great pains cannot be taken, therefore, to economize to the utmost their deterrent power. Punishment should be swift, certain, and of a nature as distasteful as possible to the criminal mind, while avoiding too great injury to the preservative instincts in society itself.

20. THE PUNISHMENT AND PREVENTION OF CRIME.

(1) **Social Protection.**—The reform of criminals, to be considered later, is really only another means of protecting society. The criminal remains a source of danger, both in himself and still more in the person of his posterity. Nothing better could happen to society than to have him removed in some way through no agency of its own. But it finds by long experience that it cannot afford to put him out of the way or to hold him in perpetual repression. Social instincts suffer too much from the process. Harmful as is the restoration of the criminal to social standing in whole or in part, it is, after all, less harmful than anything else we can do. We reform criminals primarily for society's sake, rather than for their own.

(2) **Cities of Refuge.**—Thou shalt separate three cities for thee in the midst of thy land, which the Lord thy God giveth thee to possess it.

Thou shalt prepare thee the way, and divide the borders of thy land, which the Lord thy God causeth thee to inherit, into three parts, that every manslayer may flee thither.

And this is the case of the manslayer, which shall flee thither and live: whoso killeth his neighbor unawares, and hated him not in time past; as when a man goeth into the forest with his neighbour to hew wood, and his hand fetcheth a stroke with the axe to cut down the tree, and the head slippeth from the helve, and lighteth upon his neighbour, that he die; he shall flee unto one of these cities and live:

Lest the avenger of blood pursue the manslayer, while his heart is hot, and overtake him, because the way is long, and smite him mortally; whereas he was not worthy of death, inasmuch as he hated him not in time past.

Wherefore I command thee, saying: Thou shalt separate three cities for thee. And if the Lord thy God enlarge thy border, as he hath sworn unto thy fathers, and give thee all the land which he promised to give unto thy fathers; if thou shalt keep all this commandment to do it, which I command thee this day, to love the Lord thy God, and to walk ever in his ways; then shalt thou add three cities more for thee, besides these three: that innocent blood be not shed in the midst of thy land, which the Lord thy God giveth thee for an inheritance, and so blood be upon thee.—*Deut. xix., 2-10.*

(3) **Theocracy.**—We must remember that the Jewish government was a theocracy, and that the reservation of a right by "the Lord" was a reservation by the State.

(4) **Roman Law.**—This is particularly represented in the Roman law which marks a transition between instinctive and rational punishment. Roman justice was not passionate like the early resentment, but it was exceedingly pitiless and inflexible. We are told that the Roman esteemed pity a vice, because it meant the weakening of justice; that is, the inflexible administration of law. While the introduction of inflexible rule into the administration of law on one side greatly increased its severity, on the other hand it saved the prisoners from arbitrary violence. If the Roman was never capriciously compassionate, he was debarred by the same rule from being capriciously severe. The influence of this technicality and rigidity on western theology, which was so strongly influenced by Roman judical conceptions, is well known.

(5) **Objects.**—The object of the penal element is more to deter others than for the effect on the individual subjected to the punishment. In accordance with the observation addressed by a Heath judge to a criminal on whom he was passing sentence—"You are sentenced to be hanged, not because you stole the horse, but in order to prevent others from stealing horses."

On this subject the *Report of the Directors of Convict Prisons*, 1873, contains the following observations: "When everything has been done to deter from crime, or reform the criminal, there will still remain a certain class whom it is hopeless to influence, and who must be dealt with in course of law, not for much result on themselves, but to carry out the principle of justice, and mainly to deter others. Such characters may probably be set down as in a certain sense mentally deficient.

(6) **American Criminal Law.**—This is one of the great defects of American criminal law. Probably in no country in the world are punishments so long postponed as here, often for three years or more after the arrest of the criminal. The lack of certainty is as deplorable as the lack of promptness. The cause of this is to be found in a laudable desire to give the accused every chance so as to prevent the punishment of innocent men. But if the result of all our care is simply to increase crimes against innocent men, or lynchings in protest against the dilatoriness of law, our care may well be deemed excessive.

(7) **Abuses.**—Speaking of the former abuses in Newgate jail, Du Cane says: "In February, 1817,

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Mr. Bennett found in Newgate five who had been sentenced in July previous, four in September, and twenty-four in October. During this period the prisoner led a dissolute, brutal life; the chances of his escaping the penalty were considerable, and surrounded as he was, in consequence of the state of prison construction and administration, by associates who gave themselves up to a life which violated all order and decency, and abandoned themselves to all the low pleasures which they could procure in gaol, he treated the sentence of death with habitual and inexpressible levity, threw in his lot with them, and sought their applause for his spirit and indifference to his fate.

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Some of the more callous and defiant prisoners gave a farewell dinner party before they were hanged, dressed themselves with great care for the ceremony, were particular in such items as having "a white cockade" if in London, took their last drink at St. Giles', and took care to comport themselves on the long journey from Newgate to Tyburn, and at the gallows, so that spectators might say they "died game." The spectators came sometimes in great crowds, ribald, reckless, and brutal; sometimes sympathizing with and cheering, sometimes execrating, deriding, or throwing missiles at the criminal, but little affected for any good purpose, for picking pockets went on under the gallows."—"*The Punishment and Prevention of Crime*," *by Sir Edmund F. Du Cane, K.C.B., R.E., pp. 21, 22.*

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21. THE REFORM OF CRIMINALS.

As we have seen, the earlier treatment of criminals had no regard to his personal interests. Attempts at reform are of very recent origin and although now demanded by public sentiment everywhere, they are in a sense due to accident.

The traditional punishments for crime are death, mutilation, (1) fine and imprisonment. The first has obviously no relation to reformation. The second is the greatest obstacle in the way of it. (2) The fine is purely a deterrent. Imprisonment is the only one of the four whose reformatory character requires consideration. It is certain, however, that imprisonment was not originated to reform criminals, (3) and still more certain that it did not have that effect. Prisons were originally "keeps" in a literal sense and served no other purpose than to keep the prisoner safely until some other disposition should be made of him. Very little effort was ordinarily made to assure his comfort or even his existence. In extreme cases imprisonment was little less than a means of execution, often deliberately chosen as such. (4) Transportation—an irregular means of evading the brutality of the earlier English law—led the way to the reform of criminals. Criminals condemned to death were given the option of migrating to other countries, ultimately to specified places and under state control. The evils resulting to these colonies themselves required efforts to reform these unwelcome citizens. (5) Ultimately penitentiaries or reform prisons were built to prepare convicts for transportation, (6) a kind of prison having nothing to do with the older prisons. Ultimately the whole system of transportation had to be given up. The reform prison, however, remained and developed and ultimately all the old prisons were assimilated to this type. Thus the reform of criminals, originating in conditions that have long since passed away, has been retained for inherent advantages which would hardly have been foreseen.

The reform of criminals is simply a process of adaptation to society. Such an adaptation must involve first of all a recognition of society's power, of the hopelessness of struggling against it. This is the more necessary with criminals, because they are so defficient in those gentler sentiments which bind the normal individual to society. All reform efforts must therefore be sternly disciplinary. (7) There is at all times a certain sentimentality in society which protests against severity in prison discipline and would rule by love and moral suasion. Such means should certainly be used wherever feasible, but means must be adapted to the nature of the subject and that in this case plainly dictates a considerable reliance upon primitive incentives.

A second requirement is that the criminal should acquire the means, which he seldom possesses to start with, of earning his living. (8) Failing this, a return to crime is almost a necessity. This is kept in view in all well-regulated prisons, though it remains a most difficult problem.

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A negative condition is that criminal connections should be broken and communication between criminals prevented. This is necessary not only to prevent instruction in crime, formerly so extensively carried on in prisons, but especially to destroy the *esprit de corps* in the criminal class which adds such force to criminal incentives.

But the supreme requirement is to give the criminal new incentives and bring him under the sway of normal social instincts. This has been accomplished by the introduction of normal coöperations and wholesome *esprit de corps*, especially by military discipline, which appeals to the temperament of the criminal class and yet involves discipline of a rigorous character. More important still, however, is the principle of promotion for good behavior, involving rank and recognition among the body of prisoners and even conditional release as the reward of improvement. (9)

By means thus briefly suggested, men of ability for this work have at different times and in different countries succeeded in reforming about eighty per cent of the criminals, especially the younger criminals, committed to their charge. It must be borne in mind, however, that this reform is necessarily imperfect. It means simply that the criminal is not again convicted of crime. He may commit crimes which are not detected and be addicted to the worst vices. But this is not usually the case, for a life of reasonable sobriety is the only condition of successful abstention from crime for the most of these men.

The most serious consideration in this connection is the fact that these men are not improved in their *hereditary* nature, and yet their chance of leaving offspring, of course with natures like their own, is greatly improved by their restitution to society. This is one more illustration of the way in which humane sentiments interfere with natural selection. The interference is inevitable and even desirable, but only on condition that effective means are found for preventing the perpetuation of the depraved natures thus readmitted to society. (10)

21. THE REFORM OF CRIMINALS.

(1) **Branding.**—Branding was inflicted on convicts who claimed benefit of clergy when convicted of capital crimes, for which the sentence was hanging, and consisted in scaring the offender with hot iron on the brawn of the thumb, marking a murderer with M, and others T. In the reign of William and Mary the branding was directed to be on the most visible part of the left cheek, near the nose. Vagabonds were branded with a V; idlers with S for slave. A church brawler lost his ears, and was branded F for fighter or fray-maker; sometimes a hole an inch in diameter was made in the gristle of the right ear.

Mutilations were sometimes inflicted with great cruelty. When an offender had his ears nailed to the pillory it was sometimes done so that by the motion of his body he was forced gradually to tear them off.

William Prynne lost his ears by sentence of the Star Chamber for seditious publications. The Earl of Dorset in pronouncing sentence expressed his personal opinion that he should be loth he should escape with his ears, "Therefore I would have him branded in the forehead, slit in the nose, and his ears cropt too." Three years later he lost the remainder of his ears, and was branded S L—seditious libeler—on both cheeks.—"*The Punishment and Prevention of Crime*," *by Sir Edmund F. Du Cane, K.C.B., R.E., pp. 12, 13.*

(2) **Permanent Disfigurement.**—Because the mark could never be effaced and therefore full restriction to society was impossible. The criminal, if fully reformed, could never cease to be an object of suspicion.

(3) **Not a Legal Penalty.**—It was not even regarded originally as a punishment, not being included in the list of legal penalties among nations where it was freely used.

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Punishments in the Middle Ages.—By the laws of the twelve tables it appears that substantially, Roman punishments consisted of death, fines or money compensation, flogging, and outlawry. A capital offense did not necessarily mean one which was punishable by death, but by loss of civil condition—degradation from freedom to slavery, or deprivation of the full privileges of citizenship, compulsory service in mines, and the working of the hand-mill and transportation were not uncommon.

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Sir James Stephen thinks that imprisonment was not mentioned in Anglo-Saxon laws as a punishment, though it was referred to as a way of securing a person who could not give surety. Although it became a common law as well as a statutory punishment, yet gaols were no doubt formerly used more as places of security than of punishment.

The Assizes of Clarendon (1166) and Northampton (1176) provide for the apprehension of criminals, for their safe custody before trial, and for their punishment when found guilty. It appears, however, that difficulties arose from the fact that some counties possessed no gaol or "prisoner's cage," and the deficiency had to be made good at

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the king's expense. These cages were to be constructed within the king's castles in fortified towns and there their successors remain to this day, at York, Lancaster, Cambridge, Oxford, Chester, Norwich, or on their site, as at Newgate.

Under the common law all gaols belonged to the king, and it was enacted that none should be imprisoned by any Justice of the Peace, but only in the common gaol, saving the franchise of those who had gaols. These franchises embraced very extensive powers of criminal jurisdiction, in some cases even that of life and death. The town of Halifax is said to have exercised this power up to 1650, using an instrument of execution like a guillotine. The Manor Court is said to be a survival of a time when a baron possessed a prison into which he could throw "handhaving and backbearing thieves before he hanged them."—*Ibid.*, *pp. 9-10, 30-31.*

(4) **Roman Practices.**—This was the case to a considerable extent among the Romans who often threw men into prison to die, as in the case of Jugurtha. This practice was much more common in the Orient.

(5) **Transportation.**—The foundation, or earliest phase, of the punishment appears to have been simply exile or banishment, which required only departure from the realm, but without assigning any particular locality, and attended with no compulsory labor. Compulsory banishment is expressly forbidden by Magna Charta; but, when it was offered as an alternative against something worse, of course many offenders were glad to accept it, as it were voluntarily. To the felon who had taken sanctuary the choice of self-banishment was offered with the condition that the hanging he had escaped would be inflicted if he did not depart speedily, or in case he should ever return.

(6) **One Form of Slave Trade.**—Persons on whom this punishment was inflicted were at first bound to transport themselves, under penalty of hanging if they failed to do so; but in this case, as it always will be, a heavy penalty does not compensate for uncertainty of detection, and it was soon found necessary to contract with some person to carry off the transported offenders, the contractor being remunerated by acquiring a right to the labor of the criminals for the duration of their sentences. The practice was legalized in 1717 by an Act which authorized transportation as a substitute for other punishments besides that of hanging. The preamble and general tenor of this Act are to the following effect:

That the present laws are not effectual to deter from crime: that many offenders to whom the royal mercy hath been extended upon condition of transporting themselves to the West Indies, have often neglected to perform the said condition, but returned to their former wickedness, and been at last for new crimes brought to a shameful, ignominious death. And whereas, in many of His Majesty's colonies and plantations in America, there is great want of servants, etc., be it enacted . . . that any person convicted of any offence for which he is liable to be whipt or burnt on the hand, or shall have been ordered to any workhouse . . . may be sent to some of His Majesty's colonies and plantations in America. . . . And the court before whom he is convicted shall have power to convey, transport, or make over such offenders to any such person as shall contract for the performance of such transportation, and to his assigns, for such term of years as the Act empowers, and they shall have property and interest in the service of such person for such term of years. Offenders returning before expiration of term to be liable to death. The king may pardon an offender sentenced to such transportation, the offender paying his owner. Contractors to give security for performance of contract, and to obtain certificate from the governor of the colony of having fulfilled it.

Transportation was established, therefore, as a kind of slave trade, and offenders were put up to auction and sold for the period of their sentences by the person who had contracted to transport them. It is stated that, at one time, the rate was about £20 per head.—*Ibid.*, *pp. 111, 113-114,*

(7) **Probation System.**—The essence of the change intoduced by the "probation system" was that certain portions of every sentence of transportation should be passed in a government prison (of one kind or another, for the "gangs" must be considered as prisons), where it was intended the convict should suffer certain definite penal discipline, and be subjected to improving moral influences; during the remainder he was to be able to hire himself out or employ himself for his own advantage, subject to supervision, with a view to ensure his adoption of habits of honesty, good behavior, and industry.—*Ibid.*, *p. 145.*

(8) **Penal Servitude.**—The first stage is one of severe penal discipline, during which the prisoner's mind is thrown in upon itself, and the prisoner cannot fail to feel that, however agreeable may have been his previous life, probably one of idleness and excitement, he pays dearly for it by the dull monotony, hard work, a diet which is sufficient, but no more than sufficient, and deprivation of every luxury he has been accustomed to indulge in; and, above all, by the absence of freedom, and the constant supervision which is his present condition, and which form his prospects for some years to come.—*Ibid.*, *p. 157.*

(9) **Hard Labor.**—After passing the allotted time in this stage, the convict is removed to a prison where he is employed at labor in restricted association, generally labor on public works, or farming, clearing or reclaiming land, and so on; but as there are some men who are not adapted for this kind of employment, bootmaking, tailoring, and other indoor employments are also carried on.

In whatever stage of his sentence a convict may be, he is always provided with a separate cell which he occupies at all times when not at work, at prayers, or at exercise. The sick or invalids are necessarily more associated, but as the infirmaries recently constructed place the great majority in separation, the chances of contamination therein are reduced to a minimum.

Great pains are taken, however, during the stage of a sentence of penal servitude in which prisoners labor in association, to prevent evil effect from contamination, by the hardened offenders, of those less versed in crime.

With this object, arrangements were adopted, in 1877-78, for separating the worst criminals from the rest; and moreover, as it was considered that the conversation which passed between prisoners during the times of exercise was a great medium of evil communication, steps were taken to prevent this bad effect. There is every reason to believe that these measures have had good results.—*Ibid.*, *p. 161, 162.*

(10) **Reform Workers.**—Upon this point none insist so strongly as those engaged in the reform work itself.

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22. THE DEPENDENT CLASSES.

Under the dependent classes are included those who by reason of weakness and defect are dependent upon the charity of society. All members of society are dependent in a certain sense upon the favor of society. The merchant cannot live without customers, the writer without readers, etc., but in all normal cases this favor is the natural result of self-interest. In the case of the dependent classes it is a matter of compassion. They are in general a burden to society, being unable to repay to society the cost of their keeping. Their keeping, therefore, cannot be secured by the normal process of bargain and sale.

Dependents are necessarily neglected in a primitive society. Those who can not pay their own way directly or indirectly tend to disappear. (1) But the necessities of social existence tend here as everywhere to enforce a care which primitive conditions do not permit. (2) The altruism which compels us to preserve dependents is thus a higher social self-interest. This imperious necessity is in many cases a doubtful blessing to the dependents themselves, but society condemns them to live for its sake. (3) Many philanthropists, like Felix Adler, look forward to a time when we shall be able to take human life because we are pitiful and not because we are selfish, but if such a time ever comes it will be when society is much less dependent than now upon blind instincts for its preservation.

The dependent classes include the blind, the deaf, etc., persons who lack some physical sense, but are otherwise normal. These, present less of a problem than any other. Their right to existence and full participation in social privilege is unquestioned. The only problem is to find for them that employment which is most consistent with their defective organization, and which will least subject them to the demoralizing consciousness of dependence. In this respect marked progress has been made within the last few years.

The most hopeless and burdensome classes of dependents are the feeble-minded, imbeciles, idiots and the chronic insane. Something can be done for all these to increase their happiness by appropriate environment and employment of their disordered activities, and the same reasons which compel us to keep such people alive compel us, so far as possible, to ameliorate the conditions of their existence. But this again is a comparatively easy problem. The great questions are essentially settled. These people must live, and on the other hand there is no possibility of full investiture with social privilege. One question, however, has not been so thoroughly settled as to avoid serious abuses. Among the privileges which society is most reluctant to withhold, even from the feeblest, is that of perpetuating their kind. While the insane and idiotic are usually prevented by the conditions of their existence from exercising this privilege, the same is not true of the imbecile and the feeble-minded, classes very ill defined and much neglected in most communities. The defects under which they labor are such as make impossible all prudence, and sense of social obligation, without in the least weakening their reproductive power. Few types of humanity are more prolific under natural conditions, and few are more dangerous to society if left to themselves. Only recently have we come to realize how urgent is the necessity of protecting society against the invasion of imbecility, which is sure to follow if these people are left to their own devices. These people, if left wholly to themselves, would perish. If supplied with both food and intelligent direction they would disappear without inhumanity. It is when they are fed, but left to their own incapacity for direction that they become formidable. (4) It will some day seem incredible that intelligent societies ever were guilty of deliberately fostering marriages between such persons. (5)

Another danger from such marriages lies in the fact, now amply demonstrated, that marriages between feeble-minded and normal persons tend to produce criminal offspring. (6) The criminal is, indeed, only a middle term between the normal man

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and the imbecile. He has more energy and intelligence than the latter, but lacks the finer sensibilities and the broader perceptions of the former.

The largest class of dependents and the most difficult one to deal with are the paupers. It is difficult to appreciate their defective character which appears rather in the general result of their calculations and their activities than in any superficial sign. They, therefore, secure a degree of recognition in society which lacks little of completeness, while demonstrating their incapacity to meet its obligations. The difficulty with paupers is that they are of uncertain status. Part of the time they are self-supporting and part dependent. They thus claim social support while playing fast and loose with social control. This problem will be more carefully considered in the next lesson.

22. THE DEPENDENT CLASSES.

(1) **Extermination Among Savage Tribes.**— In some savage tribes it is said that not a single defective individual of any kind can be found, all of which simply means that natural selection is not interfered with or modified by sentiments of humanity.

(2) **Intermediate Conditions.** — Intermediate conditions are found in which highly developed societies on a military basis secure the same result by a systemetic artificial selection. Thus in Sparta every new born babe was submitted to the examination of official experts who decided whether it should be raised or not. This was a very effective military measure, but is only possible in a military society. A similar practice existed at one time among the Romans.

(3) **Indifference.**—Frequently, however, physicians and matrons and superintendents become so callous to suffering, and so worn out by overstrain, that they almost connive at the extinction of human life. For instance, in the case of a child beyond hope of cure, suffering from hydrocephalus, only the most constant attention to every circumstance of his life could keep him alive. Finally the matron somewhat relaxed her vigilance in seeing that he was properly cared for, and indigestion carried him off. This failure to do all that is conceivably possible to combat disease is common in many institutions, usually without any consciousness of a willingness to facilitate death, but none the less with a latent feeling that possibly those that die are happier than those that live. All such neglect of duty is a coming short of the highest ideal of philanthropy, no less than of religion. While physicians may sometimes be justified in chloroforming a monstrous birth, and while, far off, philosophers think they see the coming of a day when we may have legal suicides, and when we can take human life because we are pitiful, and not because we are selfish, yet for the present it must be held that science justifies and philanthropy corroborates Christianity in holding that each spark of human life must be conserved in all tenderness and with all care.

Another reason why it is expedient to care for all that suffer is that eventually this policy compels us to search for causes of degeneration and suffering. By assuming the burden of protection, we give bonds for our final interest in prevention. Could we cheaply rid ourselves of incapables, and close our hearts to the appeal of distress, we might never have the compulsion put upon us of seeking out the wiser plans, which may eventually give us a more uniformly healthy race. Some talk as though extermination would be a remedy for pauperism. Possibly, but it would be a costly remedy biologically; and if we allow our instincts to compel us to forego the use of it, we shall eventually find something better. In view of our present slowness in resorting to wise preventive measures, this may seem almost like an unsubstantial refinement; but there are already indications that, as the burden gets heavier, the search for causes and the use of prophylactics will be pushed. — "*American Charities*," *by Amos G. Warner, Ph.D., pp. 127, 128.*

(4) **Inadmissible Charities.** — A system of charity which might be admissible, could it be applied to an existing generation alone, is wholly inadmissible if it multiplies the number of dependents in succeeding generations. Both Mr. Dugdale and Mr. McCulloch found that the pauper families they investigated got permission to live from the lavish giving of public out-door relief, supplemented by indiscriminate giving on the part of individuals.

In the worst managed almhouses, there is sometimes not adequate means of separating the sexes, and the breeding of paupers goes on upon the premises. Formal marriages between almhouse paupers have very frequently received the sanction of both church and state. A much commoner abuse, as we shall find when we come to study these institutions,—one, in fact, from which few American almhouses are free—is the facility with which the dissolute and diseased can go there until sufficiently recuperated to be able to have children and then discharge themselves. The doors of the hospitals and almhouses swing freely both ways, and the result is a succession of children, especially from half-witted women. These persons would have been able to have no children or few if left entirely without help, and would have been allowed to have none at all had they been properly taken care of. It is coming to be seen that the feeble-minded (a much larger class than many suppose) must have custodial care through life.—*Ibid., pp. 130, 131.*

(5) **Poor Economy.** — This was at one time much in vogue in both England and America. One case is recorded in which a poor-house keeper succeeded in marrying off a feeble-minded woman who was a public charge. She had thirteen children, all of whom were idiots, and came back to that same poorhouse to be taken care of.

(6) **The Jukes.**—See especially Dugdale, *The Jukes*, a little book which has become a classic, and should be read by every one interested in the subject.

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23. PAUPERISM AND ITS RELIEF.

There are two popular views as to the origin of poverty and its significance in human society. The one is that the poor are unfortunate, the victims of accident or of social maladjustment. The other is that the poor are defective and incapable, the victims of natural selection. (1) There is truth in both views. That imperfections in the social organization have something to do with it, is apparent from the fact that when this organization is disturbed and more than usually out of order the poor become much more numerous. But it is perfectly clear, even in such cases, that incompetence has something to do with it. Social disturbances are most disastrous to those who are least prepared for them. The victims of social disasters are, if not incompetent, at least less competent than those who weather the storm. If we turn from these exceptional cases of poverty to those that are chronic and normal, we can have no reasonable doubt that defective character is the principal difficulty to be reckoned with. All recent experience and study point to this conclusion.

If poverty is due to circumstances the obvious remedy is to change the circumstances, and this is appropriate in many connections, especially in those general social arrangements which are undoubtedly defective. But so far as poverty is due to character, external remedies in the shape of relief will only increase it by making it tolerable, perhaps even inviting. This mistake has undoubtedly been made to a very great extent, especially during the middle ages, when the giving of alms was inculcated as a religious duty in the interest of personal salvation rather than of social welfare. (2) In some places this vicious system has persisted to our own time with most disastrous results. Indeed, it is still the popular attitude toward the poor, and the problem which their poverty suggests. The argument for direct charity or almsgiving is that it relieves immediate suffering and satisfies generous impulses. The sight of suffering is in itself hardening and unsocializing in its reaction upon the beholder. A primitive society must therefore tolerate much demoralizing charity in order to preserve its own social impulses, until the time comes when a broader view of the consequences of almsgiving shall enlist the generous impulses themselves on the side of a more prudent charity.

The objection to almsgiving is that it makes dependence feasible, and to certain temperaments preferable to a life of energetic self-support. Pauperism, that is dependence occasioned through poverty, is a relative term. Its character counterpart is deficient energy and foresight. Energy, however, varies greatly with the stimulus which it receives. If dependence is made tolerable and attractive great numbers of persons whose energy and self-respect are deficient will accept the lot of dependence, at first perhaps with inner protest but ultimately with satisfaction. When dependence has ceased to be repugnant, self-assertion has become well-nigh impossible. The demoralization of character is complete. On the other hand, when dependence is associated with hardship, the lesser hardships of self-denial and prudence and toil, those virtues which are indispensable to legitimate membership in society, are preferred as the lesser evil, and the destruction of manhood and the burdening of society are in a degree prevented. Pauperism is thus a variable thing, increasing and diminishing according as the conditions are favorable or unfavorable to its growth. It is in this fact that we are to find our reason for restricting almsgiving. Generous instincts impel us to relieve poverty, but they forbid our creating poverty. Generosity must therefore cure its own excesses when guided by a higher intelligence.

The most troublesome applicant for alms in our day is the tramp, a bye-product of our industrial evolution. In the extreme form the tramp is utterly unsocial, incapable of labor and social discipline. From this extreme type we pass by insensible gradations to perfectly sincere searchers for work whom accident has

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thrown out of employment. What is the effect of giving to tramps? The answer is perfectly clear. It demoralizes where there is anything left to demoralize. So far as the tramp's own interest goes, alms are better withheld in every case. The hopeless "hobo" should be forced into custody or extermination by starvation. The half demoralized should be forced to retrace their steps. Above all, we should beware of teaching the man temporarily unemployed, by any act of ours, that a life of vagabondage is feasible and attractive. Simple neglect will not solve the tramp problem, but alms will do so still less. We must be careful not to sacrifice society to our own selfish sentimentality. The generosity that cannot assume the form of kindly severity is unequal to the highest social needs.

23. PAUPERISM AND ITS RELIEF.

(1) **Causes of Poverty.**—It has been a fundamental thought in the writings of many economists that poverty exists mainly, if not entirely, because population tends to increase faster than food supply. All other causes are held to contribute to this, or to be derived from this. The pressure of population against the means of subsistence is held to guarantee that there shall always be a vast number of persons who can just manage to live miserably. A rise of wages will promote early marriages and rapid increase among laborers, until population is again checked by overcrowding and consequent misery and death. So wise a man as John Stuart Mill allowed his economic philosophy to be overshadowed by this idea.

Mr. Henry George, as is well known, ridicules the Malthusian explanation of poverty, and offers an all-sufficient explanation of his own, which is, substantially, that poverty exists on the one hand, because the landlord receives in rent so large a share of the annual product; on the other, because private property in land encourages the withholding of natural resources from use, the owners waiting to obtain an unearned increment. The owner of land receiving wealth without labor to an increasing extent with the development of society, there must be an increasing number of those who labor but receive little or nothing.

Opposed to both these explanations of the existence of poverty, is that of the socialists, who follow for the most part Karl Marx's analysis of capitalistic production. Reduced to a sentence by Dr. Aveling, this explanation of poverty may be stated by saying that labor is "paid for, but not paid." The consumer pays enough for the product to remunerate the laborer, but the capitalist retains all except what will barely suffice to keep the laborer alive.

No one who has studied carefully modern industrial society can doubt, I think, that each one of these explanations explains much; that each one of these causes is efficient in producing a very considerable amount of destitution. But neither can it be doubted that no one of them, nor all three of them together, can be taken as an all-sufficient explanation of the existence of poverty. Suppose a second Robinson Crusoe on a desert island, under exactly the same material conditions as the friend of our childhood; suppose he spent his time in distilling some kind of liquor, and subsequently getting drunk; suppose he allowed his mind to wander in dreamy and enervating revery upon debasing subjects; suppose that in consequence of these habits he neglected his work, did not plant his crops at the right time, and failed to catch fish when they were plentiful. Manifestly he would become poor and miserable; might become diseased from having insufficient food, and finally die in abject want. Poverty in such a supposititious case could not be traced to the fact that an employer had cheated the laborer of wages honestly earned; or to the fact that a landlord had robbed him by exacting rent; nor could it be traced to an excessive increase of population.

An explanation of the poverty of our second Crusoe might be offered promptly by one who approaches sociology from the standpoint of theology. Ministers frequently inform us that all poverty comes primarily from vice and immorality—"Seek ye first the kingdom of God and his righteousness; and all these things shall be added unto you." They quote David as saying, "I have been young, and now am old; yet have I not seen the righteous forsaken, nor his seed begging bread." The temperance lecturer specializes upon the preacher's theory, and assures us that ninety-nine per cent of all poverty comes from the abuse of intoxicants. The propagandist of the White Cross League tells us that it is undoubtedly the abuse of the sexual nature that leads to most of the social degradation and consequent poverty of our times. These different students of social science, if such they may be called, all say that what Crusoe No. 2 needed to make him prosperous, was moral reformation or spiritual degeneration.

But manifestly if Crusoe No. 2 had simply lacked judgment or skill, he might have become poor, although thoroughly pious and moral. If he had built a canoe that would not float, or a cave that crumbled in and injured him, or constructed a summer-house that he did not need, or had not the ingenuity to devise tools for his varied purposes, he might have failed to secure the necessaries of life, and have died in miserable destitution.

Now, if all these various causes are conceivably operative in the case of an isolated person, it is manifest that in actual industrial society as now organized, where the individual suffers not only from his own mistakes and defects, but also from the mistakes and defects of a large number of other people, the causes of destitution must be indefinitely numerous and complicated.—*"American Charities," by Amos G. Warner, Ph.D., pp. 23-26.*

(2) **Unwarranted Sufferings.**—It was even insisted that poverty was a necessary thing in order that those possessed of means might have the opportunity to earn salvation by fulfilling the injunctions of religion. Thus, as in so many other cases, injunctions intended to relieve suffering and degradation have been perverted to promote and perpetuate them. It must never be forgotten that poverty, or at least dependence, is in part an artificial, almost a manufactured product, and that like all such products we can have as much as we are willing to pay for.

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24. THE PUBLIC RELIEF OF PAUPERISM.

From a very early period it has been apparent that private relief of poverty was capricious and unsatisfactory. Now demoralizing in its extravagance and its short-sightedness, it has at other times been neglectful and cruel. The poverty that was best relieved was not the most deserving, but the most ostentatious and deceptive. (1) With a view to equalizing and completing the work of individual charity, systematic relief through organizations, public and private, has been undertaken in all civilized countries (2) These efforts have often been open to quite as severe criticism as any individual charity, but as the result of long experience, lessons have been learned which are of the utmost importance. Three methods of relief are worthy of careful consideration.

The natural method of relieving the poor would seem to be to supplement their meager earnings to such an extent and at such times as may be necessary to avoid undue suffering. The arguments in favor of this system are obvious. (3) Most of the poor can hardly support themselves, some of them to the extent of nine-tenths perhaps. Their dependence is usually confined to special seasons when work is scarce or expenses are unusually heavy. To "give them a lift" at such times seems not only fair, but far more economical than to assume the entire burden of their support. To leave them in their own homes also secures to them the refining influences of home, and saves them from the humiliation of declared pauperism. The case for outdoor relief, as it is called, seems a clear one. But unfortunately experience teaches a different lesson. (4) The system has this great objection that it makes pauperism congenial. The disgrace of dependence is one of the most wholesome safeguards of society. Remove the stigma and the hardship of pauperism, and twenty will accept it where one will submit to it when it is accompanied by discipline and deprivation. The fatal defect in this system is that it supplies no sufficient deterrent, the fundamental requirement of a good system of poor relief. Under it, especially when carelessly administered, pauperism has extended with frightful rapidity and the character of whole peoples has suffered permanent taint.

The "workhouse test," as it is known in England, requires the applicant for relief to become the inmate of a public home as a condition of relief. This usually furnishes a far better home and better living than he has previously had, but it is usually very distasteful to such persons. The reason is that it entails the loss of liberty and subjects the individual to a strict discipline which is at variance with all his habits. He loses not only the refinements (sometimes questionable) of his home, but also its immunities, its laxity, its petty indulgences, and its often vicious pleasures. The hateful routine of uncongenial industry is systematically enforced. It is astonishing to how great an extent such people are deterred by the requirement of personal cleanliness. A well ordered workhouse, therefore, reduces voluntary dependence to a minimum by the enforcement of purely social requirements which to the unsocial and degenerate are unwelcome.(5) It can not be denied, however, that the system has its limitations. First of all comes the question of the period of assistance. The first plan was to let the dependent come and go when he liked. For some this is quite safe, but in other cases it seems to merely facilitate a career of vice. Tramps are glad to go to a workhouse, or even to prison during the winter, coming out ready for a new summer's wanderings. Still worse are the half-witted and characterless women who come to the poorhouse to pass the period of their confinement and then return to freedom to repeat their offenses and inflict new burdens on the community. Some classes of cases plainly require permanent detention in suitable institutions. Finally, certain cases always remain in which the enforcement of the workhouse test involves undue hardships, and requires a return to the dangerous system of out door relief. (6)

In some cities of Germany, notably in Elberfeld, a modified system of out door

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relief has been adopted which is in some respects superior to either of those mentioned. The poor are relieved in their own homes, but only on condition of submitting to a supervision which is in some respects quite as distasteful as the workhouse itself. Every fact in the personal and family history, which can have even a remote bearing on the present distress, is inquired into and present habits and relations subjected to the minutest censorship of a carefully chosen unpaid official who has charge of a very limited field. While the excellent results of this system can not be doubted, it is clear that Americans, trained as we are in freedom for the private citizen, and lax discipline for the official, such a system is at present impossible. When we learn to govern better and to endure being better governed, public opinion may make such a system possible.

24. THE PUBLIC RELIEF OF PAUPERISM.

(1) **Sporadic Charity.**—Individual and sporadic charity undoubtedly induces the poor "to work" the charitable in a most demoralizing way. Thousands of cases are on record.

(2) **Public Relief.**—The public relief of the poor is, however, less general than is usually supposed. While the Germanic races all recognize the obligation of the State to furnish a certain minimum support to the indigent, no Latin race recognizes such an obligation in theory, and often, as in a city like Naples, no public relief is given whatever. It is one of the deepest stains on the Bourbon dynasty of Naples that to evade the responsibility and the burden of supporting the poor it encouraged alms-giving. The reforms that have since been introduced have not cured the deep-seated evil thus created, as is evidenced by the rapacious beggars that swarm about every public place.

(3) **Reasons Assigned.**—The following may be mentioned as the principal reasons assigned by those who believe in the maintenance of out-door relief as a fundamental part of the relieving system:

1. It is believed to be kindly. The poor person is not separated from relatives and friends, families are not broken up, and the receipt of relief is not as conspicuous and consequently as disgraceful as it is where resort must be had to an institution.

2. It is apparently economical. Many families can almost support themselves, and it seems folly to dismember them and place the children in refuges or board them in private families, and compel the adults to resort to the poorhouse, when a little relief given in the home would keep the family together and enable them to make part of their support by ordinary methods. Those who receive out-door relief receive usually less than it would cost to maintain the same number of persons in the almhouse.

3. There are not institutions enough. The demand for relief always keeps considerably in advance of the supply; and it would be uneconomical, and in fact impossible, to have buildings enough to accommodate all who should be relieved from time to time. Especially in the winter months, a large number of persons need relieving for a short time; and if the almshouses were large enough to accommodate them during the winter, there would be great buildings vacant during the summer.—*"American Charities," by Amos G. Warner, Ph.D., pp. 166, 167.*

(4) **Other Considerations.**—1. It increases the number of applicants, because it is less manifestly disgraceful than the in-door system, and is much more pleasant to receive for other obvious reasons. The saving in cost for a single person supported, is more than made up by the additional number of persons that will claim to require relief. It is a sufficiently pleasant form of being relieved, so that if no requirement except indigency is made, a large number of persons will become duly indigent in order to qualify for the receipt of alms.

2. It is urged that out-door relief is undesirable, because it requires an amount of discrimination between cases that is practically impossible where the work is done by public officials. It has long been a principle that any work was suitable for a government to do in proportion as it could be reduced to a routine and done in a semi-mechanical way. As the work of giving out-door relief cannot be done in this semi-mechanical way, it is unsuitable for public officials to undertake.

3. It is urged that corruption of politics results from the system, and that, in fact, the whole tone of the population is lowered where this form of relief is given. In many cases, it is unworthy motives favoring the retention of the system that makes it difficult to secure its abolition.

4. When out-door relief has been given lavishly, as in England at some times and places, it has simply resulted in reducing the rate of wages, the amount given in relief being reckoned on as a possible resource, so that the employee would accept lower wages than would otherwise have been possible.—*Ibid, pp. 167, 168.*

(5) **Results.**—Previous to 1883 the overseers of Brookline were giving full or partial support to one hundred and fifty persons, exclusive of the insane. These were warned three months in advance that no pauper rent would be paid after May 1st, but that the almshouse would be open to any one needing shelter. On the 1st of May twenty-two adults and seven families, numbering thirty-three persons, became self-supporting; ten adults and nine families, consisting of thirty-nine persons, assumed the payment of their own rent, asking only partial support from the town, and in no case was the offer of the almshouse accepted.

The total expenditure for poor relief for the town fell from eight thousand four hundred and eighty-seven dollars and fifty cents in 1882 to seven thousand seven hundred and ninety-four dollars and forty-nine cents in 1883, and has never gone back to the old figure, although the population has increased more than three thousand. Besides, the charge for the care of the insane, a class independent of the out-door system, has been heavy, and in the total expenditure for the support of the poor, five per cent interest on the cost of the almshouse was included.—*Ibid, p. 172.*

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(6) **Another Evil.**—The second great evil which springs, not from the character of the officials, but from the nature of our almshouse organization, is laxness regarding admission and discharge of inmates. Since every person is entitled to be saved from starvation and death from exposure, and as that is nearly all that the almshouse does for its beneficiaries, anyone that wills to claim its shelter can have it.

On the other hand, as it is not a penal institution, and as it is to the interest of no one to have persons stay there who can support themselves outside, an inmate wishing to discharge himself is allowed to do so. The average almshouse official regards the justification of our laxness indicated above as entirely conclusive.

Whatever official or board may have the legal right of admitting or discharging inmates, the right of applicants to be admitted or discharged is regarded as inalienable. The door swings, accordingly, outward or inward with the greatest ease. Even the unduly lax rules regarding detention enforced in the English workhouse are unknown with us.—*Ibid, p. 155.*

FOURTH WEEKLY REVIEW.

19. **CRIMINAL CLASSES.**—Prevailing Characteristics.
20. **CRIME.**—Punishment and Prevention.
21. **INDIVIDUAL CRIMINALS.**—Reformatory Measures.
22. **DEPENDENT CLASSES.**—Relations of Society to Them.
23. **PAUPERISM.**—Its Relief.
24. **PUBLIC RELIEF OF PAUPERISM.**—Popular Views. Questions.

QUESTIONS.

19. *Mention a few disqualifications of the criminal classes. What are the relations of these defects to each other? What are the more salient distinctions? What can you say of the popular judgment concerning the criminal classes? In what way are criminals defective? What are their negative characteristics? What are their positive characteristics? What can you say of their conception of time? What of their perceptions in general? Upon what is their improvidence and callousness to pain based?*

20. *How has society always protected itself against injury? What was the character of the first punishments? What was resentment at first? What did the interests of society seem to require in case of personal quarrels? Why were cities of refuge provided by the Mosaic law? What should be the character of punishment? What are your own views in relation to the present methods of punishment? What methods can you suggest which would be curative and reformatory in their effects? Why should the judgment against an evil work be as speedily executed as is consistent with positive evidence? How do criminals usually interpret the flowers and other tokens of sympathy which they receive? Why is it every one's duty to study the methods of punishment which are used with juvenile offenders? Why should these punishments include in the transfer of the juvenile offender from vicious surroundings to wise and humane care? Why should kindness be the principal characteristic in the methods of dealing with juvenile offenders?*

21. *What can you say in reference to the attempts at reform in the treatment of criminals? What can you say of imprisonment? What can you say of transportation? What can you say of the reform prison? What of the reform of criminals? What is the supreme requirement in the treatment of criminals? Mention some of the negative conditions in the treatment of criminals. How can criminals be given new incentives and brought under the sway of normal social instincts? What can you say of the principal of promotion for good behavior? What percentage of criminals have been reformed under wise methods?*

22. *Who are included in the dependent classes? Why are all members of society, in a certain sense, dependent upon each other? What classes are a burden to society? Why are dependents necessarily neglected in a primitive society? Who are the most hopeless and burdensome classes of dependents? Why should the insane and the idiotic be prevented from perpetuating their kind? Why does the same rule apply to dissipated or diseased people? Why should a man of immoral habits be prevented from perpetuating his kind? Why should diseased men and women be forbidden to marry? What is the result of marriage between feeble-minded and normal persons?*

23. *What are the popular views as to the origin of poverty? What are your own views as to its origin? What is the difference between exceptional cases of poverty and those which are chronic and normal? When poverty is due to circumstances, what is the obvious remedy? When poverty is due to character what can be done? What is the argument for direct charity or almsgiving? What is the result of the sight of suffering? What is the objection to almsgiving? Why is poverty a relative term? If dependence were made tolerable and attractive, what would be the result? What can you say of the tramp? What methods can you suggest for the abolition of the tramp evil?*

24. *Why is the private relief of poverty capricious and unsatisfactory? Why is organized charity sometimes subject to severe criticism? What methods of relief are worthy of careful consideration? What is the natural method of relieving the poor? What can you say of the workhouse test? What can you say of the cities of Germany, notably Elberfeld? Why is such a system impossible in America? What can you say of a well ordered workhouse?*

SUBJECTS FOR SPECIAL STUDY.

1. *The deficiencies of the criminal classes.*
2. *Humane methods of punishment.*
3. *Hopeful methods for the reformation of criminals.*
4. *The various classes of dependents.*
5. *The relief of pauperism.*
6. *Various methods of public relief.*

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GAZETTEER AND GLOSSARY.

Bastiat (bäs-tyä′) **Frederic.**—A noted French political economist, who was born at Bayonne, France, June 29, 1801; died at Rome, December 24, 1850.

He was a deputy to the Constitutional and Legislative assemblies in 1848. He was an influential opponent of the protective system and of socialism, and was the author of four or five works on these subjects.

Bright, John.—A distinguished liberal statesman and orator, who was born at Greenbank, near Rochdale, in Lancashire, England, November 16, 1811, and died there, March 27,1889.

He was an agitator for the Anti-Corn Law League, 1838-46. He first entered Parliament in 1843; was president of the Board of Trade in 1868-70; chancellor of the duchy of Lancaster 1873-74, and also in 1880-82. He became lord rector of the University of Glasgow in 1883. He was the author of "Speeches on Parliamentary Reform" (1867), "Speeches on Questions of Public Policy" (1869), "Speeches on Public Affairs" (1869).

Cobden, Richard.—An English statesman and political economist, who was born at Heyshott, Sussex, England, June 3, 1804, and died at London, April 2, 1865. He was especially noted as an advocate of free trade and of peace, and as the chief supporter of the Anti-Corn Law League in 1839-46.

He entered Parliament in 1841, visited the United States in 1854, and negotiated an important commercial treaty between England and France in 1859-60. During the Civil War in the United States he supported the cause of the North.

His "Political Writings" were published in 1867 and his "Speeches on Questions of Public Policy" in 1870.

Dilke, Sir Charles Wentworth.—An English author and politician, who was born at Chelsea, near London, September 4, 1843. He is the son of Sir C. W. Dilke. Was graduated at the head of the law tripos at Trinity Hall, Cambridge, in 1866. The same year he was called to the bar at the Middle Temple, and was elected member of Parliament for the borough of Chelsea in 1868. He was appointed under-secretary of state for foreign affairs in 1880, became president of the Local Government Board—with a seat in the Cabinet, in 1882.

Among his published works we find "Greater Britain" (1868), "Parliamentary Reform" (1879), "Present Conditions of European Politics," (1887), "The British Army" (1888), "Problems of Greater Britain" (1890), etc.

Filipinos.—Much has been done among this people in the way of education, indeed they were reading and writing before Christopher Columbus was born, and every pueblo is bound to have a school, but the standard is not very high. The press has long been under strict civil and ecclesiastical control and all discussion of politics has long been forbidden. Several daily papers, however, are published at Manila, one of them dating from 1848.

The primitive inhabitants were probably the Aetas or Negritos, so called from their dark complexions. To their presence in the Isla de Negros, the island owed its name. They appear to have been driven into the more inaccessible positions of the country by the Malay tribes, who, in various stages of civilization, now form the parti-colored population of these islands.

The Tagals are the inhabitants of the lowlands and their language has made extensive encroachments on the other Philippine tongues. Their dress is simple and agriculture is their principle occupation, still they are successful fishermen and they also raise swine, cattle and poultry.

They are fond of music and theatrical entertainments. They had an alphabet of their own before the arrival of the Spanish, and they still possess a literature containing much of lyrical poetry and native songs.

Hamilton, Sir William.—Born at Glasgow, March 8, 1788; died at Edinburgh, May 6, 1856. A Scottish philosopher, who was made professor of civil history at Edinburgh in 1821, and was professor of logic and metaphysics in 1836-56.

His lectures on "Metaphysics" and "Logic" were edited by Wansell and Veitch (1858-60).

Mallock, William Hurrell.—An English author, born probably in Devonshire, in 1849. He was educated at Balliol College, Oxford, and won the Newdigate prize there in 1871.

Among his published works we find "The New Republic" (1877), "The New Paul and Virginia" (1878), "Lucretius" (1878), "Is Life Worth Living" (1879), "Poems" (1880), "A Romance of the Nineteenth Century" (1881), "Social Equality" (1882), "Property and Progress" (1884), "Landlords and the National Income" (1884), "Atheism and the Value of Life" (1884), "The Old Order Changes" (1886).

Marx, Karl.—A German socialist, who was born at Treves, Prussia, May 5, 1818, and died at London, March 14, 1883.

He studied jurisprudence, philosophy, and history at Bonn and Berlin, and in 1842 became the editor of a paper of Cologne. This paper was suppressed in 1843, and he went to Paris, where he devoted himself to the study of sociology and political economy. He was soon expelled from France, at the instance of the Prussian government, and took refuge in Brussels.

On the outbreak of the revolutionary movement in Germany, in 1848, he returned to Cologne, but was expelled from Prussia again in 1829. He eventually settled in London, where he continued his socialistic agitation. His principal work is "*Das Kapital*" (1867).

Philippines.—These Islands were discovered by Magellan in 1521. The surrender of the Moluccas by Charles V., in 1529, tended to lessen the interest of the Spaniards in the Islas de Poniente, as they generally called their new discovery, but in 1565 a Spanish settlement was founded at the town of Cebu, which was called San Miguel.

The subjugation of the islands was not effected without bloodshed, and it was attended by those appalling massacres and depopulations which characterized the conquest of South America.

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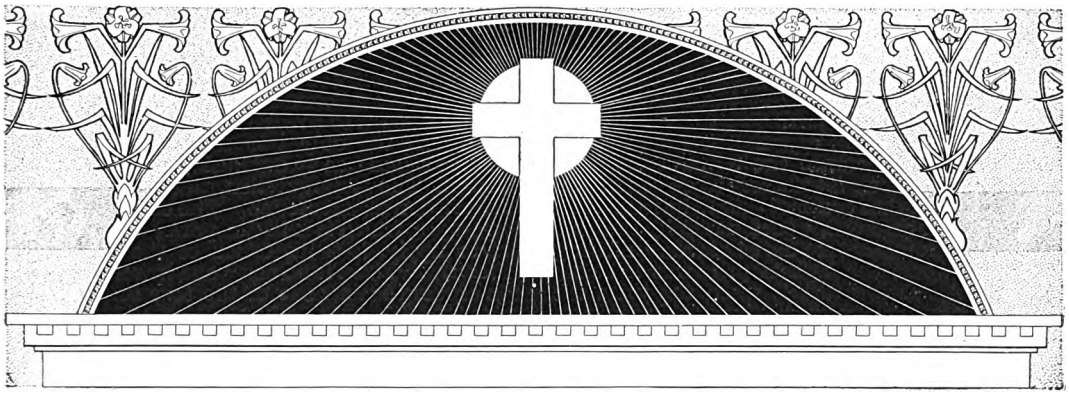

THE ECONOMICS OF TRADE UNIONISM.

BY

F. SPENCER BALDWIN, Ph.D., R.P.D., Professor of Political Economy and Social Science, Boston University.

A TRADE UNION is a permanent organization of wage-workers in the same trade or the same field of competition, for mutual support in dealing with their employers. The first trade unions were formed in England toward the middle of the eighteenth century. They arose at a time when the national industry was making a transition from the old system of small manufactures, under state regulation, to the modern system of large manufactures, with free competition. The change brought with it an alarming degradation of the working class. The pressure of competition forced the laborer's standard of living lower and lower; wages were reduced and hours were lengthened. The laborers, thus menaced, formed organizations for mutual protection.

It was thus that the trade unions came into being. Here, as always where possible, competition led to combination. The members of the working class combined, in order to defend the rate of wages against the pressure of competition; just as later the members of the capitalist class combined, in order to defend the rate of profits. Both combinations of labor and combinations of capital owe their origin to the same motive: they sprang from the desire to escape the evils of reckless competition.

The main object of the trade unions, from the beginning, has been to improve by organized effort the conditions of employment,—in particular to raise the rate of wages. Now, the English political economists of the first half of the present century were firmly persuaded that wages could not possibly be raised in this way. J. R. McCulloch, an eminent economist, declared in an article on "Combinations," published in 1823: "Nothing but the merest ignorance could make it supposed that wages could really be increased by such proceedings. They depend upon the principle which they cannot affect, that is, on the proportion between capital and population; and cannot be increased except by the increase of the former as compared with the latter." This was the orthodox economic position, in that day, touching trade unionism. The trade unions must fail in practice, the economists insisted, because they were powerless to effect the causes that determined the rate of wages. They were moreover wrong in principle, because they were incompatible with the perfect freedom of competition which, these economists believed, should prevail throughout the industrial world. The settlement of the rate of wages, they contended, ought to be left to free agreement between the parties concerned. The trade unions, by giving the combined laborers the power to dictate to their employers, interfered with this freedom of contract, and were, therefore, to be condemned. The attitude of political economy during the first half of this century was thus distinctly hostile to the trade unions. Indeed, "down to within the last thirty years," declare the authors of *Industrial Democracy*, "it would have been taken for granted, by every educated man, that trade unionism, as a means of bettering the condition of the workmen, was against political economy."

The political economy of the present, however, is favorable in its judgment concerning trade unionism. The economist of to-day regards the trade union as a normal result of modern industrial conditions. He perceives that organization has in the past won immense gains for the working class in the shape of higher wages, shorter hours, and better conditions of employment. He recognizes that the maintenance of organization in the future is the only guarantee of a really free labor contract, based on the independence and equality of the workman as one of the contracting parties. The trade union, he holds, is neither useless in practice nor wrong in principle. The verdict of the economist concerning labor organizations has thus undergone a complete revision. It is the aim of this paper briefly to explain this remarkable revolution in economic opinion.

The condemnation of trade unions by the old political economy was based on two false theories, namely: (1) the view of labor as a commodity, and (2) the doctrine of the wage-fund.

1. The English political economists of the old school regarded labor as a commodity, which was bought and sold in the market, precisely like

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other commodities. The laborer was looked upon as the seller, the employer as the buyer of this commodity. The two parties were assumed to be on a footing of perfect equality; if left to themselves they would arrange the terms of the labor contract in a manner satisfactory to all concerned. Therefore, the labor contract should be free. The laborer, it was assumed, would naturally seek the most favorable market for his commodity, offering it for sale where the highest price was to be obtained and refusing to sell when the price fell below what he thought himself justified in demanding. When the rate of wages fell, he would promptly withdraw a part of his labor from the market, and, by limiting the supply, would bring wages back to their normal level. Such was the theory of the labor contract which was held by political economists until within a comparatively recent time. Trade unions, it was argued, would disturb the freedom of the labor market and the equality between the laborer and the employer, as the buyer and the seller of the commodity, labor. Hence they were frowned down by the economists.

2. As their theory of labor as a commodity led the economists to condemn trade unions in principle, so their theory of wages led them to deny that such combinations could succeed in practice. The doctrine of wages from which the failure of trade unionism was deduced is known as the wage-fund theory. Briefly stated, this theory teaches that the rate of wages is determined by the proportion between the amount of capital devoted to the payment of wages and the number of laborers competing for employment. "There is supposed to be," wrote J. S. Mill, "at any given instant, a sum of wealth which is unconditionally devoted to the payment of wages of labor. This sum is not regarded as unalterable, for it is augmented by saving and increases with the progress of society; but it is reasoned upon, as at any given moment a predetermined amount. More than that amount it is assumed that the wage-receiving class cannot possibly divide among them; that amount and no less they cannot but obtain. So that the sum to be divided being fixed the wages of each depend solely upon the divisor, the number of participants." This wage-fund is represented as made up of accumulations of capital set aside by employers for hiring labor. Saving can increase this fund, and therefore can make possible an increase of wages. But this is the only way in which the amount to be divided among the laborers can be increased. The wages question, then, is one of saving, not of bargaining. Wages at any given time are determined by a kind of natural law, by causes beyond the control of employer and employed.

On the basis of this theory of wages, the economists argued that the laborers could not raise their wages by combination. It was admitted that the men in some particular trade might raise their wages by combining; but according to the wage-fund theory this could happen only at the cost of the laborers in some other trade. For, if one group of wage-workers appropriated more of the wage-fund, there would be left just so much less for their fellows. If, for example, the men in the building trade got higher wages the laborers in the iron foundries, or in some other industry, must suffer to an equivalent extent. It was argued that trade unions could not in the long run effect a general rise in wages, because they were powerless to increase the fund out of which wages were paid. Such increase could be effected only by saving, and trade unions could not force employers to save more. As the laborers could not increase the aggregate amount to be divided among them, it followed that the only way in which they could increase wages was by diminishing the number of laborers. The wages question, said the economists, is a question of population. The only remedy for low wages, which it is in the power of the laborers to apply, is a limitation of the number of laborers. "There is no use," one writer declared, "in arguing against one of the four fundamental rules of arithmetic. The question of wages is a question of division. It is complained that the quotient is too small. Well, then, how many ways are there to make a quotient larger? Two ways. Enlarge your dividend, the divisor remaining the same, and the quotient will be larger; lessen your divisor, the dividend remaining the same, and the quotient will be larger."

The two theories from which the unsoundness and the impracticability of trade unionism were thus deduced by the ecenomists of a preceding generation have been abandoned by the economists of to-day, who have come to take a saner view of labor combinations and their possible advantage to the workman.

The mistake in the doctrine of labor as a commodity lay in overlooking the difference between labor and other commodities. Labor is indeed a commodity, for it is bought and sold in a market; but it is distinguished from other commodities by certain marked peculiarities, which put the seller at a disadvantage in bargaining with the buyer. The chief peculiarity of labor as a commodity consists in its inseparable connection with the person of the seller. The seller of other commodities can send samples to the prospective buyer; his presence is not necessary at the place of sale; the welfare of his personality is not involved. The labor commodity, on the contrary, is bound up with the person of the seller. The laborer cannot send samples of his commodity; he must himself appear at the place of sale; and the buyer of his commodity obtains a certain control over his person and his mode of life. A further peculiarity of the labor-commodity consists in the comparative poverty of the seller. As a rule, the laborer has nothing to live from except the sale of his labor. The sale here is a forced sale; the seller has no reserve price. If the price fall too low, he is unable to wait for a rise, because, unlike the sellers of other commodities, he has, as a rule, nothing to support life in the interval. Instead of withdrawing a part of the supply, he is compelled by his poverty to go on offering his labor at continually lower rates, in order to keep employed. The competition among laborers in a falling market becomes ruinous. Other sellers would hold off for a rise in price; this the laborer is not able to do. His poverty hinders him, furthermore, from offering his labor in another market, where the conditions may be more favorable. The economist assumed that the laborer would always offer his commodity where he could get the highest price. But, even if we supposed that the laborer had the knowledge of the state of his industry throughout the country which this theory imputes to him, he would still be prevented by his lack of means from transporting himself at will to the place where the demand for his labor was most active. In brief, the inseparability of the commodity, labor, from the person of the seller, and the uniform poverty of the latter, prevent in the labor market, such an adaptation of supply to

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demand as that which tends to take place in other markets.

The disadvantages of the laborers arising from these causes are removed by the trade unions. These organizations enable the laborers to adapt the supply of labor to the varying demand of the market. They assist the individual laborer to offer his commodity for sale where he can obtain the highest price. By their system of correspondence between the various unions throughout the country they supply that wide knowledge of the condition of the labor market which the unorganized laborer could not obtain. If there is a call for laborers in one place, notice of this fact is sent to other places where men are out of work. The laborers are enabled to make the change of residence by assistance from the trade-union funds. Thus laborers are transferred from places where the supply is in excess of the demand to places where the supply is insufficient. In times of industrial depression the union enables the laborers to restrict the supply of labor offered and to hold out for a reserve price. The union accomplishes this by contributting to the support of members who are unable to find work at the union rate. Under such circumstances, as have been pointed out, unorganized laborers would be forced to offer to work for lower wages and longer hours, in order to find employment at all. Thus the supply of labor, instead of being diminished to correspond with the falling-off in the demand, would be actually increased. This is prevented by organization, which enables the members to control the supply of their commodity.

In this way the trade unions remove the disadvantages under which the individual wage-worker labors, and put him for the first time on a footing of proximate equality with his employer. Without organization, the formal equality of the two parties before the law finds no counterpart in reality. In dealing with the unorganized laborer the employer is able to dictate his own terms. The employer has knowledge of the market, experience and capital, while the workman is entirely without resources. He must accept the conditions offered him or starve. Only by combining with his fellows is he able to deal with his employer on anything like equal terms. The justification of trade unionism lies, then, in the fact that the economic position of the laborer is distinctly different from that of the sellers of other commodities. In his case combination is a necessary condition of freedom of contract. The trade unions do not interfere with the freedom of contract proclaimed by the law; rather, they create the conditions necessary for the realization of that freedom in practice. By removing the disabilities attaching to the laborer they place him in the position which the law assumes him to occupy, as one of the equal parties to a free contract.

The new political economy has also abandoned the wage-fund theory, which led economists of the old school to deny the possibility of raising wages by combination. The fundamental error in this doctrine lay in the two-fold assumption (1) that wages are paid out of capital; (2) that a certain definite amount of capital is unconditionally set aside by capitalists for the payment of wages. It is not true that wages are paid out of capital. Wages are paid out of the product of labor. That product, and not stored-up capital, is the real source from which wages are paid. In teaching that capital is the source of wages the economists were misled by appearances. For, although wages are not paid out of capital, they are usually advanced out of capital. The capitalist discounts the laborer's share of the product, expecting to be made whole for this advance payment by the eventual sale of that product. The amount which the capitalist is willing thus to advance in wages is not a fixed fund, as represented by the old theory; it varies widely according to his business expectation.

The contention of the old political economy concerning the impotence of trade unions falls to the ground with the wage-fund theory, on which it was based. The wage-fund theory taught the workmen that the only way in which they could better their economic position was by limiting their numbers. The new theory of distribution holds out other hopes. If wages are paid out of the product of labor, not out of a wage-fund, it is obvious that they may be increased in various ways. The rate of wages depends, in general, upon three things, namely: the amount of the product, the price of the product, and the nature of the bargain which the laborer is able to make with the employer for its division. There are thus, *a priori*, at least three ways open to any group of laborers for effecting a rise in wages. (1) They can increase the amount of the product by making their labor more efficient, and thus render possible a rise in wages at the cost of neither employer nor consumer. (2) They can increase the price of the product by limiting the output, and thus effect a rise in wages at the cost of the consumer. (3) They can force the employer to hand over to them a larger share of the product of the industry, and thus effect a rise in wages at the cost of the employer. It is in this last way, especially, that trade unions operate to raise wages. Organization puts the laborer in a position to bargain effectively with the employer for the division of their joint product. An organized body of laborers are able to obtain for themselves, through collective bargaining, a larger share of the product than could be got by individual bargaining. The wage-fund economist taught that the laborers were sure to get their normal share of the product anyway, whether they combined to demand it or not. But this complacent view is no longer held by the economists of to-day. The late Francis A. Walker voiced the modern opinion when he said: "If the workman from any cause does not pursue his interest, he loses his interest, whether he refrain from bodily fear, from poverty, from ignorance, from timidity, and dread of censure, or from the effect of bad political economy which assures him that if he does not seek his interest, his interest will seek him."

The first two methods of raising wages, above noted, are diametrically opposed to each other. The one means cheaper production; the other, dearer production. The second of these policies the economist must unqualifiedly condemn. To restrict the output, by setting a limit to the amount of work which the individual laborer shall be permitted by the union to perform, is economically indefensible. This policy is a short-sighted and suicidal one, opposed to the true interests of workmen, employers and consumers. Resort to this device checks industrial development and must, in the long run, diminish the real incomes of all classes. The opposite policy of encouraging a large output is the far-sighted and successful one. "The labor and capital of the country," says Prof. Alfred Marshall, "acting on its natural resources, pro-

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duce annually a certain net aggregate of commodities, material and immaterial, including services of all kinds. This is the true net annual income or revenue of the country; or the national dividend. . . . The larger it is, the larger, other things being equal, will be the share of each agent of production." Conversely, the smaller this national dividend, the smaller, other things being equal, will be the share of each agent of production. No combination, either of labor or of capital, can achieve lasting success by a policy of restricting production and raising prices. Unfortunately, however, trade union leaders have often failed to perceive the short-sighted folly of such a policy. This means of raising wages has undoubtedly appealed strongly to the workmen. It cannot be denied that in many cases trade unions have secretly encouraged, even if they have not openly sanctioned, the limitation of production. They defend this policy on the ground that, when under the piece payment system, the best workmen are allowed to do all that they can, the employer steps in and reduces the piece-rate, on the plea that the wages are too high. Such reductions can be forestalled, the unionists contend, only by putting some restriction on the permissible output per man. The remedy thus proposed is not the proper one to apply. The evil complained of, if it exists, can be remedied by combined resistance to reductions of the piece-rate. To take the other course and hamper the efficiency of the best workmen is indefensible. It is to be regretted that this method finds any favor with trade unionists. The danger from this source is felt by Pres. A. T. Hadley to be so great that he concludes a discussion of trade unions in his treatise on *Economics* with these words: "Such a policy not only gives society short service, but handicaps the strong men who would otherwise take the lead in industrial progress. Until the representatives of organized labor recognize the evils involved in this course, the dangers involved in labor organizations are likely to outweigh their possibilities of good."

The reasons for the change in economic opinion concerning trade unionism, as set forth in the preceding discussion, can be compactly summed up in a single statement, namely: The recognition of the peculiar nature of the labor-commodity, bound up as it is with the person of the seller, and the abandonment of the wage-fund doctrine for the view that wages are paid out of the labor-products have led economists to the conclusion that trade unions are justifiable in theory and effective in practice.

The principle of trade unionism stands approved by political economy. The method of collective bargaining, under which the employer deals with a labor organization acting through paid agents, is economically superior to the old method of individual bargaining, under which the employer deals directly with each workman. And when the trade unions are supplemented in their working by joint committees composed of representatives of employer and employed, the system thus developed promises more for the solution of the labor problem than any other that has yet been devised. The institution of a joint committee brings the two parties into close touch, lays the basis for mutual understanding and sympathy, and thus opens the way to social peace.

The principle of trade unionism, be it emphasized in conclusion, is one of vital importance to the working class. Organization on the part of the laborers is a necessary condition of a free labor contract. Without it, the laborer's formal freedom is not realized in fact. For the individual laborer has no effective voice in determining the conditions of the labor contract, no means of redress in case of grievance. Organization remedies this. It creates the conditions under which the formal freedom of the labor contract becomes a reality. Organization is, then, the guarantee of the workman's equality and independence. The future development of labor organizations is fundamental to the economic progress of the nation and the stability of democratic institutions.

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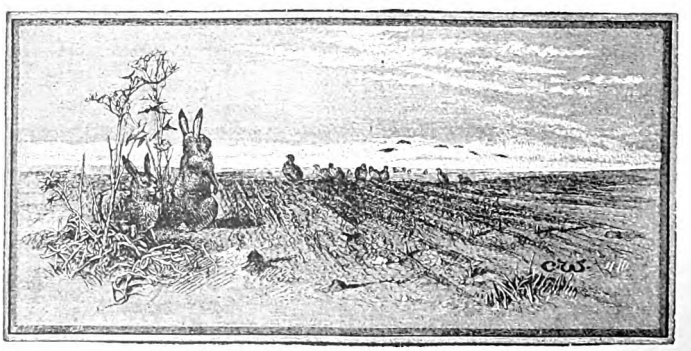

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PUBLIC OWNERSHIP OF UTILITIES.

BY

ELIZABETH A. REED, M.A., L.H.D.

THIS is a question of great importance and it should be fairly met and carefully considered.

If the work of furnishing light, water and transportation for the people, can be more economically and satisfactorily conducted by means of public ownership, than by private corporations, advancing civilization surely demands that the plants be purchased and operated by the municipal authorities.

This movement would dispense with the expense and inconvenience incurred by rival companies, and if a monopoly is valuable there is no reason why the great public may not receive the benefit, instead of pouring the golden stream altogether into the pockets of a few stockholders.

It is true that political corruption and mismanagement may make serious work in this as well as any other department of government; but it is also true that a business which makes enormous fortunes for private corporations, must, *if properly managed*, be profitable for a government or a municipality. This principle has been fully illustrated by practical results in many cities of Europe and America.

Water Works.—At the beginning of the nineteenth century the water supply of nearly all cities was obtained from private sources or private corporations, but there is now no city having public water works where intelligent voters would deliberately go back to the old methods.

The city of Chicago, for instance, built a magnificent and expensive water system, by issuing bonds against it. The big engines have worked away, pumping water into the mains, and money into the treasury until they have earned enough to pay off all of the bonds, and last year had three million dollars to their credit, and this, too, notwithstanding a bad civil service and much political corruption. In 1882, St. Paul, Minn., purchased her water works for $510,000, the total investment to date representing about $4,000,000. She has reduced the rates very materially, and still has the plant more than half paid for. These are only fair samples of what many other cities have done.

Gas Works.—No less significant has been the public experience in relation to the light supply. It is true that in some cases mismanagement has produced failures, for this law obtains in all public as well as in all private enterprises, but it is also true that a multitude of successful ventures in this direction abundantly testify to the feasibility of the undertaking.

Gas plants are operated by one hundred and sixty-eight cities of England and Scotland, including almost every city of consequence except London.

In 1875, Birmingham bought out the private gas company at an enormous price, and during twenty-one years of successful operation it has reduced the price of gas from 75 cents to 55 cents per thousand feet; has made a net profit of $3,974,770, besides accumulating a reserve fund of $500,000.

Manchester has operated her gas works since 1824. She sells gas at 56 cents, and yet during the year of 1896, the city made a net profit of $210,000. During the same year Edinburgh made a net profit from her gas works of $190,000, the selling price being about the same as that of Manchester.

In 1869, Glasgow purchased the gas works from a private corporation, paying therefor more than $2,600,000. Since that time the city has expended $2,700,000 in improving and enlarging the plant. But the reports made at the end of twenty-five years showed that the city had paid off more than half of the enormous debt thus incurred, *out of the receipts of gas alone*, and had also accumulated from the same source a sinking fund to be applied to the balance of the indebtedness. While pouring this great volume into the treasury, the city has at the same time reduced the price of gas from $1.14 to 54 cents, and has increased the product three fold. During the year of 1896, Glasgow made a profit on her gas of $150,000.

The city of Limerick has owned its own gas plant and manufactured gas for thirty years. The workingmen receive higher wages and work shorter hours, while the consumer gets the gas at cost.

On the continent we find that in Germany alone three hundred and thirty cities are engaged in the manufacture of their own gas. This list includes thirty of the largest German towns, such as Hamburg, Dresden, and Berlin.

In Berlin, although gas is supplied at less than one dollar per thousand, yet the work has become so remunerative that *the profits therefrom defray eighteen per cent of the expenses of the municipal government.*

Gas plants are also operated with more or less success by Brussels, Amsterdam, and many cities in the British colonies.

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"Every American city," says Dr. E. J. James, "which has permitted competing gas companies to lay pipes in the streets has suffered through the consolidation of the companies, the capital having been increased and consumers forced to pay higher prices for their experience.

"The following cities have received this treatment: New Orleans, La,; Providence, R. I.; Charleston, S. C.; Brooklyn, Memphis, Jersey City, St. Louis, Newberg, N. Y.; Chicago, Trenton, N. J.; Buffalo, N. Y.; Harrisburg, Pa.; Detroit, Mich.; Lancaster, Pa.; Albany, N. Y.; Baltimore, Md.; New York City, Savannah, Ga.; Poughkeepsie, N. Y.; Paterson, N. J.

"Before consolidation the price of gas in New York City was 75 cents per thousand, but as soon as the six companies came together they raised the price $1.00 per thousand, making it $1.75 per thousand."

At present there are twelve American cities engaged in the manufacture of their own gas. The list includes Wheeling, W. Va.; Alexandria and Richmond, Va.; Louisville, Ky., and Philadelphia.

"In Wheeling, the city took charge of the gas works in 1870, paying for them by issue of bonds. These bonds have all been discharged *out of the profit on gas*, and the works are now free from debt, and returning a substantial yearly profit by selling the product at 75 cents per thousand feet, and this, too, in face of the fact that they furnish the city with $6,000 worth of gas every year free of cost.

"The city of Richmond, having manufactured gas since 1852, sells it for $1.00, and makes a large profit. This city has secured the passage of an act by the legislature prohibiting a sale of its gas plant except by a vote of her people.

"Even Philadelphia, which had made gas since 1841, although the management has been bad in many respects, gas has, almost without exception, been 75 cents cheaper than in New York."

A report by the New York State Senate shows that the citizens of New York are paying into the pockets of the private gas companies $3,000,000 per year more than they would be compelled to pay under municipal ownership with good management. The city council of New York has decided to own and operate its own gas plant and is working to that end.

About seven hundred and fifty gas plants which are owned in the United States by private corporations pay their stockholders over $3,000,000 per annum.

Electric Lights.—Ohio has forty municipal electric light plants; Michigan has thirty-five; Illinois, thirty-four; Minnesota, twenty-five; Iowa, twenty-three; Missouri, nineteen; Indiana, eighteen; New York, fourteen; Pennsylvania, thirteen; Massachusetts, eleven. The average saving over private ownership is about one half.

Jacksonville, Fla., gets about $1,000 per month from its municipal electric plant, besides furnishing the city with free light worth about $1,700 per year.

Chicago paid $250 a year per light under the system of private ownership, while under public ownership the city pays only $96 a year per light.

Many British cities also own and successfully operate electric light plants, and there are thirteen towns in Germany, and some in the Australian colonies, which are engaged in the same work.

Railways.—In many instances the great nations of Europe own their railways, but in the United States the railways seem to own the nation—that is, the government has very largely paid with enormous land grants the expense of building the roads, which are nevertheless owned by private corporations. In our country the railroad companies own *over two hundred and fifteen million acres* of land, which has been given to them by the government. The Pacific railroads (Union Pacific, Kansas Pacific, Central Pacific, Sioux City & Pacific, Southern and Western Pacific) embrace 21,495 miles.

The total cost was $95,000,000. They are capitalized, stock and bonds, for $268,302,426, being nearly three times the cost. The roads were practically built by land grants, United States and municipal aid. They show a net profit of nearly $300,000,000. Ex-Governor Patterson says that the people have already been robbed of nearly five hundred millions of dollars by these roads.

What have the people's representatives been doing all this time? If the people, through land grants, etc., built the roads, why don't they own them? Their earnings on a legitimate basis would go a long way toward paying government expenses.

Street Railways.—In the matter of carrying passengers upon street railways, the trend of thought in the United States, Great Britain and on the Continent is strongly in the direction of public ownership.

It is only about fifty years since this improved method of transportation was used in New York city, and it was hardly known elsewhere in America until about the time of the Civil War.

Of course the first developments in street railways, both in Europe and America, were due to private enterprise, and at first the private ownership of the lines was universal. Now, however, street railways are owned and operated by thirty-three cities in England and Scotland. The city of London has acquired the plant of several operators and in a few years will be prepared to operate a completed system.

The case of Glasgow is again worthy of especial study. She began the operation of street railways in 1894, and one result of the matter is that thirty-nine per cent of the car fares in that city are only one cent, the general average being about two cents for all the passengers carried, as they have a schedule of prices for the various distances which are traveled.

The directors say: "It is doubtful if the public fully realize the benefit they are deriving from the present fares of the tramway system as compared with those charged before the city took the works into their own hands. Supposing the 90,000,000 who traveled by the tramway last year had paid the fares charged three years ago, it would have cost them about 180,000 pounds sterling more than it has done."

Here is $900,000 saved on their car fare to the inhabitants of a single city in one year, and that city only about half the size of Chicago. To employés the directors have granted an increase of wages amounting to about $26,500 annually. Two uniforms each year are also supplied to employés, and still, with high wages, low fares, and good service, they are making excellent profits.

Sheffield completed her first year in the street-car business in August of 1897 with a net gain of over $40,000 to the corporation. They also reported 2,000,000 extra passengers. They paid to employés ar increase of wages amounting to $12,500, besides furnishing uniforms and allowing

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shorter hours. We might cite also the successful ventures in this direction by Dublin, Halifax, Huddersfield, Plymouth, Newport, Leeds, Leicester, Bradford, and others.

Switzerland, Holland, and Germany, are also falling into line along these great reforms.

In the city of Berlin no attempt has been made to reduce the fare, but the street railways there are paying millions into the government treasury.

In America there are very few cases of public ownership of street railways. The combined cities of New York and Brooklyn, however, have since 1883, successfully operated a cable road one mile long over Brooklyn bridge. At Port Arthur, in Canada, the municipality operates a line eight miles long.

Telephones. — Berlin is putting up slot telephone machines all over the city, and they charge only one cent for telephoning, while Americans are paying ten cents.

In Switzerland, under municipal ownership, telephone rates are only $12 a year, and long distance messages five cents. A message may be sent for five cents to any canton in Switzerland.

Thus we find that the testimony of facts is undeniably to the effect that in a multitude of instances the municipalization of street franchises means substantial profits to the corporation, reduced rates to the public, and better wages, with greatly improved conditions to the employés.

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A PRACTICAL AND SCIENTIFIC PRESENTATION OF SOCIAL AND ECONOMIC SUBJECTS

PREPARED FOR

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A CORPS OF SPECIALISTS UNDER THE SUPERVISION OF

RICHARD T. ELY, Ph.D., LL.D.

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