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THE POLITICS OF UTILITY

THE POLITICS OF UTILITY

THE TECHNOLOGY OF HAPPINESS — APPLIED
BEING BOOK III OF
“THE ECONOMY OF HAPPINESS”

By
JAMES MACKAYE

“O happiness! our being's end and aim,
Good, pleasure, ease, content! whate'er thy name:
That something still which prompts the eternal sigh,
For which we bear to live or dare to die.”

— POPE

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PREFACE OF
“THE ECONOMY OF HAPPINESS.”

The philosophy of common sense had its origin in ancient Greece, its most conspicuous expositor during antiquity being Aristotle. In modern times its development has been due almost entirely to the English philosophers of the 17th and 18th centuries, of whom Hobbes, Locke, Berkeley, Hume and Bentham are the chief representatives, the so-called “common sense” metaphysic of Reid and Hamilton embodying a doctrine less worthy of such a designation than that of their profounder predecessors, Berkeley and Hume. The present work aims to be a contribution to the English school of philosophy.

The industrial renaissance which began with the 19th century initiated a critical period in the political philosophy of the western world. Two divergent avenues of development had been proposed in the latter part of the 18th century — one by Adam Smith in “The Wealth of Nations,” which appeared in 1776 — the other by Jeremy Bentham in “The Principles of Morals and Legislation,” which appeared in 1789. The first led to commercialism — the second to utilitarianism. At this critical period arose the dominant political thinker of the 19th century — John Stuart Mill. It was for him to determine the trend of political thought of the century. He determined it. Failing to appreciate Bentham’s discovery of the nature of intuitionism, Mill evolved an inconsistent theory of utility entirely incapable of application. Thus deflected from the path of common sense, and influenced, no doubt, by the ideals of his age, Mill followed Adam Smith into commercialism and perpetuated the separation of politics and morality.

In this manner it has come about that the prevailing school of political philosophy has but one God — Production, and Mill is its prophet. He who seeks the overthrow of our present political paganism therefore must deal with the arch-offender himself, and hence in the following work Mill appears as the spokesman of his school. It is easy to destroy the dogmas of commercialism, but not easy to construct a practical substitute

for them; yet nothing less is required of him who would guide the practices of society by the theory of utility. In submitting to criticism the system herein expounded, therefore, I deem myself entitled to a judgment which will weigh the difficulties of the attempt in the same scale with its defects.

JAMES MACKAYE.

Cambridge, Mass., March 10, 1906.

INTRODUCTION

As the present work is but the sequel to a larger one, an adequate comprehension of it requires a brief summary of the substance of the preceding books. There are two of these; the first entitled "The Principles of Common Sense," the second "The Technology of Happiness—Theoretical." The third book is here published separately, because of its greater popular interest, the hope being that by this procedure it may reach a wider circle of readers than would care to read the larger work.

In the introduction to that work the claim is made that the omnipresent problem of happiness is solvable by common sense and by common sense alone. Hence as a preliminary to the solution of that problem it is necessary to discover the principles of common sense, and these may only be revealed, by revealing first the nature of *intelligibility*, second the nature of *truth*, and third the nature of *utility*.

As the object of our undertaking is to establish rules for the guidance of society it is at the outset essential that we shall know what society is, or ought to be, trying to do. Until we know definitely the goal of human effort any attempt to say how that goal is to be reached must be forever futile. Now there is but one thing for society to do in order to attain its goal and that is to do *right*. Hence the first task of common sense is to elucidate the meaning of the word *right*. He who attempts to do this, however, will shortly discover that certain preliminary investigations are necessary, and the first of these is an examination into the meaning of the word *meaning* itself. This constitutes the problem of the nature of intelligibility, and with it the first chapter of Book I is concerned.

But the elucidation of the nature of intelligibility is not the only preliminary required. When a man or a community of men *does* anything—performs any voluntary act—it is obvious that the object or end for the accomplishment of which the act is performed must be a *future* object or end, since the past is beyond the possibility of alteration by any act whatever. An

act then which has any deliberate design must be one which contemplates a future effect, and without knowledge of how effects are causally related to acts — without some method of forecasting the future — it is impossible to adapt the means of a man or a community of men to their ends. As men are not omniscient they can never be *certain* of the effects of their acts, and are therefore reduced to the necessity of depending upon probabilities or presumptions. Hence a second preliminary investigation must be one into the meaning of the word *presumption*. This constitutes the problem of the nature of truth, and the second chapter of Book I is concerned with such an investigation. It is in that chapter maintained that only one successful method of establishing presumptions — of forecasting the future — has ever been discovered, namely the *inductive*, or *scientific* method, and that its principles are identical with those of common sense.

Having established the theory of probabilities in the second chapter, the next step is to apply it to human conduct and this is done in the third chapter, resulting in the theory of utility. It would only be confusing in the short space of this introduction to attempt a condensation of the principles of intelligibility, of truth, and of utility. He who is interested in their exposition may find it in the work already referred to. It is sufficient here to give the meaning of the word *right* and of its correlative *wrong* to which the investigation of these principles leads us; to wit: *A right act is that act among those at any moment possible whose presumption of happiness is a maximum. A wrong act is any alternative of a right act.* Reference to the definition of utility in the appended glossary will show that a *right* act is simply the *most useful* act.

The assertion that society ought to do right, and the definition of the word *right* in the terms specified, is equivalent to the assertion that the object or goal of society ought to be the maximum production of happiness.

It is a matter of supreme importance to discover whether the proposition thus laid down can be successfully denied, and this matter is discussed in Chapter 6, Book II. It is there shown that such a denial leads inevitably to a dilemma, which I have called the *Dilemma of Intuitionism*, the first horn of which is a contradiction, the second a verbal emasculation. (See Glossary.) So common, if not universal, is the error which places men in this dilemma that a brief consideration of its character will not be out of place here.

Two distinct and mutually inconsistent methods are at present in use by the human race for distinguishing between truth

and untruth, and right and wrong. The first is the method of *common sense*; the second the method of *intuitionism*. Common sense assumes certain universal postulates (five in number) as extrinsic criteria, by means of them discovers what is true and what is right, and fixes its definitions accordingly. Intuitionism assumes that men can discover what is true by discovering what they believe, and what is right by discovering what they approve. The first makes truth and righteousness the guides to belief and approval. The second makes belief and approval the guides to truth and righteousness. Intuitionism, indeed, is common sense reversed, or inverted, all existing modes of judgment opposed to common sense constituting but one kind of intuitionism or another, *the apparent variations being, in reality, merely verbal*. The assertion that rivers flow down hill is the assertion of a truth. We add nothing to the truth of this assertion by believing it, and we subtract nothing from its truth by disbelieving it. Similarly, to practise charity and good will toward all sentient beings is to practise righteousness, and we add nothing to the righteousness of such practices by approving them, and subtract nothing from their righteousness by disapproving them.

It is shown in Book II, Chapter 6, that our convictions, whether of what is true or what is right, are often, if not generally, determined, not by common sense, but by various more or less accidental influences to which our minds happen to have been subjected while plastic, and that consequently mere conviction, however strong, is not a safe guide either to what is true or to what is right, and hence that conscience instead of being our guide to righteousness, itself requires righteousness as a guide. The hanging of witches and the burning of heretics by the theological intuitionists of former times were *conscientious* acts, but not for that reason *right* acts. Yet if it be admitted, as it generally will be, that many conscientious acts are wrong, then it is clear that the test of right must be independent of conscience. Consequently *moral codes, constituting as they do the guides to conscience, cannot themselves be tested by conscience, since that would only be an indirect method of guiding conscience by itself, which is equivalent to not guiding it at all*.

Nor can the difficulty inherent in intuitionism be escaped by falling back upon some supernatural authority as a guide. A Mohammedan accepts the authority of the Mohammedan code of morals because he *approves* of accepting it. He rejects the authority of the Christian code because he *approves* of rejecting it, and the Christian reverses this procedure because he *approves*

of reversing it. In other words men will only accept the authority of God when they approve of accepting it. Hence their own approval is the real criterion, and instead of avoiding the principle of intuitionism by an appeal to supernatural authority they merely change its phraseology. Neither is any other mode of directing conscience by conscience of any service. Conscientiousness is not righteousness. The conduct of the man who acts upon his impulses of approval or disapproval as they arise, neither knowing nor caring whether it conforms to any moral standard is just as likely to be righteous as that of the moralist who erects a code of morals upon intuitionism. The only difference between the two is that the moralist *classifies* his approbations and disapprobations, and the other man does not.

Ignoring all arbitrary attitudes, it may be said that he who deems our definition of *right* can be discredited by intuitionism must take one of two positions. He must maintain either: (1) That any definition which is disapproved by anyone is discredited, or (2) That any definition which he himself disapproves is discredited. If he takes the first position he maintains that the word *right* can have no meaning, since no definition proposable would be approved by all persons. If he takes the second position he maintains that the meaning of the word was unknowable in the period before he was born, since the test of his approval was not at that period available. Both these positions are absurd. Hence we must conclude that a definition of *right* cannot be discredited by anyone's *disapproval* of it. This, however, necessitates the conclusion that it cannot be sustained by anyone's *approval* of it. Therefore, *a definition which would escape the charge of absurdity must be independent of the approval or disapproval of any man or community of men.* The definition to which we are led by an analysis of common sense fulfils this requirement, since, with intuitionism eliminated, the elementary sensations designated by the terms *pleasure* and *pain* are the only ones which have the slightest interest to sentient beings — they are the only ones which retain their importance independent of all variation in men's approval and disapproval — and to the formulation of a criterion of conduct which recognizes this unique independence the first book of "The Economy of Happiness" is devoted.

Having in Book I established our criterion of right so firmly that its denial leaves only a choice between absurdities our next task is to employ it as a practical guide to conduct. Having discovered what the goal of society ought to be we must next discover how to attain it, and this constitutes the problem of the

technology of happiness; for if society would successfully adapt the means of happiness afforded by terrestrial conditions to its end it must follow the methods of technology or applied common sense. To learn how the problem of happiness should be formulated then, let us consider an analogous problem in steam engineering technology.

Should a steam engineer have presented to him the problem of producing as great a quantity of steam as possible from a given domain affording coal and water he would discover that three factors of steam generation require consideration. First, the steam producing mechanism or boiler within which steam is to be generated. Second, the adjustment or adaptation of said boiler to the conditions of steam generation imposed by chemical and thermal laws, and by the resources in fuel and water available. Third, the number of boilers required to consume the available coal output with maximum efficiency of adaptation per boiler. The happiness engineer has presented to him a similar problem. He is required to produce the maximum quantity of happiness which it is possible to produce from the potentialities of happiness inherent in terrestrial conditions, and similarly must consider three factors. First, the happiness producing mechanism, or sentient organism in whose sensorium happiness is to be generated. Second, the adjustment or adaptation of said organism to the conditions of happiness generation imposed by the laws of nature and human nature, and by the natural resources available. Third, the number of organisms required to consume the available resources with maximum efficiency of adaptation per capita.

In Book II each of these factors of happiness is discussed separately. In the second chapter (Chapter 6 of "The Economy of Happiness") are discussed what qualities or characteristics of men will meet the conditions required for a high efficiency of conversion (See Glossary), and the means afforded by nature for acquiring them. These means may be divided into (1) Those afforded by inheritance, and (2) Those afforded by education, and to a discussion of the fundamentals of these two topics the chapter on the first factor of happiness is mainly devoted. The subject of intuitionism *vs.* common sense is treated in this chapter rather than in Book I because it is the most important of educational questions.

Chapter 7 is devoted to the consideration of the adjustment required between men and their environment in order that maximum efficiency of adaptation per capita may be attained, and thus more than any other part of the work treats of economic questions. In order to shift the standpoint of criticism from

that of commercialism to that of utilitarianism a new nomenclature is required and supplied, and the theoretically economic relations between the two main classes of useful acts (consumption and production) are developed.

In Chapter 8 are considered the conditions imposed by the laws of nature and of human nature which determine the population required to maintain the maximum efficiency of adaptation with given natural resources, and a given average efficiency of conversion; and the chapter closes by formulating from the principles developed in the discussion of the three factors, eight proximate criteria—called *the elements of happiness*—by means of which the adaptation of any social system or mechanism to the end of utility may be tested. Thus a just social system should fulfil the following eight requirements:

(1) It should promote the development of a high quality of sentient agent, the characteristics required being intelligence, altruism and will.

(2) It should promote the adjustability and health of said agent.

(3) It should husband natural resources while the efficiency of consumption is low.

(4) It should promote the employment of machinery in production as a substitute for men.

(5) It should stimulate the skill and interest applied to the employment of said machinery.

(6) It should promote the equality of distribution of wealth and leisure.

(7) It should tend to maintain the indicative ratio at the point of maximum efficiency per capita.

(8) It should tend to maintain the population at the point of beneficent equilibrium.

It is the criteria thus enumerated that are systematically applied in the essay to follow as tests of the social system.

Book II closes with a discussion of the nature of liberty and its relation to utility. In this discussion an additional criterion is developed—the adaptive principle—which as an auxiliary to those set forth above is useful as a test of social systems, existing or proposed.

Any social system capable of meeting the tests imposed by the eight elements of happiness will of necessity possess two characteristics: First, its means will be those determined by the method of science or common sense. Second, its end will be that of utility. I desire to comment briefly upon each of these characteristics, and to contrast them with their antitheses.

First as to the means. The method of science is to be distinguished from that of intuitionism by its acknowledgment of fallibility. The moral dicta of intuitionism profess to be immutable—incapable of improvement. They are characterized by a finality only to be expected in omniscience. The dicta of science, on the other hand, are provisional, capable of development or growth. They do not profess to carry with them an authority greater than that which attaches to the mature judgment of fallible beings. The moral codes of intuitionism claim to be products of revelation, or inspiration, embodying the final word that can be spoken on the subject. To change them is to destroy them. The moral code of science claims to be the product of human experience, capable of expanding as experience expands, and growing with the growth of science. To change it in conformity with the new truths which research may reveal is to improve it. The advancement of knowledge leaves the precepts of intuitionism unaffected, because they are the products of ignorance. It continually improves the adaptation of the precepts of science to their end, because they are the products of knowledge. Intuitionism furnishes the *mediæval* criteria of truth and of righteousness. Science or common sense furnishes the *modern* criteria. The first embodies the method of the past. The second the method of the future.

Second as to the end. The politics of utility, which is but the application of the utilitarian or common sense standard of morals to political conduct, seeks, of course, the *end* of utility, but owing to a widespread misunderstanding of the term *utilitarianism* this end is commonly misapprehended, and is supposed to be a purely material or worldly one. Such a supposition exactly reverses the truth. Those subject to the misapprehension have in mind, not utilitarianism, but *commercialism*, whose ends are purely material and—considered as ultimate ends—completely valueless. The only interests of sentient beings recognized by the theory of utility are those involved in the attainment of pleasure and the avoidance of pain. The so-called *material* interests of mankind with which commercialism is alone concerned are worth attention only as they may bear a causal relation to pleasure and pain. *Commercialism* would sacrifice everything—including happiness—to the attainment of wealth. *Utilitarianism* would sacrifice everything—including wealth—to the attainment of happiness. Thus are the politics of commerce which characterize our day to be fundamentally distinguished from the politics of utility which will characterize that of our posterity.

GLOSSARY

The terms comprised in the following list include those occurring in this essay in an unfamiliar or special meaning. Many of them cannot be adequately explained without extensive exposition, and for their complete understanding it will be necessary to consult the larger work; but the brief explanations here given will probably suffice for the comprehension of the present essay. The associated numbers refer to the pages in "The Economy of Happiness" where the subject referred to is treated.

Accelerative operation or policy. One which produces such changes in the system operated upon as to modify the effects of its continued operation. It is *beneficent*, if yielding a progressively better result: *maleficent*, if yielding a progressively worse result. 180.

Adaptive principle. The principle employed in controlling the conduct of men by appeal to their self-interest. It is *positive*, when the control is through a promise of pleasure: *negative*, when the control is through a promise of pain. The principle underlying the efficacy of law. 341.

Adjustability. That quality of a sentient being which determines the amount of happiness that he may experience under given external conditions. Specifically, the capacity of a sentient being to adapt his tastes and needs to the available means of satisfying them. 197.

Avocality. Absence of meaning. 31.

Belief-judgment. See Peithosyllogism.

Beneficent equilibrium. The state of a population whose numbers are so related to its means of happiness that a condition of maximum efficiency of adaptation per capita is maintained among them. 322.

Certainty. (1) An expectation the contradictory of which is unexpectable, or incapable of being admitted as true. (2) The contradiction of a contradiction. 44.

Chresyllogism. Use-judgment. The mental operation by which the utility of acts or alternatives is tested. The expression of such an operation. 131-140.

Common sense. The modes of judgment having their origin in universal experience, independent of localization in space or time: those employed by science: and by normal human beings in their common affairs. 7-184.

Consuming ratio. The proportional part of any life interval spent in consumption. 271.

Consumption. One of the two primary classes of useful acts, *production* being the other. Acts whose immediate or direct effect is designed to be: (1) An increase of happiness — *positive* consumption. (2) A decrease of unhappiness — *negative* consumption. Acts whose immediate end is ultimate. 268.

Consumptive capacity or power. The amount of happiness achievable by an individual or assemblage thereof by the consumption of a given amount of wealth in a given time. 299.

Desideratum. Any means other than an act which may be employed to achieve a surplus of pleasure or avoid a surplus of pain. 269.

Dogmatism. Intuitionism originating in proteromania. The commonest form of intuitionism. 243-265.

Efficiency of adaptation. The ratio of the amount of happiness yielded by the reaction of a given environment upon an individual or community, of given efficiency of conversion, to the amount which might be yielded. The measure of the degree of success in adjusting the environment of a community to its needs and tastes. It is a function of the efficiency and capacity of production and of consumption, and also of the indicative ratio. The theoretical relation between these five magnitudes required to attain the maximum value of this ratio is developed in Chapter 7. 191, 314.

Efficiency of consumption. The ratio of the amount of happiness produced by the consumption of a given amount of wealth to the amount of production required to create it. 299.

Efficiency of conversion. The ability or capacity possessed by a sentient being or assemblage of beings for converting the potentiality of happiness provided by a given environment into actual happiness. 191, 196-199.

Efficiency of production. The ratio of a given amount of production to its labor cost. 279.

Egotism. The theory or practice of so directing the conduct of an individual as to serve his own interests alone. 142.

Error. Deviation from common sense, or the result of such deviation. Its primary division is into (1) *Abnormal* deviation, or insanity, and (2) *Normal* deviation, the three classes of which are logomania, proteromania, and pathomania. 160-184.

Fatalism. (1) The theory which maintains that a condition of inactivity may not be classed among voluntary acts. (2) The theory which identifies inactivity with usefulness. 155-157.

Happiness, Amount, Quantity, or Surplus of. Amount of pleasure or pain: being *positive* when referring to a surplus of pleasure, *negative* when referring to a surplus of pain. 117. See Pleasure.

Harmfulness. The quality common to acts whose degree of utility is negative when alternatives having a positive degree of utility are selectable. 145.

Hedon. A unit of intensity of pleasure. 117.

Hedon-minute or hour. A unit of quantity of pleasure. 117.

Humanitarianism. The theory or practice of so directing the conduct of an individual as to serve the interests of his own race — the human race — alone. 142.

Indicative ratio. The ratio of the consuming to the producing ratio. If fixed by the principles of utility, it is the measure of an individual's or a community's opportunity for positive consumption. 315.

Intuitionism. (See Introduction.) The theory that belief is the test of truth, disbelief the test of untruth; and that approval is the test of right and disapproval the test of wrong. The assumption underlying all modes of judgment opposed to common sense. 104, 162, 243-265.

Labor cost. The quantity of pain represented by a given amount of production. 278.

Liberty, (1) Legal. A magnitude inversely proportional to the number of alternatives prohibited by law. The reciprocal of legal restraint. 341. (2) **Nominal.** A magnitude proportional to the number of useful alternatives selectable per unit of time. (3) **Real.** A magnitude proportional to opportunity for happiness per unit of time. 335.

Logomania. Word-madness. The type of normal deviation from common sense arising from the substitution of the symbols of impressions or ideas required in the exercise of judgment for impressions or ideas themselves. 160.

Machine. Any means of production, exclusive of the materials thereof, the human body and faculties, the earth, and the forces of nature. 284.

Mean surplus. The product of the probability of a contingency into its probable surplus. The probable quantity of happiness — positive or negative — attributable to a given contingency from the selection of an alternative including that contingency. 133.

Non-sentient factor of production. A non-sentient productive agency. Specifically, a machine which engages in production. 288.

Œciotism. The theory or practice of so directing the conduct of an individual as to serve the interests of his own family alone. 142.

Overconsumption, Zone of. The diagrammatic representation of a condition of society in which the margin of self-support is negative because of too great a producing ratio. 308.

Pain. An indefinable, but exemplifiable, simple perception common to experiences designated *painful*. 105. **Intensity of.** An indefinable, but exemplifiable, mode of variation of pain. 107, 112. **Amount or Quantity of.** The product of an intensity of pain into a duration. 114.

Pathomania. Sensibility-madness. The type of normal deviation from common sense arising from the substitution of emotion, or feeling, for reasonableness as a test of probability or utility. 163.

Pathon. A unit of intensity of pain. 111.

Pathon-minute or hour. A unit of quantity of pain. 114.

Patriotism. The theory or practice of so directing the conduct of an individual as to serve the interests of his own country alone. 142.

Peithosyllogism.¹ Belief-judgment. The mental operation by which the probability of expectations or beliefs is tested. The expression of such an operation. 79.

Phylotism. The theory or practice of so directing the conduct of an individual as to serve the interests of his own tribe, party, or clan alone. 142.

Pleasure. An indefinable, but exemplifiable, simple perception common to experiences designated *pleasurable*. 105. **Intensity of.** An indefinable, but exemplifiable, mode of variation of pleasure. 107. **Amount or Quantity of.** The product of an intensity of pleasure into a duration. 114.

Practomania. Production-madness. The type of deviation from common sense which consists in mistaking the object of production; deeming it the *end of*, instead of the *means to*, consumption. Systematized into a science it constitutes the orthodox theory of political economy, the application of which

¹ This term is not a fortunate one. I suggest as a substitute the term *eikosyllogism* (Gr. *eikós* = probability; *σύλλογισμός* = judgment), or *probability-judgment*. Such a terminology is more consistent with the term *chresyllogism*, designating a use or utility-judgment; since probability occupies a position in logical theory analogous to that of utility in ethical theory.

to political conduct results in the prevailing commercialism. It is a local and derivative variety of mania having its origin in logomania and proteromania. 176.

Presumption of happiness. The presumable amount of happiness which will result from selecting an alternative. The algebraic sum of the mean surpluses of the several contingencies of an alternative. 135.

Probability. (1) The measure of the frequency of fulfilment of an expectation, as determined by a belief-judgment. The numerical value of such a judgment. 63. (2) The common quality of expectations having a probability (1) greater than one-half. Truth. 79.

Probable surplus. The quantity of happiness — positive or negative — which will probably result from the occurrence of a given contingency. 133.

Producing ratio. The proportional part of any life interval spent in production. 271.

Production. One of the two primary classes of useful acts, *consumption* being the other. Acts whose mediate or indirect effect is designed to be: (1) An increase of happiness — *positive* production. (2) A decrease of unhappiness — *negative* production. Acts whose immediate end is proximate. 268. **Individualistic.** Such as is confined to one individual. Involving no division of labor or essential co-operation between individuals. 285. **Socialistic.** Such as is shared in by several individuals. Involving division of labor and essential co-operation between individuals. 286. **Amount of.** The labor cost of altering a system from a specified initial to a specified final condition under given conditions of efficiency of conversion and of the productive arts. 279.

Production-madness. See Practomania.

Productive capacity or power. The amount of production achievable by an individual or assemblage thereof in a given time. 279.

Proteromania. Priority-madness. The type of normal deviation from common sense arising from the substitution of priority of lodgment in the mind for reasonableness as a test of probability or utility. 162.

Right. Having the quality of rightness. 143.

Rightness. (See Introduction.) Righteousness. The quality common to acts or alternatives of maximum utility. 143.

Self-sufficiency. The condition obtaining when a productive and consumptive agency — *e.g.*, an individual or family — produces the equivalent of what it consumes. 310.

Self-support. (1) The condition obtaining when the surplus of pleasure achieved, or surplus of pain avoided, by the consumption of given desiderata (*i.e.*, their consumptive use) is equivalent to, or greater than, the surplus of pain represented in their production. (2) The condition common to any assemblage of acts whose surplus of happiness is neutral or positive.

273. **Margin of.** (1) The surplus of happiness resulting from the production and consumption of given desiderata. (2) The surplus of happiness resulting from any assemblage of acts. It is *positive* if the surplus is one of pleasure, *negative* if it is one of pain. 273. **Zone of.** The diagrammatic representation of a condition of society in which production is so related to consumption as to result in a positive margin of self-support. 308.

Sentient factor of production. A sentient productive agency. Specifically, a human being who engages in production. 288.

Truth. (1) The common quality of expectations having a probability greater than one-half. (2) A proposition expressive of an expectation having a high degree of probability. 64, 69.

Utilitarianism. (See Introduction.) The theory or practice of so directing the conduct of an individual as to serve the interests of all sentient beings, irrespective of the relations, personal, political, social, racial, or otherwise, borne by said beings to himself. The theory which makes the greatest totality of happiness the aim of human effort. 142.

Utility. (1) The measure of the amount of happiness which will result from the selection of an alternative, as determined by a use-judgment. The numerical value of the presumption of happiness of an alternative as so determined. 140. (2) Usefulness. The common quality of acts or alternatives whose utility (1) is greater than that of the act or alternative of minimum activity, save when the utility (1) of said act is a maximum, in which case it is the quality distinguishing said act or alternative from all others. 145. **End or object of.** The maximum surplus, or output, of happiness achievable by voluntary acts. The ideal of utilitarianism. 183.

Underconsumption, Zone of. The diagrammatic representation of a condition of society in which the margin of self-support is negative because of too low a rate of consumption. 308.

Unhappiness. See Pain.

Usefulness. See Utility.

Use-judgment. See Chresyllogism.

Uselessness. Inutility. The common quality of acts whose degree of utility is less than that of useful acts. 145.

Verbal emasculation. The employment of the conspicuous and apparently important terms of a language in inconsequential meanings. The variety of logomania which misleads the judgment by attributing importance to unimportant objects of, or distinctions in, experience, through their representation by terms rendered conspicuous by usage. 162.

Wasted ratio. The proportional part of any life interval spent neither in consumption nor production. 271.

Wealth. External desiderata sufficiently limited in availability to have a value in exchange. 270. **Amount of.** The amount of production represented in the creation of. 279.

Wrong. Having the quality of wrongness. 143.

Wrongness. (See Introduction.) Unrighteousness. The quality common to the alternatives of right acts or alternatives. 143.



THE POLITICS OF UTILITY

CHAPTER I

THE SOCIAL MECHANISM

In seeking the solution of the problem of happiness the unchangeable laws of creation are our only limitations. In the preceding book we have been engaged in examining the most vital of those laws in order to deduce from them criteria from which to evolve, and by which to test, means adapted to the solution of that problem. This examination has led to the substitution of eight criteria for one as a guide to the conduct of society, with an accompanying loss in generality, but a more than compensating gain in concreteness. The first stage of our task is thus completed — we have formulated the theory of the technology of happiness — we must now apply it — we have gained in concreteness, but we have not gained enough. Mechanical technology is not confined to the consideration of statics, kinematics, and kinetics — these merely embody the theory of the subject. Applied mechanics concerns itself with the practice of that theory — with the application of mechanical laws to concrete material mechanisms. Similarly, the technology of happiness is not confined to the mere theory of the subject. To attain the usefulness of which it is capable it must direct itself to the practice of that theory — to the application of the appropriate laws of nature and human nature to concrete non-material mechanisms — to social systems — whose modes of operation must be adjudged good or bad according as they are adapted or unadapted to achieve the object of utility. In the present book I intend thus to apply the theory formulated in Book II directly to the conduct of society — to exhibit it as an actual working test of proposed or practised policies.

The future conduct of society must and will consist of some definite assemblage of voluntary acts occurring in a definite

order of succession, and while the law of causation remains intact the output of happiness of society will be a function of its future conduct. Experience yields ample reason to believe that of the indefinite number of congeries of acts which might constitute the conduct of society, all are not equally adapted to the end of utility, but that some are better adapted than others. This being the case, it is clear that to guide the conduct of society toward utility and away from inutility would be a useful thing to do. But to guide society in any direction is to do neither more nor less than to control its acts, and to exercise control, a means of exercising it must be available. Two distinct methods of exercising control over the conduct of society are proposable: (1) The *anarchical*: (2) the *non-anarchical*.

The anarchical method consists simply in leaving everything to nature, permitting each individual to do as he pleases and follow his own impulses which, as they impel him toward personal pleasure and away from personal pain, will tend — according to the anarchist — on the whole, to attain the end of utility. *Anarchy requires the absence of all artificial control of the conduct of society.* The objections to this method are sufficiently treated in other portions of this work.

As the anarchical method of control is control by nature alone, the only alternative to it must be some method in which men voluntarily modify the course of nature in order to deflect the conduct of society in a greater or less degree from that which would result under anarchy. The device, or instrument, by means of which this is accomplished is known as *government*. The non-anarchical methods of control may be divided into two classes: (1) The *oligarchical*: (2) The *democratic*.

The first method consists in controlling the conduct of society in conformity with the approval or disapproval of some person, or class of persons, constituting a small fraction of the total, the selection of said person or persons being determined by some means other than the will of society itself. *Oligarchy requires that the conduct of society shall be subject to artificial control, but that said control shall not be exercised by society.* The extreme case of oligarchical control is autocratic control, the approval or disapproval of a single person controlling public conduct. Oligarchical control of government is practically universal at the present time. It is typical of all forms of monarchy, and is an essential feature thereof. It is also typical of all actual examples of democracy, though it is not an essential feature thereof.

Were it possible to so select the ruling body in an oligarchy that its inclinations were identical, or approximately identical, with those of Justice, this form of control would be a just one. But no method of doing this has ever been proposed. Thus some form of control which consults the will and interest of the persons controlled is preferable. As Leibnitz says: "Men will prefer to have their own will, and look themselves after their own welfare, until they have confidence in the supreme wisdom and power of their rulers." In an oligarchy there is no presumption that the approval or disapproval which constitutes the guide to social conduct will be identical with that of Justice, or even approximately so. This is the peculiar defect of oligarchical control, and it is manifest throughout all history, and never more manifest than at the present time.

The second or democratic method consists in making the approval or disapproval of a majority of the adults (usually the male adults) of a community, the test of what the community as a whole shall do. The theory of democratic control is simple. The nearest approach possible to the will of Justice will be the will of that portion of society capable of employing common sense as a guide to conduct. Hence their control will approximate more closely to the control of Justice than that of any portion selected by other means. The Declaration of Independence affirms that governments derive "their just powers from the consent of the governed," and no other just source of governmental power has ever been consistently maintained. *Democracy requires that conduct affecting the interests of society shall be controlled by society.*

Any attempt to put the theory of democracy into practice, however, encounters serious obstacles. The difficulty of distinguishing those who are capable of exercising judgment from those who are not is such that distinctions so loosely approximate as to be almost arbitrary have to be resorted to. Thus the separation of voters from non-voters by an arbitrary age limit is a very unsatisfactory expedient, and the employment of sex as a distinction is still less defensible. Another difficulty arises from the great number of persons whose will is the source of control. In small communities, such as the towns of New England, it is practical for the whole voting community to meet in one spot and express their will, but in large communities this is impossible—hence the resort to representative government, in which communities are represented by individuals, who themselves exercise control. The introduction of this expedient,

whereby the people and their government are distinct, makes it possible to defeat the will of society by controlling its government, and in every community there are large classes of persons willing and anxious to do this, in order to further their own interests. Thus far every attempt at the application of the democratic theory of control has been thwarted by the activity of such self-seeking classes; hence all democracies are, in reality, but mitigated oligarchies. Whether we consider the states of Greece in ancient times, or the United States of America in modern times, the same deterioration of democracy into oligarchy is to be observed. There are plenty of nominal democracies in the world, but no real ones. Whatever the form of government, it is probable that any community divided into two or more classes of antagonistic interests will sooner or later become of the oligarchical type; though it is not to be denied that a mechanism sufficiently adapted to the expression of the people's will might prevent this. It is no part of the purpose of this work to enter into a general discussion of the proper structure of such a mechanism, though it may be remarked in passing that means are proposable much better adapted to this end than any now practised.

Among the most important of them are the *initiative* and *referendum*, constituting means whereby an approximation to direct legislation may be secured. These devices are, in reality, extensions of the town meeting principle, whereby the people vote directly for measures, instead of for men, and thus legislate for themselves instead of trusting to the readily deranged and corrupted representative system. The details of the initiative and referendum I shall not discuss here — they are capable of much variation and have stood the test of long trial — notably in Switzerland. Every democracy should adopt them as the most efficient means yet proposed of preventing lapse into oligarchy. The referendum has been occasionally employed in this country by states and municipalities, and it is one of the means prescribed in the Federal Constitution for securing amendments to that instrument. No evils have thus far developed in its employment. The fact that in many instances of the use of the referendum a majority of the voters have not troubled themselves to record their preferences has often been cited as a reason why the opportunity to record them should be denied the people altogether. Such a criticism is shallow. . Because a majority does not care to express its preferences on some matter in which it is not interested affords no reason for believing that it does

not care to express them on matters in which it *is* interested. Whenever the measures on which the people are called upon to directly decide have an essential relation to their happiness they will take sufficient interest to vote upon them, and the state in which the opportunity to do so is denied them has but an inferior claim to the name of a democracy. As a supplement to direct legislation, an indirect system is essential in all large communities, but as the sole means of transcribing the will of the people into law it is imperfect and unsafe. The present party system in the United States, for example, is but a bungling affair, and self-seekers have not usually encountered much difficulty in using it to defeat the people's will. Despite its defects, the democratic theory is the only reasonable one thus far proposed, since no other creates even a moderate presumption that the control of the conduct of society will be in the interests of Justice.

There is, nevertheless, one serious objection to the democratic theory of control, viz., that the interests of a vast majority of those affected by the conduct of the present generation are not represented in, nor often consulted by, the controlling government. I refer to the interests of posterity, whose right to be considered is immeasurably greater than that of any single generation. This objection, however, is one which applies to all systems and is probably irremediable. Were a system devisable which recognized and preserved the paramount rights of posterity, it would be more just than any yet proposed. Apparently the best that can be done is to make manifest to the public in how many particulars the interests of one generation are actually identical with those of their posterity, and in those particulars in which they are not, to trust to the sense of justice which a cultivated understanding of the nature of morality tends to develop. To trust to the sense of justice of a community will, under any system, afford a less presumption of success than to trust to its self-interest, but the presumption will be greater when morality is subject to the test of common sense than when, as at present, it is subject to that of intuition, since to make conscience the criterion of right instead of right the criterion of conscience is not likely to result in a reign of righteousness.

The anarchical, the oligarchical, and the democratic, forms of control are the only distinct forms which have ever been proposed, but there are many indistinct forms, founded on no definite principle and having their origin in the accidents of

history. These comprise all forms in actual practice, and they consist of the first two, or of all three, forms in combination. It would be futile to attempt to distinguish in what degree the three forms or methods of control share in determining the conduct of society. The anarchical form, of course, predominates, determining the bulk of all human activities throughout the world.

As science first encroaches upon intuitionism from the material side, its effect upon nations emerging from mediævalism is to promote an industrial development out of proportion to their moral development. The means of producing desiderata are stimulated beyond the capacity of the community to put them to useful purposes, and the efficiency of production is increased far more than that of consumption. Thus have arisen the great commercial nations of modern times — all hands and no head — with great capacity for doing things, but without capacity to distinguish what things are useful to do. Like ships with huge engines, but rudderless, they rush feverishly and aimlessly about, not knowing their goal and hence powerless to lay their course. They use common sense as a guide to proximate ends, but intuition as a guide to ultimate ends. Thus, materially they are modern, but morally they remain mediæval.

In the discussion which follows I shall confine attention to social mechanisms which embody the democratic principle of control, since no other has any interest to utilitarianism. In the particular stage of development in which modern democracies find themselves, there are open four forms of social mechanism to one or the other of which they must resort. Though there may be variation in detail, it is difficult to see how an industrial state not belonging to one or the other of these forms can remain in any degree democratic. They may be called in the order of their development in time (1) *Natural competition*, (2) *Artificial competition*, (3) *Pseudo-socialism*, (4) *Socialism*. I shall in the chapters following test these alternative forms by means of the criteria formulated in the preceding book, and from the data thus obtained shall attempt the construction of a concrete social mechanism which shall fulfil the requirements of common sense, and be adapted to attain the end of utility.

CHAPTER II

COMPETITION

Among the proposed methods of attaining the object of society is that embodied in competition. It may be contended that competition is not a method deliberately employed by society to gain its ends, because by simply letting things alone competition operates automatically, and hence is not a means voluntarily selected, but is something which "just happens." Such a contention can be allowed only on the supposition that society has no alternative — that no other means of accomplishing her ends can be suggested — for it is undeniable that where no alternatives exist there can be no voluntary act. Such other alternatives exist, however, and therefore we must regard competition as a means deliberately selected by men on account of its supposed adaptability to the attainment of their ends. The fact that it involves inactivity does not make it any the less a voluntarily selected alternative. To let things alone is to exercise volition so long as they are let alone voluntarily. To maintain otherwise is but the claim of the fatalist, and fatalism in a community cannot escape the charge of absurdity on the ground that it avoids volition, any more than in an individual.

The theory of competitive beneficence is a direct corollary of the theory of natural beneficence and none is more widely accepted and more dogmatically maintained. Competition, we are told, is a law of nature and therefore beneficial. Such benefit as competition in nature involves may be revealed by a brief examination of the subject, for it may be admitted that competition is a law of nature in the sense in which writers on social topics use that term; that is, it is a process to be observed in nature. Perhaps the character of the perfectly natural process cannot be better described than in the words of that famous observer of nature — Charles Darwin. In his work on the Origin of Species he remarks that "The elder De Candolle and Lyell have largely and philosophically shown that all organic beings are exposed to severe competition," and adds: "Nothing is easier than to admit in words the truth of the universal

struggle for life." He then proceeds to describe the process as follows :

" A struggle for existence inevitably follows from the high rate at which all organic beings tend to increase. Every being, which during its natural lifetime produces several eggs or seeds, must suffer destruction during some period of its life, and during some season or occasional year, otherwise, on the principle of geometrical increase, its numbers would quickly become so inordinately great that no country could support the product. Hence, as more individuals are produced than can possibly survive, there must in every case be a struggle for existence, either one individual with another of the same species, or with the individuals of distinct species, or with the physical conditions of life. It is the doctrine of Malthus applied with manifold force to the whole animal and vegetable kingdoms; for in this case there can be no artificial increase of food, and no prudential restraint from marriage. Although some species may be now increasing, more or less rapidly, in numbers, all can not do so, for the world would not hold them.

" 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."¹

Competition in nature, then, is a struggle for existence — a process whereby continually increasing numbers of individuals contend with one another for the available means of subsistence. As observed in human society, however, competition is restricted in many different modes and degrees. It is only in communities which have not a trace of government that it is unrestricted. When each individual is able to act upon the impulse of the moment, unrestrained by any legal regulation, competition is unrestricted. Such a condition obtains among animals, and perhaps among such communities as those of the pygmies of Africa. It is the only pure individualism, and involves the maximum legal liberty. As soon as legal restraint upon the acts of individuals in the interest of society is imposed, pure individualism is at an end and anti-individualism begins. The term *socialism* is evidently adapted to stand for that which is opposed to individualism, but as it happens, this term has already been confined to certain relatively high degrees of anti-individualism, and hence is not available for this purpose. It is

¹ Origin of Species; Chap. 3.

no part of my object to discuss the various forms of restricted competition which human society in its various stages presents, nor to trace how, by the slow change of custom and the substitution of one dogma for another, the present system of competition has been evolved. Karl Marx has already treated this subject historically with great thoroughness. The particular stage at present attained by European countries and America has been appropriately called the *capitalistic system*. It is to the effect upon happiness of competition as observed under the capitalistic system that I wish to direct discussion. Its political philosophy is embodied principally in the *laissez faire* school of economics already referred to.

Capital is defined as wealth devoted to purposes of production. It is generally divided into two classes — *circulating* and *fixed* capital. Mill thus discusses them :

“Of the capital engaged in the production of any commodity, there is a part, which, after being once used, exists no longer as capital; is no longer capable of rendering service to production, or at least not the same service, nor to the same sort of production. Such, for example, is the portion of capital which consists of materials. The tallow and alkali of which soap is made, once used in the manufacture, are destroyed as alkali and tallow; and cannot be employed any further in the soap manufacture, though in their altered condition, as soap, they are capable of being used as a material or an instrument in other branches of manufacture. In the same division must be placed the portion of capital which is paid as the wages, or consumed as the subsistence of labourers. That part of the capital of a cotton-spinner which he pays away to his workpeople, once so paid, exists no longer as his capital, or as a cottonspinner’s capital: such portion of it as the workmen consume, no longer exists as capital at all: even if they save any part, it may now be more properly regarded as a fresh capital, the result of a second act of accumulation. Capital which in this manner fulfils the whole of its office in the production in which it is engaged, by a single use, is called *Circulating Capital*. The term, which is not very appropriate, is derived from the circumstance, that this portion of capital requires to be constantly renewed by the sale of the finished product, and when renewed is perpetually parted with in buying materials and paying wages; so that it does its work, not by being kept, but by changing hands.

“Another large portion of capital, however, consists in instruments of production, of a more or less permanent character; which produce their effect not by being parted with, but by being kept; and the efficacy of which is not exhausted by a single use. To this class belong buildings, machinery, and all or most things known

by the name of implements or tools. The durability of some of these is considerable, and their function as productive instruments is prolonged through many repetitions of the productive operation. In this class must likewise be included capital sunk (as the expression is) in permanent improvements of land. So also the capital expended once for all, in the commencement of an undertaking, to prepare the way for subsequent operations: the expense of opening a mine, for example: of cutting canals, of making roads or docks. Other examples might be added, but these are sufficient. Capital which exists in any of these durable shapes, and the return to which is spread over a period of corresponding duration, is called Fixed Capital.”¹

The owner of capital is called a *capitalist*. The manipulator or localizer of capital, or he who employs it for productive purposes, is called a *laborer*. Now the distinguishing characteristic of the capitalistic system is that the capital of a community is not owned by those who employ it. Hence arises the familiar wage system whereby one man or set of men induce other men to manipulate or localize their capital for them; the wealth received in exchange for the result of said manipulation or localization being divided between capitalist and laborer. The part received by the capitalist is called *profit*; that received by the laborer is called *wages* or *salary*. In other words, the capitalist employs the laborer and the laborer employs the capital; the result is profit for the capitalist, and wages for the laborer—both resulting from the employment of capital by labor. Of course, in any stage of capitalism but the most primitive there are many kinds of labor which do not involve the actual handling of the material of production. The machinery of modern production is so complex that in addition to the laborers who actually manipulate the materials, or localize the products, there are many other laborers, such as managers, clerks, salesmen, office boys, watchmen, etc., all having their part in the mechanism of production. Sometimes capitalists take part themselves in the business of production, acting usually in the capacity of managers, directing the activities of their employees. In this case, of course, they are both capitalists and laborers, and their recompense, therefore, is partly wages and partly profit. Frequently, however, no distinction is made between them, and hence the general implication that all capitalists perform productive functions because some of them do. We shall confine the term *profit* to dividends, rent, and in-

¹ Political Economy; Book I, Chap. 6.

terest, or receipts properly creditable to one or the other class; that is, profit is what the capitalist receives for the use of his capital. The land-holder is a capitalist by virtue of his title to the most universally essential kind of fixed capital, viz., land. The recompense received by small merchants, farmers, blacksmiths, etc. is, according to this definition, rather wages than profits. Their profits so-called are in reality due only in small part to their possession of capital, most of it being recompense for the labor performed by them. This is shown by the fact that they would receive but a very small part of their actual recompense, did they simply sell the use of their capital.

The opposition of interest which competition under the capitalistic system brings about is of four classes: (1) The opposition between capitalists and their competitors, whereby profits tend to a minimum: (2) The opposition between laborers and their competitors, whereby wages tend to a minimum, and duration of labor to a maximum: (3) The opposition between buyer and seller, the one striving to decrease, the other to increase the price of commodities: (4) The opposition between capitalists and laborers, the one striving to increase profit at the expense of wages, the other striving to increase wages at the expense of profit. The fourth class of opposition is but a special case of the third; the capitalist being the buyer and the laborer the seller of labor.

This opposition of interest between the individuals and classes of a community is, according to the prevailing school of economy, a source of benefit; and in theory most men appear to agree with this view. In practice, however, all classes seek to avoid it. Everyone is willing that others should meet competition but no one likes to meet it himself, and with the process of time and increase of intelligence, men have found a way to avoid certain classes of competition. Thus by combination between capitalists, private monopolies are formed and the first class of opposing interests is abolished. By similar combinations between laborers into labor unions, or private labor monopolies, the second class of opposing interests is abolished. To abolish the third and fourth classes of competitive opposition, great efforts have been expended, but so far without much success. A brief discussion of the fourth class will show why.

The opposed interest of the buyer and seller of labor constitutes the so-called labor problem of the present day. To solve it one or both of two objects must be attained. Either (1) A way must be found whereby the relation of profits and wages may

be made such that neither can be increased by a decrease of the other: or (2) A way must be found of making men as much interested in the happiness of their fellow men as they are in their own. The first requires an alteration in the wage system — the second an alteration in human nature. Attempts to solve the problem by both methods have been made.

The attainment of the first object has been sought by the expedient of profit-sharing in various forms, including the issue of dividend-bearing stock to employees. This expedient has met with some success, but wherever labor is organized its success is likely to be inversely proportional to the intelligence of the laborers, for the increase in recompense from profit-sharing is necessarily so slight as compared with that to be derived from even a small percentage increase of wages, that the latter method of bettering their condition will be preferred by laborers who understand their own interest; since the resulting loss in their dividends cannot be nearly equivalent to the gain in their wages. It is obvious that it would be perfectly possible to distribute all profit as wages. Profit, therefore, may be regarded as a fund withdrawn from wages. To restore a fraction of what has already been withdrawn, clearly cannot compensate for the original withdrawal. So long as a business is making any profit at all there is a prospect of increasing wages at its expense, and the laborers, if the means are available, will attempt to do so. Whether this attempt is just or not will depend, of course, upon its effect upon happiness, a subject to which we shall presently revert. Where labor is not organized, profit-sharing will doubtless tend to harmonize the interests of capitalist and laborer; but unfortunately it is usually fear of the power of labor organization which has prompted capitalists to share their profits with their employees — hence, where labor is unorganized, profit-sharing is not generally a popular policy among capitalists.

The attainment of the second object has been sought by the establishment of boards of conciliation and arbitration, or other means of inducing the parties to a labor controversy to consider the just claims of their opponents. The difficulty is that in the absence of any definition of *justice*, no one can agree upon what constitutes a just claim. Hence it must be decided by some purely arbitrary standard, generally founded upon prevailing customs. If men were unselfish, and each party to the controversy were as much concerned in the happiness of the other as in his own, the strife between capitalist and laborer could be ended with little difficulty. Hence those who maintain that the

Golden Rule, if applied, would solve the labor problem are correct. But it is equally true and equally pertinent that if human beings could live on a diet of stones it would solve the problem of feeding the poor. If men would apply the Golden Rule, most problems which plague humanity would be solved. The question is: how are you to induce them to apply it? Certainly not by simply telling them to do so. Had that method been effectual the end would have been accomplished long ago.

But if those who maintain the beneficence of competition are correct, the contention and competition of capitalist and laborer for an increased share in the product to be divided between them is not a harm, but a benefit; the labor problem is no problem at all. Its solution would be a misfortune — since this constant strife is but one manifestation of wholesome competition, and of that beneficent institution communities cannot have too much. To abolish the labor problem would be a blow at competition, of course, and hence would be harmful, just as trusts and labor unions are harmful according to the same school of economy.

Now, there are reasons to believe that while human nature remains as it is, a real solution of the labor problem is incompatible with the capitalistic system. Competition is its cause, and it can be cured only by abolishing its cause. Should some palliative come to be mistaken for a cure, I believe it would be a public misfortune. The reasons for this belief will appear in the discussion which follows, in which the relation of capitalistic competition to happiness will be examined. The way to discover the effect of competition upon happiness is to discover its effect upon the elements of happiness separately. To attempt to ascertain its total effect in any other way would but lead to the confusion and inconclusiveness so familiar in the current discussions of this all-important question, wherein the effort is made to evaluate the complex effect of competition without any analysis of each effect separately. In other words, if competition is beneficial to society, it is beneficial by virtue of its effect upon one or more of the elements of happiness. Let us then examine its effect upon each of the elements of happiness, in order that we may, if possible, locate the point at which its beneficence enters.

First: What is the effect of competition on the first element of happiness? Does it tend to improve the quality of human beings? Does it tend to the development of a high level of intellect and character? If it does, it must be through some effect

upon inheritance, or education, or both, since the qualities of human individuals are functions of these factors and of no others. First, then, let us consider inheritance.

As acquired characters are not inherited the only mode in which competition can affect the inheritance of the race is through selection. Does competition tend to cause those who possess intelligence, altruism, and will, in marked degree, to breed faster than those who possess them in less marked degree? Does competition tend to improve the human race by its effect upon breeding? It is a familiar claim that competition does tend thus to improve the human breed through the effect of natural selection or the survival of the fittest. Let us then examine this claim. On page 8 we have quoted Darwin's description of competition in nature, or the struggle of individuals with one another for the means of subsistence. Now, members of all species of organisms are subject to variation — no two individuals are exactly alike. Moreover, variations are transmissible by inheritance. On these simple facts Darwin founded his famous induction of natural selection thus:

“How will the struggle for existence, briefly discussed in the last chapter, act in regard to variation? Can the principle of selection which we have seen is so potent in the hands of man, apply under nature? I think we shall see that it can act most efficiently. Let the endless number of slight variations and individual differences occurring in our domestic productions, and in a lesser degree, in those under nature be borne in mind; as well as the strength of the hereditary tendency. Under domestication, it may truly be said that the whole organization becomes in some degree plastic. But the variability which we almost universally meet with in our domestic productions is not directly produced, as Hooker and Asa Gray have well remarked, by man; he can neither originate varieties nor prevent their occurrence; he can only preserve and accumulate such as do occur. Unintentionally he exposes organic beings to new and changing conditions of life, and variability ensues; but similar changes of conditions might and do occur under nature. Let it also be borne in mind how infinitely complex and close-fitting are the mutual relations of all organic beings to each other and to their physical conditions of life; and consequently what infinitely varied diversities of structure might be of use to each being under changing conditions of life. Can it then be thought improbable, seeing that variations useful to man have undoubtedly occurred, that other variations useful in some way to each being in the great and complex battle of life should occur in the course of many successive generations? If such do occur, can we doubt (remembering that many more indi-

viduals are born than can possibly survive) that individuals having any advantage, however slight, over others, would have the best chance of surviving and procreating their kind? On the other hand, we may feel sure that any variation in the least degree injurious would be rigidly destroyed. This preservation of favorable individual differences and variations, and the destruction of those which are injurious, I have called Natural Selection, or the Survival of the Fittest.”¹

Thus nature, by always producing many more of a species than can survive to propagate, and marking those for death who are least fitted for life, leaves those to propagate who are best fitted, and hence only a few of the best adapted individuals survive to perpetuate the species out of the vast number supplied by each generation. That is to say, nature selects a few from a great many as breeders of the species, and as these few are selected because of certain characteristics which distinguish them as best fitted to survive, these characteristics tend to become fixed, by inheritance, in the species. Competition, it is to be observed, is a necessary factor in this process, and Darwin calls attention to the fact that it is keenest between organisms which are closely related. He says:

“As the species of the same genus usually have, though by no means invariably, much similarity in habits and constitution, and always in structure, the struggle will generally be more severe between them, if they come into competition with each other, than between the species of distinct genera.”²

From this it appears that the struggle for existence between individuals of the same species must be very keen indeed. Now, among primitive men the process of competition is essentially similar to that among organisms in general; but in civilized society it assumes a new form. The contention between individuals is one, not for the means of subsistence alone, but for the means of happiness. The essential feature of the process is, however, preserved — it is a contention — the gain of one individual is the loss of another, the success of one implies the failure of others, and the greater the success of one, the greater the failure of others.

It will be observed that Darwin employs the word “useful” in describing the characters which tend to be preserved by the

¹ Origin of Species; Chap. 4.

² Ibid.

process of natural selection. Does he express by that word the same meaning which we have agreed to express by it? If so, then we can see at least one beneficent result of competition, for if through the struggle for existence useful characters tend to be more and more preserved and perpetuated in organisms, then competition must—at least in effecting this result—be a useful process. If the “fittest” characters mean the “most useful” characters, then certainly a process which involves the survival of the fittest will be a beneficent one. We should then be justified in accepting the reasoning of so many modern writers who are fond of dwelling on the innate beneficence of evolution as a natural process. These writers tell us that the characters which are fittest must be valuable, and a valuable character is, of course, beneficial. This is very much like the reasoning employed by physicians of the time of Paracelsus, when the science of medicine was about in the stage in which the science of politics is now. They reasoned like this: “That which is valuable is valuable as a cure.” “Diamonds, gold, and frankincense are valuable.” “Therefore, diamonds, gold, and frankincense will be curative.” Acting upon this ratiocinative process they prescribed for their patients various elaborate mixtures of pulverized jewels, precious metals, and rare oils and spices. Specimens of such prescriptions are still preserved in ancient works on medicine. When it occurred to these practitioners that gold and jewels were valuable, they neglected to ask themselves the question: Valuable for *what*? Similarly authors who write of the value of individuals, or characteristics thereof, which are *fit*, neglect to ask themselves: Fit for *what*? Natural selection produces individuals who are fit to live under conditions of competition. It is a process of *the survival of the fittest to survive*. But individuals, or individual characteristics are useful in the degree in which they tend to increase the total happiness. Those, however, who are fittest to survive are not necessarily those fittest to increase the total happiness, any more than things of a high financial value are necessarily of a high curative value. *Apriori*, they are as likely to be the reverse. Thus we see that the human mind preserves the same kind of deviation from common sense whether in the stage of medical or political quackery. In fact, Darwin does not employ the word “useful” in the meaning in which we employ it. Useful as a means of survival does not mean useful as a means of happiness, because survival does not necessarily imply happiness. “But,” it may be replied, “the

characters which have enabled individuals to live are certainly useful, since without life there can be no happiness, and it is these characters which must be possessed by those who survive." Without dwelling upon the fact that competition does not create these characters, but only determines their perpetuation when created, we may point out that although life is a *necessary*, it is by no means a *sufficient* condition of happiness. Any particular life interval to be useful as an end must reveal a surplus of happiness; otherwise, oblivion or no life at all is preferable (p. 127).¹ We may point out also that life supplies likewise a necessary condition of unhappiness, and we shall presently point out that we have but to add competition, to obtain the sufficient conditions as well.

It is clear that the reasoning on this subject, so far as reason has been applied to it at all, fails for the same reason that most sociological and political reasoning fails. Men are not clear in their own minds as to the nature of usefulness — they do not know just what it is that individuals, or those aggregates of individuals called nations, are, or should be, trying to attain; hence failure in the attempt to specify the means of attaining it. In the case under discussion the end of nature is continually confounded with the end of man. These ends are totally different. Hence we should expect to find that the means of attaining them are different, and this is what we do find. Nature, so far as the process of natural selection reveals her design, (and we here speak of design figuratively, since there is no evidence of deliberate intent) aims to adapt organisms more and more completely to their environment — to make it increasingly difficult for related varieties to arise which are better adapted — the test of their degree of adaptation being their ability to survive in competition. So far as I am aware, non-sentient nature employs pleasure and pain as means, but never seeks them as ends. Pain, or the expectation of pain, warns animals of danger to their lives and prompts them to seek food when hungry, and hence is a "useful" means of insuring the survival of the individual. Pleasure, or the anticipation of pleasure, prompts them to consume their food when found, and to seek mates for the purpose of breeding — hence pleasure is a "useful" means of insuring the survival of the individual and of the race. But neither pleasure nor pain are of the slightest value to nature as ends — mere survival and perpetuation is all she

¹ Of The Economy of Happiness,

seeks. The aim of man, on the other hand, is, or should be, the maximum output of happiness. With ends so distinct it is inevitable that the means to be adopted to attain them must be distinct. If all we seek is survival, nature's methods will serve our purpose, but if we seek happiness, we must devise very different ones.

I now propose to show that were modern competitive ideals realized, the process of the survival of the fittest to survive would tend to deteriorate, rather than to improve, the human breed — to destroy, rather than to develop, intelligence and character. In Chapter 6¹ notice has been taken of several influences thus tending to race deterioration. A more potent influence still, threatens, due directly to competition. This influence has little if any effect upon adjustability since that quality is developable solely, or at least principally, through education; neither is it materially concerned with health; but upon the other determinants of efficiency of conversion its effects must of necessity be marked.

It is universally observed and universally conceded that competition results in widespread poverty. Now, the effort of the enlightened communities of to-day is to make competition *fair*, i. e., to make each individual's success in the world depend upon his own intrinsic qualities, and not upon accidents of birth or station. Success in this effort to give every individual a fair chance means that those whose intrinsic qualities are not such as to make them succeed in competition will tend more and more, through failure, to sink into the poorer, less educated and less fortunate class, while those whose qualities are such as to lead to success will tend to become prosperous and wealthy. Now, what are the intrinsic qualities which, on the average, tend to increase a man's chance of success in the modern struggle for wealth and opportunity? They are (1) Intelligence, (2) Will, and (3) Egotism. The third quality is seldom seriously lacking in any individual — hence it is not likely to be a critical factor. But if these are the qualities which tend to success, those which tend to failure must be (1) Unintelligence, (2) Lack of will, and (3) Altruism; and it is these, particularly the first two, which — so far as competition determines their distribution — will tend to become the characteristics of the poorer classes. But the poorer and less educated classes — as all students of sociology admit — are the very ones which breed the fastest —

¹ Of The Economy of Happiness.

they are the classes which contribute the greater number of individuals to each succeeding generation. As men and women become prosperous they breed more slowly. Hence if we divide society into a prosperous slow-breeding, and a less prosperous fast-breeding class, and by giving all men a fair chance, tend to locate the intelligent and potent in the first class, and the unintelligent and impotent in the second, race deterioration is inevitable, since each generation will be recruited in much greater degree from the second class than from the first. As results prove, under competitive conditions, the members of the second class are those best fitted to survive, and this despite their higher death rate — but they are not those best fitted to produce a happy community. Hence the competitive process of the survival of the fittest to survive results in the survival of the unfittest to produce happiness. We may call this the *law of the survival of the incompetent*. If the process of race deterioration implied by this law were permitted to proceed indefinitely, the human breed would rapidly retrograde toward the simian level, for the effects of such a process are cumulative or accelerative, and in accelerative processes the most pronounced effects are only a matter of time. This process has little effect upon tastes or needs, or upon altruism, and, indeed, such effect as it has upon the latter quality is good rather than bad. In times past the race has been protected from the evil effects described, by the universal prevalence of poverty and poor education. The intelligent and the unintelligent, the strong and the weak-willed have, on the average, been kept in the poorer, fast-breeding class; only a favored few, as often incompetents as not, finding their way into the opulent, aristocratic, slow-breeding class. Thus the very universality of poverty in the past, and the presence in the poorer classes of an even quota of the intelligent and potent has prevented this source of race deterioration. It is only in recent times, with the advent of universal education and the opening of an approach to equal opportunity, that the effect we have pointed out tends to come into operation. To neutralize it without abolishing equality of opportunity we must abolish poverty, or else base the division into slow and fast breeding classes upon some other distinction than that between the competent and the incompetent. So far as I am aware, no practical method of doing this has as yet been suggested. Exhortation will not serve the end. Reference to race-suicide will not make any class in the community increase or decrease its rate of breeding. Until some other method is suggested, we

must regard the abolition of poverty itself as the only just remedy for this source of race-degeneracy. This may be unattainable, but its attainment is at least worth attempting, and if not attainable, then the deterioration of the race by the selection of the incompetent is probably destined to proceed, unless by natural or artificial means a thoroughgoing inequality of opportunity is established. Developed capitalism indeed destroys equality of opportunity, as is obvious at the present day. Hence this source of race-degeneracy is scarcely a danger any longer; but by thus banishing the menace of degeneracy, capitalism will have destroyed the best ideal of the modern competitive system — the ideal of equal opportunity. No lover of justice can be satisfied with such a solution of the dilemma, yet if poverty cannot be abolished there is no other.

Little need be said of the effect on public education of competition since even by the *laissez faire* theorists it is acknowledged that nothing is to be hoped for from leaving the education of the people to the unguided beneficence of nature. They are, to be sure, convinced that as regards most factors in the welfare of society, nature is beneficent and should be "let alone" to work out its own ends, but for some unexplained reason beneficence appears to desert the operations of nature in the domain of education, and hence society, by deliberate effort, must provide for it. Competition, of course, trains men in many things — in particular it teaches them how to get the best of their fellows; developing quickness of intellect to be sure, but at the same time fostering dishonesty, suspicion, and other egotistic traits. There is no community in which such characteristics are not sufficiently developed. As no one proposes to return to the system of education provided by nature, however, we need not discuss the subject. It is in operation wherever barbarism prevails.

The system of public schools, which, in opposition to the theory of *laissez faire*, all enlightened states have adopted, is one of the most satisfactory efforts of modern society toward its own betterment. We have already pointed out some of the defects of that system — due to the self-perpetuating power of dogma. These defects and many others, however, may be in time eliminated by the deliberate application of the common sense of the community — whereas if left to themselves — or to nature — there would be little prospect of improvement.

Second: As the life of man should be divided between production and consumption, his desires should be adapted to both

these classes of acts and, other things being equal, the system which breeds the most satisfaction in work and in recreation will be the best one.

In promoting adjustability as it affects production, the capitalistic system has no advantages. It does not tend to reconcile men to excessive labor or to create in them a taste for it. It makes neither retrospection nor anticipation pleasing. In the degree in which it discourages hope and tames aspiration it is successful in producing resignation—a resignation too frequently cynical. So far as this adapts the laborer's desires to inevitable conditions it augments the efficiency of conversion. Where unpleasant conditions are inevitable it is better to be resigned than not resigned, but where they are not inevitable, resignation is bad, since it inhibits the search for, and application of, remedies. One of the commonest and bitterest criticisms of those who, through agitation, seek a happier condition for mankind is that they make men dissatisfied with their lot in life. Such criticism is quite unreasonable. With the knowledge at present available the unpleasant conditions of production which prevail are *not* inevitable; hence it is not well that the laborer should be satisfied with his non-self-supporting life. If he is satisfied, he should be made unsatisfied. To sleep well at night is a poor goal for ambition. Those who die sleep better. A nation whose object is the maximum output of happiness has no place in its economy for individuals who are "satisfied" to be unhappy, any more than an engineer whose object is the maximum generation of steam has a place for boilers which are "satisfied" to consume coal without producing steam. What useful end is to be subserved if the forests are cleared from the wilderness only to be replaced by a plantation of human vegetables?

The effect of competition on adjustability as it affects consumption cannot be deemed beneficial. The dire consequences of failure in the struggle for existence fill men's minds with misgiving, even when they are prosperous, haunting the hours of relaxation of those engaged in the fierce struggle to avoid them. The desire for competence and independence is the hope of the many—it is the realization of the few; and such a hope, forever deferred, and lapsing into hopelessness rather than resignation as time goes on, maketh sick the heart of the multitude. The consumption of a few in the zone of overconsumption involves the consumption of the many in the zone of underconsumption, and the same system which makes permanent the

first makes the second permanent also. That which secures to the wealthy their wealth, secures their poverty to the poor. It is idle to say there is plenty of room at the top and to point to isolated examples of men who have made their way there — often by devious methods. There is just as much room at the bottom, and what is more to the point, competition insures that it shall be occupied. It is not the desires of the few at the top, but that of the many who are far from the top which must be fulfilled if the happiness output of the community is to be positive. The necessity which competition imposes of becoming independent by the acquisition of wealth or suffer ceaseless struggle, implants in men's minds a fierce desire for money, and they ceaselessly strive to attain it. They usually fail, but whether they fail or succeed in their search for money, they lose in their search for happiness, for win or lose they are never satisfied. This money-lust, which is but a form of avarice, is becoming the besetting sin of modern life. It is a taste neither simple nor adaptable and it seems to preclude variety. It is hard to satiate, and satiable only at the expense of others, for under competition there are few ways of acquiring wealth except by attaining a position in which we are enabled to share in what labor produces without sharing in the labor, or sharing in it in an insignificant degree. To accomplish this is what the world calls success, and the great success of one means the great failure of many. Wealth does not fall from the moon. Hence if there are those in the community who can avail themselves of more labor than they perform, it can only be because in the same community there are those who can avail themselves of less than they perform. The working classes feel this, though by the vagueness of the prevailing morality it is concealed from their understanding. They feel convinced that there is something wrong in such inequality, though they cannot answer the current sophistries which prove that as it originates in inalienable rights it must be right — it is legal and hence it is just. This tends to breed in the minds of the poor envy, or at least suspicion, and the response of the rich is distrust. Such qualities do not promote a high efficiency of conversion, and the alienation of classes, however produced, is evidence of an uneconomic attitude of mind.

Perhaps nothing illustrates better how uneconomic a taste money-lust is than its failure to give happiness, even to those who have attained wealth beyond the dreams of avarice, nor is there any better illustration of the popular confusion regarding

the goal of society than the frequent citation of this failure to justify, instead of to condemn, the system which produces it. When it is pointed out that the present system breeds misery among the poor, there are those who appear to think that the criticism loses its force because it may be shown that it breeds misery among the rich also. They tell us that wealth only leads to anxiety and care — that the capitalist carries a heavier burden than the laborer — that despite his riches he cannot be happy, for the cares of wealth are more irksome than the privations of poverty; such is the law of compensation. Who has not heard this strange plea advanced as evidence of the inherent justice of the prevailing condition of things? Yet if it be true, then is the present system doubly damned. If those whose rate of consumption is too high are as unhappy as those whose rate is too low it but accentuates the injustice of the prevailing unequal distribution. It is unfair to both parties and only emphasizes the need of equal distribution. The only possible benefit of a high rate of consumption is the happiness it may yield, and yet we are told that it fails even in this. This is strange justification. Misery cannot compensate for misery. Only happiness can compensate for misery, as every man can learn from a simple inspection of his own mind. Could it be shown that, under the present system, the happiness of the rich was so great as to more than compensate for the unhappiness of the poor, it might afford justification of the system, but if, in spite of their high rate of consumption, the rich are not happy, it but emphasizes how ill adapted is the competitive system to the requirements of human nature.

It is unnecessary here to emphasize the poor economy of conversion involved in luxurious tastes. The evils of excessive luxury are a familiar subject of discussion. While such evils may not be confined to the competitive system, they are inseparable from any condition involving great inequality in the distribution of wealth, for, as was long since remarked, it is human nature that increase of appetite should grow by what it feeds on. Hence they are inseparable from the competitive system. Competition, indeed, cannot be credited with any tendency to promote adjustability. Its inevitable separation of society into classes has the contrary effect, for it breeds desires in all classes which it cannot satisfy.

The effect of competition upon the health of a community is acknowledged to be bad. The strain, anxiety, and uncertainty of life wears out the nervous system, and poisons many,

even of the few, leisure hours vouchsafed to the average man. The capitalist is, if anything, worse off than the laborer in this particular, and frequently trades health for wealth—a poor bargain for a business man, since it sacrifices the greater value to obtain the less.

Third: It is obvious that the natural resources of the earth cannot be increased by the acts of man, although their accessibility can. Resources created by man are not natural, but artificial. But, though natural resources cannot be increased by man they may easily be diminished. The effect of competition upon utility in diminishing them we may estimate more readily after a consideration of its effect upon the efficiency of consumption and upon population has been examined, since it is upon these factors that it depends. We shall therefore defer discussion of this element to page 51.

Fourth: Passing to the effect of competition on the employment of the non-sentient factor—of machinery—in production, we at once encounter that which most economists agree is the strongest claim of capitalism to beneficence. The development of the wage system under competition has led to production on a large scale. Huge factories have displaced the small workshop of other days, and in every variety of manipulation and localization the division of labor has adapted modes of production to the introduction of machinery. Now under competition, other things being equal, that individual, firm, or corporation will succeed in highest degree—will make the greatest profits—which can produce most cheaply; hence those who receive the profits will be stimulated to introduce labor-saving machinery into their operations, because they may thereby dispense with the wages of laborers, since a machine which will do the work of ten men when operated by one, will obviously dispense with nine men. Thus production is cheapened, not directly by dispensing with labor, but by dispensing with laborers employed in a given operation, and liberating their labor so that it may be employed in other operations. The stimulus to this mode of increasing the efficiency of production is justly represented by economists as a very effectual one, since the desire for wealth in all men is strong, and is not less strong among capitalists than among other classes of the community. Hence if the reward of capitalists, whether laboring or non-laboring, is made a direct function of their success in introducing machinery into production, their zeal and ingenuity will be assiduously di-

rected to that end. The opinions of economists on this point are well represented in the words of Mill, who says:

“We have observed that, as a general rule, the business of life is better performed when those who have an immediate interest in it are left to take their own course, uncontrolled either by the mandate of the law or by the meddling of any public functionary. The person, or some of the persons, who do the work, are likely to be better judges than the government of the means of attaining the particular end at which they aim. Were we to suppose, what is not very probable, that the government has possessed itself of the best knowledge which had been acquired up to a given time by the persons most skilled in the occupation; even then, the individual agents have so much stronger and more direct an interest in the result, that the means are far more likely to be improved and perfected if left to their uncontrolled choice.”¹

Let us acknowledge that competition by this mode of increasing the efficiency of production has strong claims to approval and, so far as its immediate, proximate ends are concerned, affords an excellent means of attaining them. Nevertheless we must not forget that all means must be judged by their *total* — not their *partial* effect — in the attainment of happiness. Hence if it should appear that the remote effects of competition in this particular, neutralize, or more than neutralize, its immediate effects, we cannot approve the system on these grounds. We shall presently consider some of these more remote effects. But before leaving the present subject, it should be remarked that the same stimulus which is so strong in inducing capitalists to introduce labor-saving machinery into production is equally strong in inducing them to introduce devices designed, not to save labor, but to produce inferior products. This subject is so familiar to everyone and has been so often treated by economists that it would be superfluous to dilate upon it. The innumerable adulterations, impostures, and cheats that are everywhere manufactured and sold, from wooden nutmegs to watered stocks, are products of this stimulus to gain. The development of means of imposition and corruption, like that of other kinds of mechanism, accelerates as time goes on. It is but a special case of the progress of an art, and the man who lays the foundation of his success by adulterating sugar with sand, or salting a mine, crowns it by purchasing a legislature, or perverting public opinion through the power of the press. It is characteristic of the

¹ Political Economy; Book V, Chap. 11.

laissez faire economists that for this condition of things they have no remedy but preaching. Thus Herbert Spencer, after pointing out many of these products of competition, observes:

“As for remedy, it manifestly follows that there is none save a purified public opinion. When that abhorrence which society now shows to direct theft, is shown to theft of all degrees of indirectness; then will these mercantile vices disappear. When not only the trader who adulterates or gives short measure, but also the merchant who overtrades, the bank-director who countenances an exaggerated report, and the railway-director who repudiates his guarantee, come to be regarded as of the same genus as the pick-pocket, and are treated with like disdain; then will the morals of trade become what they should be.

“We have little hope, however, that any such higher tone of public opinion will shortly be reached.”¹

We agree with Spencer that if we must wait for public opinion to remedy this condition, the prospect is far from encouraging. The evil is a growing, not a diminishing, one and has vastly increased since Spencer wrote. New forms of corruption and imposture develop every day. Unorganized public opinion such as Spencer appeals to cannot check it, and were he consistent he would have made no appeal to it. Why should he attempt artificially to influence public opinion to condemn such evils — why not let things take their naturally beneficent course? Why will not these evils remedy themselves, like all the other ills which the operation of natural law incidentally develops? Why should the *laissez faire* economist appeal to unorganized, any more than to organized, public opinion? This is not a consistent “let alone” policy; it is not evidence of faith in the doctrine of beneficent drift.

Fifth: The effect of the competitive system upon the skill and interest of labor is not uniform. Those who direct are usually interested in the profits to be made and hence have an incentive to apply themselves in the business of production and to obtain the maximum production from others at the minimum wage. For the directive class of labor then, there is incentive to application, and in a less degree to the acquisition of skill. Interest and application, indeed, will lead to skill even if no deliberate means are adopted to attain it.

To the executive class of laborers, however, there is in the competitive system but little incentive to either interest or skill; since

¹ The Morals of Trade.

normally they can derive but little advantage therefrom. It is, naturally, the practice of the capitalist to convert into profit any increase in the returns from labor which may result from an increase in the application and skill of his employees. Where labor is unorganized this practice is almost universal, and, indeed, when competition between capitalists is keen it is essential to the maintenance of any profit at all, for keen competition makes failure the price of benevolence on the part of employers. Whenever labor is organized, however, and competition in some degree eliminated, the incentive to application is somewhat increased, because organization confers the power upon employees of forcing their employers to share with them the increased return resulting from increased application. Among some labor organizations, however, a policy is adopted which more than offsets this incentive — that of limitation of output — a practice of limiting the output per capita by mutual agreement among laborers. This policy is adopted in order to distribute opportunity for work more uniformly among members of the organization. It increases the *money* cost, but not necessarily the *labor* cost of commodities. It is particularly frequent where the system of piece-work prevails and is adopted to offset the policy of employers of diminishing the price paid per piece as the skill and application of employees and the introduction of machinery enable the production per capita to increase. It is simply a method of forcing the employer to forego part of his profit for the benefit of his employees. The effect of the policy of limitation of output upon the efficiency of production will depend upon the degree to which it is carried. If carried beyond a certain point it will increase the labor cost as well as the money cost of production. Nevertheless, as we shall presently see, the effect of such a policy on the efficiency of consumption is, in general, so excellent that it more than offsets any loss resulting from diminished efficiency of production. Such a situation appears, and is, an anomaly, but it is a direct result of a vaster anomaly — the capitalistic system — and is one evidence of how opposed that system is to the interests of society.

Another result of the absence of interest on the part of the wage earner in the efficiency of production is found in the innumerable strikes and labor disturbances so common during the last generation. The immediate effect of these disturbances is to diminish the efficiency both of production and consumption, but in the aggregate, their remote effect upon the efficiency of consumption is good, and good in the degree in which it tends

to suspend the effects of competition. We have already discussed the essentials of the labor question, and have made evident the antagonism of interest which it implies.

Sixth: If there is one effect of the capitalistic system more generally acknowledged than another it is its effect upon the distribution of wealth. The "prodigious inequality" of which Mill speaks in a previous quotation (p. 292) ¹ is an inequality of wealth and such unequal distribution appears inseparable from all varieties of the competitive system, ancient and modern. In a new country like the United States inequality in the distribution of wealth is not nearly so marked as in Europe and Asia. Still, it has already become a pronounced feature of our civilization and is, of necessity, increasing. In colonial days there was little inequality, but from the conditions of those days we are departing more and more. The distribution of wealth among the 12,500,000 families in the United States in 1890 may be gathered from the following table, which probably embodies the best figures available:

THE UNITED STATES 1890 ²

ESTATES	Number of Families.	Aggregate Wealth.	Average Wealth.
The Wealthy Classes \$50,000 and over.....	125,000	\$33,000,000,000	\$264,000
The Well-to-do Classes \$50,000 to \$5,000.....	1,375,000	23,000,000,000	16,000
The Middle Classes \$5,000 to \$500.....	5,500,000	8,200,000,000	1,500
The Poorer Classes under \$500	5,500,000	800,000,000	150
Total	12,500,000	\$65,000,000,000	\$ 5,200

So universal is this symptom that men very generally have come to regard it as a sort of law of nature — an unavoidable and ineradicable ill — and yet it is no more universal than the competitive system. Because it is inseparable from that system is no reason for claiming that it is inseparable from any and all systems. Those who maintain the unavoidableness of inequality are fond of pointing out that, if by some extraordinary agency

¹ Of The Economy of Happiness.

² Charles B. Spahr, "The Present Distribution of Wealth," p. 69.

wealth were equally distributed to-morrow it would be but a few years before the old condition of inequality would again be attained. The significant thing about this assertion is that it is true. Instead, however, of seeing in its truth the condemnation of the system which produces such an anomaly, the man of average training can see nothing but an excuse for doing nothing — for letting things drift — since if a condition of equal distribution, if attained, is destined so soon to lapse again into one of inequality, it is scarcely worth while to attempt its attainment.

If wealth is observed to inevitably gravitate to a condition of unequal distribution, it must be because something causes it to do so, must it not? And if this be true, it surely is worth while to discover the cause or causes of so unfortunate a tendency, since there is no more essential factor in an economic system than that of a distribution of wealth at least approximately equal. I shall not here discuss these causes in detail, but shall deem it sufficient to remark that if the competitive system were of such character that under it the acquisition of wealth by an individual set in operation causes which made further acquisition increasingly difficult, any great inequality in distribution would be unknown, since accumulation in a few hands would be automatically checked. Instead of being of this character, however, the competitive system is so constituted as to produce a contrary result. Inequality, instead of equality, of distribution is the condition of equilibrium. The more wealth an individual acquires, the more likely is he to acquire more — wealth breeds wealth — and hence the desiderata of a community tend to accumulate in the hands of but a small fraction of the community. The process is a maleficiently accelerative one, and even more marked in civilized than in savage communities. Nature then, despite its beneficence, supplies no automatic check to this increasing inequality of distribution. Hence if a check is to be supplied, it must be supplied by man. Whether a method of accomplishing this desirable result consistent with the characteristics of human nature can be suggested, I shall not at this point in the discussion attempt to say. It is sufficient to emphasize the fact that equality of distribution is vital to an economic system of society, and that competition supplies no means of attaining it; but, on the contrary, is acknowledged to be inconsistent with its attainment.

Seventh: Quite as essential to sound economy as the possession by the average member of a community of an approximately equal share of its wealth is adequate leisure wherein to consume

it. Under the capitalistic system, not only are wages too low through the abstraction of profit for the realization of equal distribution, but the hours of labor are too long to sustain a self-supporting indicative ratio; not only do wages tend to a minimum but the hours of labor tend to a maximum. The effort to cheapen production in order to increase profits is the rock on which the system founders. For the comprehension of this matter a rather more critical examination of the present wage system will be necessary.

There are two kinds of wages — *nominal* and *real*. Nominal wages are measured by the actual number of money units — of dollars or cents — paid out as recompense to labor. Real wages are measured, so far as measurable, by the amount of production represented in the desiderata purchasable by said number of money units. It is obvious that real wages are those which have a direct relation to utility. Nominal wages are of no consequence, since an average wage of \$10.00 per hour would be no better than one of \$.10, if prices were a hundred times as high under the first system as under the second. Under a competitive system, both nominal and real wages tend to a minimum, though this is often denied. It is a familiar argument among economists that the tendency of competition under the wage system to depress wages neutralizes itself through its effect upon the purchasing power of wages. Laborer competing with laborer and capitalist with capitalist, they say, causes both nominal wages and profits to tend to a minimum; thus prices tend to a minimum; but in just the degree that prices diminish, the purchasing power of nominal wages increases — hence a general fall of nominal wages does not interfere with the economy of consumption, since such a fall causes a corresponding fall in prices, and thus real wages remain as before. This argument is frequently urged in favor of the *laissez faire* doctrine of free trade, i. e., free competition between nations.

Of course, economists never refer to the economy of consumption in so many words; but it is that economy which they tacitly recognize as of importance when they propound this theory of the compensating effect of competition in depressing wages. The theory is easily proven fallacious in two ways. (1) Prices do not fall simultaneously with wages, but there is a considerable lag, owing to the fact that capitalists generally try to keep their prices high until forced by competition to lower them, and when so forced, responding by a shortening of wages. Indeed, it is

this fall of prices which permits, or would permit, an indefinite fall of nominal wages. Laborers must, naturally, receive *some* wages; they must consume *some* wealth in order to live and to labor; hence there is a point below which their wages cannot be forced; this point will depend upon the purchasing power of wages — it will depend upon prices; hence as prices fall, nominal wages can and will fall, and this fall of nominal wages will be a fall of real wages — since prices will not fall simultaneously. So long as real wages are more than sufficient to just permit the laborer to live and labor it is possible to lower them, and if competition is keen they will be lowered — what can prevent it? Certainly not competition — and if something else prevents it — as at present, in fact, often happens — it cannot be credited to competition. A general decline of nominal wages and a simultaneous and proportional decline of prices would not indeed affect real wages; but this is not what normally occurs. Hence a fall of nominal, means a fall of real wages. (2) Even if the fall of prices prevented a fall of real wages, it could not compensate for the decrease in the indicative ratio which competition inevitably effects. The pleasure derived from consumption increases with the rate of consumption and with its duration, but as already pointed out, it is not proportional to either. For example, eight hours of consumption at a moderate self-supporting rate cannot be compensated for by one hour of consumption at a rate eight times as great. No degree of cheapness of products can compensate for an almost total loss of leisure such as unrestricted competition entails. It is of slight service to men to have commodities cheap if they must spend practically all of their waking life in producing them. As Lubbock says: "If wealth is to be valued because it gives leisure, it would be a mistake to sacrifice leisure in the struggle for wealth."

To these considerations, it is probable that two objections will be made: (1) That under the capitalistic system-unrestricted competition does not determine profits and wages, but that these are determined by competition and *custom*. (2) That even under unrestricted competition profits and wages are functions of the demand for, and supply of, capital and labor respectively, and do not always tend to a minimum.

We may admit both of these propositions without invalidating our contention that competition is destructive of the efficiency of consumption. Many of the customs which limit the influence of competition have arisen from the imperative need for protection against the intolerable evils of competition. This is

certainly the origin of trusts, labor organizations, and protective tariffs, all of which are restrictive of competition. If through its modification by certain customs competition is rendered less intolerable, this may be deemed a tribute to those customs, but certainly not to competition. In fact, were competition not tempered by custom, and custom tempered by common sense, those who so stoutly maintain its beneficence would, by the most superficial observation, see their error. It is because competition is, in our day, and particularly in our country, so much modified by agencies restrictive thereof that delusions regarding its beneficence prevail. We shall shortly (p. 47) bring to the reader's attention data from which he may judge what competition can, and actually does, accomplish when its restrictions are few and feeble, and the reader may then confirm for himself our contention respecting the effect of competition on the economy of consumption. He will then discover that, left to itself, capitalism makes the indicative ratio depend upon the endurance of the workers and nothing else. Were no modifying agencies set in operation by common sense, that race of men who possessed the greatest capacity for endurance would soon kill by starvation all others who tried to engage in labor. The Chinese, for instance, would, in fair and free competition, probably supplant all other men as laborers in a few generations, and could another sufficiently prolific race be found with greater endurance as physical engines than the Chinese, they in turn would supplant the Chinese, and the population of the earth would, after a while, consist of little more than a race of toiling vermin whose "fitness" to survive would be founded upon their capacity for enduring privation and misery. What use has Justice for such happiness-producing mechanisms as these?

As to the assertion that real wages are a function of supply and demand and will therefore, under competition, not tend to a minimum, but will rise when the demand for labor increases or the supply decreases and will fall under contrary conditions, this may be admitted without any substantial change in our contention. In new countries where the supply of labor is inadequate, or in occupations where the demand is very variable depending, as in agriculture, for example, on the season of the year, the demand for laborers may exceed the supply. Such a condition, however, is but spasmodic and the rise of wages is transient. In old countries, where competition has long prevailed, the supply of labor practically always exceeds the demand — one of the normal products of the capitalistic system is a great army of un-

employed who by their competition tend to keep wages at a minimum. This has been shown very clearly by Marx, and it needs but the slightest inspection to confirm it. New countries cannot remain forever new, and if the competitive system shall continue to prevail it is only a question of time when the whole earth will have reached a condition that the longer settled parts have already reached. Let us hope that the people of those countries whose labor market is not yet hopelessly overstocked may be delivered from their delusions before it is too late. To this subject we shall return. At present we desire to emphasize the effect of competition on the seventh element of happiness — the primary adjustment.

The indicative ratio, which probably requires a value greater than one — that is, a consuming day of more than eight hours, even to make the average life self-supporting, is, by competition, forced to approach a minimum; thus precluding all chance of a self-supporting community. It is to the interest of the capitalist to make the systematic working day as long as possible, since by that means his profit is augmented. It is idle to ignore or to attempt concealment of this obvious fact. Hence so long as his interests are consulted and his influence prevails the indicative ratio will tend to a minimum instead of to the point of maximum efficiency. In other words, this uneconomic tendency is a direct result of capitalism.

Failure to adjust the indicative ratio to productive and consumptive power in the manner specified in Chapter 7¹ results in another source of wretched economy. I refer to the recurrent industrial crises or eras of "hard times" which are directly traceable to this failure. The introduction of labor-saving machinery by the capitalist is for the purpose of enhancing his profits by saving him the wages of laborers. The laborers thrown out of employment by machinery increase the supply of labor, and by making competition keener, tend to lower the wages and increase the working hours of laborers in general. Hence, while the introduction of machinery increases the productive rate, it does not increase the consumptive rate, and what is of vital importance it tends rather to diminish than to increase the indicative ratio. What is the consequence? While the production of commodities is greatly stimulated their consumption is not stimulated in the same degree, if at all. Hence commodities are not consumed as fast as they are produced and

¹ Of The Economy of Happiness.

they begin to accumulate in the warehouses. After a while the supply exceeds the demand and prices begin to fall. Even this does not stimulate consumption much because the rich are already largely supplied; the employed poor have such low wages and so little time to consume that their consumption is of necessity largely negative, and their consuming power small; and the unemployed poor are reduced to a minimum of consumption. Even with falling prices and no profits, however, the capitalist cannot afford to stop production since, where costly machinery is employed, the capital invested is so great and the deterioration so rapid that to suspend operations is ruinous and capitalists prefer to run even at a loss. When the market is already overstocked such a policy but makes matters worse, and the overproduction becomes more marked. Finally suspension has to come; but while this tends to rectify matters by diminishing production, it makes them worse by diminishing consumption, for all the laborers thrown out of employment are reduced to the minimum of consumption. This still further demoralizes the market, and other plants suspend, and consumption is still further reduced. Pauperism and crime increase, more and more firms fail, each failing firm weakening its creditors, who fail in their turn — all but the strongest go down like a row of dominoes and their employees cease to be factors in consumption. The whole machinery of industry is thrown out of gear and we have the disconcerting spectacle of a great surplus of commodities whose owners are only too desirous to sell, an army of laborers desperately in need thereof and anxious to buy, but unable to get work and hence unable to buy. So defective is the capitalistic mechanism that in this condition of affairs there is nothing to do but wait until those still able to consume have depleted the accumulated stocks and increased the demand for commodities. To supply this demand plants begin again to operate, the laborers therein again to consume above the minimum, the market gradually strengthens and finally industry is at its height again. But the growing demand at the beginning of a period of prosperity over-stimulates the means of supply — machinery is still further improved — production overtakes consumption again, and again comes a crisis due to overproduction, or what is a more appropriate term, to *underconsumption*; since it is because production is stimulated while consumption is not, or not stimulated in proportion, that these periodic depressions of business occur. In fact, while the capitalistic system promotes efficiency of production in some degree, it destroys efficiency of

consumption by emphasizing the unequal distribution of wealth, which is a symptom of all competition, and by failing to increase the indicative ratio, thus inducing periodic panics. That these panics are due to the capitalistic system is shown by the fact that they were unknown before the growth of that system began. During the last century they have recurred, on the average, once every ten or eleven years.

To avert crises of this character it is necessary to stimulate consumption in the same degree as production, but capitalism has no tendency to do this. Every far-sighted capitalist would be glad to have his fellow capitalists increase the wages and diminish the hours of labor of their employees, for thereby his market would be improved, but he does not want to initiate such a policy among his own employees, since he would lose more than he would gain. Hence, instead of thus stimulating the market at home, capitalists seek to extend their markets into other lands, for only by so doing can they find an outlet for the commodities which they produce in excess of the home demand. Thus arises the race for foreign markets in the effort to capture which industrial nations compete with one another, and that nation which oppresses its producing classes the most will — other things being equal — win the prize.

Eighth: The tendency of organic beings to increase in geometric ratio, upon which Darwin founded his theory of natural selection through the struggle for existence, finds no exception in man. Under ordinary conditions of competition the propagation of human beings is determined by the same impulses and proceeds according to the same law as that of cats, or rabbits, or grasshoppers. The population of any given area tends to increase until it has reached equilibrium with the capacity of that area to support further increase of population. This law is as true for men as for animals and vegetables. Throughout the organic world, where no artificial restraint is met, the check to propagation is starvation. Owing to the laws of diminishing and dwindling returns of labor the pressure of population upon its means of subsistence begins to produce painful results long before equilibrium is actually reached. Poverty steadily increases until it is checked by death — that is, by the death rate becoming equal to the birth rate. All uncivilized countries which have been long enough settled are at or near such a point of equilibrium. This tendency of populations to increase faster than their means of subsistence is called the *Law of Malthus* and was expressed by its alleged originator as follows:

“Throughout the animal and vegetable kingdoms Nature has scattered the seeds of life abroad with the most profuse and liberal hand; but has been comparatively sparing in the room and the nourishment necessary to rear them. The germs of existence contained in this earth, if they could freely develop themselves, would fill millions of worlds in the course of a few thousand years. Necessity, that imperious, all-pervading law of nature, restrains them within the prescribed bounds. The race of plants and the race of animals shrink under this great restrictive law; and man cannot by any efforts of reason escape from it.

“In plants and irrational animals, the view of the subject is simple. They are all impelled by a powerful instinct to the increase of their species, and this instinct is interrupted by no doubts about providing for their offspring. Wherever, therefore, there is liberty, the power of increase is exerted, and the superabundant effects are repressed afterwards by want of room and nourishment.

“The effects of this check on man are more complicated. Impelled to the increase of his species by an equally powerful instinct, reason interrupts his career, and asks him whether he may not bring beings into the world for whom he cannot provide the means of support. If he attend to this natural suggestion, the restriction too frequently produces vice. If he hear it not, the human race will be constantly endeavoring to increase beyond the means of subsistence. But as, by that law of our nature which makes food necessary to the life of man, population can never actually increase beyond the lowest nourishment capable of supporting it, a strong check on population, from the difficulty of acquiring food, must be constantly in operation. This difficulty must fall somewhere, and must necessarily be severely felt in some or other of the various forms of misery, or the fear of misery, by a large portion of mankind.

“That population has this constant tendency to increase beyond the means of subsistence, and that it is kept to its necessary level by these causes will sufficiently appear from a review of the different states of society in which man has existed.”¹

The resemblance of this quotation to that from Darwin, already cited, is at once noticeable, and illustrates the close relation between competition and Malthusianism.

The Law of Malthus, if left uninterpreted, is easily misunderstood and its validity has often been attacked, notably by Henry George in his work on “Progress and Poverty.” In fact, if we understand this law to assert that at every moment throughout the history of every country the population is, and has been, in-

¹ Malthus: *The Principle of Population*.

creasing faster than the means of subsistence, then the law is certainly false, but it should not be understood as so asserting. It merely means that, in the future as in the past, the population will finally overtake the means of subsistence, provided the causes which have operated in the past continue to operate in the future — provided the conduct of society is left to nature. Such a statement is incontrovertible, since there is obviously some density of population too large for the earth to support, and if the population of the earth is continuously increasing, it must be continually approaching that density. There have been many periods in the history of many countries when the means of subsistence increased faster than the population which was dependent upon them, and the present period in all civilized countries is the most notable of them. This is due to the operation of the law of increasing returns which may, and at present does, more than offset the law of diminishing returns. Owing to the application of science or common sense to the business of production, the law of increasing returns never operated with such power as to-day, and were wealth fairly equally distributed, poverty would now be diminishing throughout the civilized world. Indeed, it is diminishing in some lands, notably in Australia, and New Zealand, and even in the United States its increase, except locally, is a matter of debate.

As the pressure of a population upon its means of subsistence becomes greater, effort is made to find a means of relief, and this is found in migration. Migration always takes place from points where the pressure of population is greater to points where it is less, just as water in two vessels communicating with one another always flows from the higher level to the lower. Such was the cause of the great influxes which successively flooded Europe from the East in the early part of the Christian Era, and such is the cause of the migration from Europe and Asia to America in our day. Precisely the same phenomenon is to be observed among animals — they continually extend their range in search of the means of subsistence until checked by some natural agency. Migration, while it tends to relieve temporarily the pressure of population in the country from which it takes place, increases that pressure in the country to which it proceeds, just as water moving from a higher vessel to a lower one, while it lowers the level in the first, raises it in the second vessel. Left to itself, the process of migration will continue, until in all accessible countries the pressure of population upon resources has been brought to the same point, and then by the increase of

population, all will increase their pressure together. That is, migration at best can result only in temporary relief, and in the end it merely hastens the day of final equilibrium. Population will finally come to the same pressure in all lands having inter-communication, just as water will finally come to the same level in all vessels having inter-communication. The rate of migration will depend upon facility of communication and transportation, just as the rate at which water flows from one vessel to another will depend upon the friction in the passage by which they communicate. Where the facilities of inter-communication between countries are primitive and poor, migration will be slow; where they are perfected, it will be rapid. Two or three centuries ago migration across the Atlantic was a slow operation, because the means of communication were poor. With the means furnished to-day a whole nation can migrate in a single year.

The tendency under competition then is for population to increase in quantity and extend in range. Whether this tendency is a good or a bad one will depend upon whether the output of happiness of the average individual is positive or negative, and if positive, whether the consumption of said individual is above or below the point of maximum efficiency. In the chapter on the third factor of happiness, we have shown under what conditions increase of population is good, and under what conditions it is bad. Nothing can be more fatal and fatuous than the prevailing idea that a large population is a good thing for a nation. Until the conditions of life are at least such that the average man can produce a positive surplus of happiness an increase of population is not so good as a decrease. It appears to be the prevailing opinion that one hundred miserable persons are better than ten happy ones, and that the ideal of a modern state should be to become overpopulated like India and China. Hence that state whose rapidity of approach to such an overpopulated condition is the highest — other things being equal — is considered the most successful. Wherever any considerable degree of poverty prevails increase of population is a national disease, for poverty is an unfailing sign that the conditions insuring an average positive output of happiness have not been met; much less the conditions insuring maximum efficiency of consumption.

It is clear that if everything is left to nature the time must eventually come, if it has not come already, when the world will be overpopulated, and when each human being born will but add to the surplus of misery. Now if we are to judge a system by its

effects upon happiness it is a matter of indifference when its effects are produced. Happiness or misery are no better and no worse in the year 10,000 B. C. than in the year 10,000 A. D. If they are, then there is no reason why they are not better or worse on Wednesdays than on Thursdays. Whatever checks may be locally or temporarily applied, there is but one way of preventing final overpopulation, and that is by stopping the growth of population before it reaches, or even remotely approaches, the point where nature will stop it by starvation. It is universally admitted that competition will not do this, and has not the slightest tendency to do it — hence on this ground alone, beneficence must be denied it. The output of misery of a world brought to equilibrium by nature's expedient — starvation — would be beyond computation. Perhaps, however, it may be objected that the discussion of this question is too remote for any human interest, since the earth is yet very far from overpopulated, and our concern is with the present. Such an objection, I apprehend, will occur to many readers. But it should not be forgotten that our primary purpose in this examination is to discover whether or not competition is a beneficent process. If it is, it will meet the test we have applied — otherwise not.

Perhaps, however, to the objection mentioned, a more cogent reply may be made, viz., that if overpopulation means a population whose output of happiness under the conditions actually existing is negative, then the world is now, and always has been, overpopulated — the popular opinion to the contrary notwithstanding. In a world where there is more unhappiness than happiness a population of *one* is too great. Can it be then that the average man in the world to-day produces a negative output — a surplus of unhappiness? If so, the output of the world must be negative. Perhaps the reader may admit this is no more than an axiom. Perhaps, on the contrary, he may regard it as utterly absurd. It depends very much upon his knowledge of the world. All men are prone to judge of the world by the portion of it which surrounds them. If they and their friends are happy, they deem the world happy — if they and their friends are unhappy, they deem the world unhappy, for verily one-half the world knows not how the other half lives. No statistics exist which can substantiate our assertion, and if the declamations of exuberant politicians can refute anything we are refuted. But a moderately accurate test is available — let us apply it — it will be better than none.

The United States of America is generally conceded to be

the most successful country in the world — at least, that is the prevailing opinion here, and even Europe is inclined to share it. In our day success is judged by trade, and in trade we are pre-eminent. In the United States of America the most successful locality would generally be conceded to be the city of New York. Great cities are peculiarly the product of modern civilization, and if we would judge that civilization we must judge it by its products. New York is the richest, the most prosperous, and possesses the greatest trade of any city in America. If the capitalistic system has produced a success anywhere, it should be here. Hence, if we select New York as a test of what that system can do as a mechanism for producing happiness we cannot be accused of choosing an unfavorable example of its handiwork; for it is the most successful city of the most successful country in the world.

Now according to the utilitarian standard no individual or aggregate of individuals can be considered a success whose contribution to the total happiness of society is negative. A city to be a success must produce, in any given time, hedon-hours in excess of pathon-hours. Its output per day or per year must be positive. Is this true of New York City? To this question the reader will answer either *yes* or *no*. If his answer is *no*, he thereby concedes that the capitalistic system is a failure — that the best it can produce is worse than nothing. If he answers *yes*, I invite him to apply two tests, which, if he is familiar with the metropolis, or with any great city, he can do with no more trouble to himself than five minutes candid reflection. First, I invite him in imagination to walk the streets and visit the habitations of the great metropolis by day and by night, and carefully to note the evidences of pleasure and pain with an impartial eye. Let him visit the houses of the rich, the well-to-do, and the middle classes, and observe their habits and their means of happiness. Are they ever unhappy — if so, how many hours a day and what is the intensity of their unhappiness — he may be sure that during their hours of production they are, on the average, not happy, though the intensity of pain during those hours may be but slight — and certainly half of their waking life is spent in production. Are they ever happy — if so, it is generally during hours of consumption, while eating, attending entertainments, driving, reading, playing some game, or sitting quietly at home with family or friends. How many hours a day are they doing these things, and what is the average intensity during these hours? Is it one, three, six, ten hedons — it must

be of *some* average intensity — we cannot determine what, but let the reader estimate from his own experience. Let him repeat these observations among the much greater multitude who live by the labor of their hands, ranging from the moderately poor to the destitute — what is their average duration of consumption, and what the intensity thereof? Let him go through the magnificent palace of the millionaire, but let him also visit the squalid tenement of the victim of poverty, outnumbering the first, five hundred to one. Let him not ignore the happiness to be found in the homes of the well-to-do, the healthy, the morally wholesome — but neither let him ignore the unhappiness to be found in the tenement houses, the hospitals, the alms-houses, the gutters, the jails, and the dives. Taking a bird's eye view of these things, let him candidly ask himself this question: Would you, or would you not, be willing to experience all the pain felt in New York in a year, for all the pleasure felt there in the same time? This is but inquiring whether the totality of life in New York is self-supporting. An affirmative answer means that the total product of the city is, at least, better than nothing. A negative answer means that it is worse than nothing. How many men who knew that they would be taken literally at their word, would dare to answer in the affirmative?

A second test is suggestible which may perhaps be more readily put into practice than this one. If, as we have contended, the test of equivalence of pleasure and pain is preference, as determined by memory rather than anticipation, then the test of whether a given period has resulted in a surplus of pain or pleasure to an individual is best ascertained by determining whether that individual would prefer living over again that period, or one containing exactly the same quantities of pleasure and pain, to not living it over again. Let this test be applied to the average citizen of New York for an average day or an average year — not to an exceptional citizen for an exceptional day or an exceptional year. The average man in New York is a laborer; he can avail himself of no more, and generally of less, labor than that which he himself supplies. The average woman in New York is a laborer also, though not necessarily a wage laborer. Let inquiry be made of the average adult dweller in New York at the close of an average day whether he or she is glad or sorry that the day is done — whether he or she would prefer living it over again to not living it over again, just as it was. Can there be any doubt of the result of such an inquiry? If so, I have yet met nobody who cherished one. If it be ob-

jected that the fatigue felt at the close of a day of labor precludes a fair judgment at that time (a fair objection) the inquiry may be varied, applying to a week, a month, a year or a life-time. The period matters little. Few, even among the well-to-do, have a balance of happiness in their favor, and the life of the average man or woman undoubtedly produces a surplus of unhappiness. The average child in New York is not a laborer and not exposed directly to the attrition of competition, and it is among the children, if anywhere, that a surplus of pleasure will be found; yet, when the conditions of the average child's life in New York are considered, it will be acknowledged that modern industrial conditions tend to diminish the output even of these, the most immediately useful members of the human race; and it is very doubtful, considering the prevalence of illness, whether the average child's life in New York is self-supporting. If it be objected that the average individual must deem life worth living or he would not consent to live, we may reply that incurable invalids, life convicts, and many who cannot possibly produce a positive surplus, consent to live and are reluctant to die. It is not because they have any reasonable expectation that the future will be an improvement upon the past that men consent to live — it is from the fear of death — an ineradicable instinct, common alike to men and animals. Men do not live from reason but from impulse. They live in perpetual hope that the next day will be better than the last, and they are perpetually disappointed. It is not only in great cities that the average individual produces a negative surplus. It is a universal condition and it has always been so. The relation between man and his environment has never been such as to produce a positive surplus over any considerable period of time, and keen observers of human life have not failed to record the fact. Men live on hope. They "eat the air promise crammed." Says Montgomery:

"Who that hath ever been
 Could bear to be no more?
 Yet who would tread again the scene
 He trod through life before?"

Dryden has expressed the same idea more perfectly in his *Aurengzebe*:

"When I consider life, 'tis all a cheat.
 Yet fool'd with hope, men favour the deceit;
 Trust on, and think to-morrow will repay."

To-morrow's falser than the former day;
 Lies worse, and while it says we shall be blest
 With some new joys, cuts off what we possess.
 Strange cozenage! none would live past years again,
 Yet all hope pleasure in what yet remain;
 And from the dregs of life think to receive
 What the first sprightly running could not give."

Pope condenses the same sentiment into his famous couplet:

"Hope springs eternal in the human breast;
 Man never is, but always *to be* blest."

Shakespeare in Hamlet's well known soliloquy says that only "the dread of something after death" induces men "to grunt and sweat under a weary life" and Byron in defending his own estimate of the "nothingness of life" shows that he is but expressing an opinion common to the thinking portion of mankind:

"I say no more than has been said in Dante's
 Verse, and by Solomon and Cervantes;"

"By Swift, by Machiavel, by Rochefoucault,
 By Fenelon, by Luther, and by Plato;
 By Tillotson, and Wesley, and Rousseau,
 Who knew this life was not worth a potato."

But if all this be true, if the human race inevitably achieves more unhappiness than happiness as a result of its existence, what shall we say of the system which produces this result? Perhaps we cannot condemn it for no better may be attainable; but this much, at least, may be said, that under such a system the less the number of human beings who exist the better; for the less the number the less will be the surplus of unhappiness, and none at all will be the ideal number. In other words, the annihilation of the human race is a better policy — a more just policy, than any form of competition thus far known. Annihilation would, to be sure, extinguish human happiness, but it would at the same time extinguish human unhappiness, and it is as true of an aggregate of individuals as it is of a single one, that non-existence is better than a surplus of pain, however slight. This conclusion follows from the very meaning of the word *better*, and if the reader thinks that he has in mind a meaning of that

word which does not involve such a conclusion, I recommend that he attempt to express it to himself.

From these considerations then, we may infer that the city of New York, the crowning achievement of the modern competitive system in the western world, yields a less output of happiness per acre per day or year than when Hendrick Hudson discovered its site — that it was more useful as an undiscovered wilderness than it is to-day, and contributed more to that output which it is the only useful object of society to produce — happiness. What then shall we think of all the lucubration about prosperity and national greatness so frequently heard? What relation, if any, have these things to utility? It would seem to be the height of presumption for any nation, or any representative of a nation, to boast of its success when universal annihilation would result in still greater success — at least a greater success in the production of anything which it is worth while to produce.

If we go outside the great cities of America into the rural districts and apply either of the tests we have suggested, there can be little doubt that the same condition will be discovered — a surplus of unhappiness is produced — few will be found who would wish to live their lives over again year by year; but it is significant that the output of unhappiness is less. Not only less per square mile, but less per average individual than in the city. The least unhappy portions of a great industrial country are the quiet farming districts, and these are precisely the parts of the country in which the capitalistic system of competition has reached the least development. Few will be inclined to deny this proposition, and yet what a commentary it furnishes upon the achievements of modern civilization. It is true that the city more and more attracts the dweller in the country, but this is because he counts the chances of success and discounts the chances of failure. He notices the luxury — he ignores the squalor. He enters city life as he would a gigantic lottery, seeing only the prizes; but, as in any lottery, the prizes are for the few — the blanks for the many — and this is particularly true of the great lottery of competition. The few who succeed are conspicuous; the many who fail are not; and thus the real condition of things is concealed. In the country, competition is less severe, wealth more evenly distributed, health more general, and were the indicative ratio and with it the education of the people increased, the country districts of America would doubtless begin to produce a positive output even with no other change.

The normal operation of competition to continually increase population then is simply a means of increasing unhappiness, and the migrations which result from this increase are a means of equalizing unhappiness — of insuring that wherever free communication between one nation and another exists that the level of happiness shall everywhere seek the lowest point — for under such conditions if one nation maintains a low level of happiness it is only a question of time when all others will sink to the same level. The pressure of population upon subsistence will tend always to increase and to equalize, just as among animals.

If, as we have sought to show by the best tests available, the United States is not a self-supporting community, how much greater must be the negative margin of self-support in those countries from which the pressure of population continually forces a stream of migration to our shores. In Europe, with the possible exception of France and Switzerland, despite the simpler tastes of the people, the output of misery per capita is doubtless higher than in the United States. All the baleful effects of competition contribute to this result, but the most potent is that caused by overpopulation which is greater in Europe than in America simply because the unrestricted natural laws of increase have operated for a longer period there than here. In yet more ancient communities where competition has been unrestricted for longer periods the conditions are worse than in Europe. In India and China the output of misery is appalling. So closely have these, the most ancient nations in the world, approached the limit of their means of subsistence, that even a partial crop failure means a famine in which hundreds of thousands, and often millions, die of starvation. The population of all these old countries is almost at the point of equilibrium, but it is not a beneficent equilibrium — it is the equilibrium of nature where starvation places a limit which propagation forever strives to exceed. It is the ideal furnished by these densely populated countries that the publicists of our time would have us approach, and approach as quickly as possible. The population cannot grow fast enough to suit them, and they seek to stimulate it in every way. Without seeking to inquire whether the average individual produces a positive or negative surplus, they would hurry the nation toward the point of natural equilibrium and maximum output of misery as rapidly as possible, on the principle that a great number of miserable beings are better than a less number of happy ones. It is perhaps useless to seek to eradicate this notion of the economists of the age, but

we may at least refute the argument by which they seek to justify their opinions. This is, in effect, that, owing to the advance in the arts and the improvements in the efficiency of production, the civilized countries of the western world can support a much denser population in comfort than the backward countries of the East can support in discomfort, and hence there is no fear of overpopulation at this stage of our progress. Now it may be acknowledged that with the means of production at hand America, for example, *can* support a large population in comfort, but this does not involve the acknowledgment that it *does* so. It may be acknowledged that owing to the causes mentioned, the condition of the average man in western countries is better than it ever was before; nevertheless this is far from acknowledging that any community yet produces a positive surplus of happiness. This cannot be until the average man is willing and anxious to live his average day, or month, or year, over again — and even could it be shown that a given community was self-supporting, this would not mean that an increase in its numbers would be desirable. Only communities whose consumption per capita is greater than that required for maximum efficiency of consumption can economically increase in numbers, and will anyone contend that any community has yet attained such a stage?

But perhaps in the last paragraph we have made an admission which is significant. If it must be acknowledged that in this, the era of the capitalistic system of competition, the condition of the average individual is better than ever before, surely the capitalistic system cannot be wholly bad. It must have its advantages if it is responsible for such a state of things. The fact is, the capitalistic system is not wholly bad. It has one great advantage, and it is due to this, and to a variety of restrictions upon competition, that the present improvement in man's estate has been brought about — an improvement slight indeed compared with what is accomplishable by a different adaptation of the same means. Intelligent men believe competition beneficent because they are ignorant of its effects when really unrestricted. If they are interested to learn what these effects *would be*, they need but to ascertain what they *have been*. Let them read the story of English industrial life during the first two-thirds of the 19th century, as told by Marx in his work on "Capital," or that by Dr. Kay on the "Moral and Physical Condition of the Laboring Classes in England," or let him read any of the reports so liberally used by these authors. The

story is too long to quote in detail here; it must be read in detail to be appreciated, but as a brief and inadequate condensation of its tragic details the following account by E. J. James is worth inspection:

“The doctrine so long current in political economy and expressed in the motto *laissez faire passer*, has been thoroughly exploded by the logic of circumstances. No better proof of this could be desired than the factory laws of modern industrial nations, laws which have been of late warmly defended by economists of every school. The reaction begun by Adam Smith against the paternal theory and practice of contemporary governments resulted in an illogical and untenable theory of the state and its functions. ‘Free Competition’ was the panacea for all economical ills of society. Everyone was to be free to sell his own labor and that of his family where he could obtain the most for it, and free to make such contracts as he would or could. As England was the first great industrial state of modern times, so in England the results of such a policy first showed themselves in all their nakedness. The most merciless exploitation of the weaker elements of society by the stronger became the rule. The manufacturers, in their thirst for wealth, paid as little attention to the health of their operatives as they chose. The laborers in their necessity were compelled to accept what terms were offered. The labor of the father soon became insufficient to support the family. The mother had to go into the coal mine or factory. It was not enough; the children were sent into the mines and factories. They were compelled to work ten or fifteen hours a day for seven days in the week, in narrow, illy ventilated and dirty factory rooms or in still more unhealthy mines. The result of such work was, of course, the moral and physical deterioration of the children and a steady degeneration of the laborers from decade to decade. The conditions prevailing in Great Britain during the latter part of the last century (the 18th) and the early part of the present century would be entirely incredible were they not well attested by the testimony of unimpeachable witnesses. So crying did the evil become that in 1802, an act was passed ‘for the preservation of the health and morals of apprentices and others employed in cotton and other mills and cotton and other factories.’ This bill owed its passage to the ravages of epidemic diseases in the factory districts of Manchester. The illy fed and overworked children in the factories formed the very best field for the development and spread of epidemic and contagious diseases. Pauper children were sent in crowds from the agricultural districts of the Southern counties to the manufacturing regions of

the northern counties. They were apprenticed to the mill owners and mercilessly overworked and underfed.”¹

The narration of which this extract is the commencement shows what unrestricted competition does for the producers of a nation. It illustrates what competition would do were the restrictions imposed by labor organizations and the government removed. If let alone the conditions described would extend to practically all industries, and finally affect the whole laboring population. They represent what the dogmatic economist calls the most “economic” conditions of production, conditions which, if attained, will assure the most complete success in the race for commercial supremacy. Indeed, the business men of that day contended that to interfere with these conditions meant ruin to England’s industries. When things became so bad that the English government prepared to “meddle” by passing the Factory Acts there was great alarm and indignation among the conservative and respectable factory operators whose “rights” were threatened. They protested with all the vehemence of disinterested patriotism against any interference with the beneficent natural laws which were doing so much for England’s commercial prosperity. The Factory Acts, nevertheless, were passed, interfering with “prosperity” in the interests of happiness. As they merely dabble with the matter, however, they have not done much toward abolishing the vast annual deficit of happiness produced by the British people; though they certainly have diminished it.

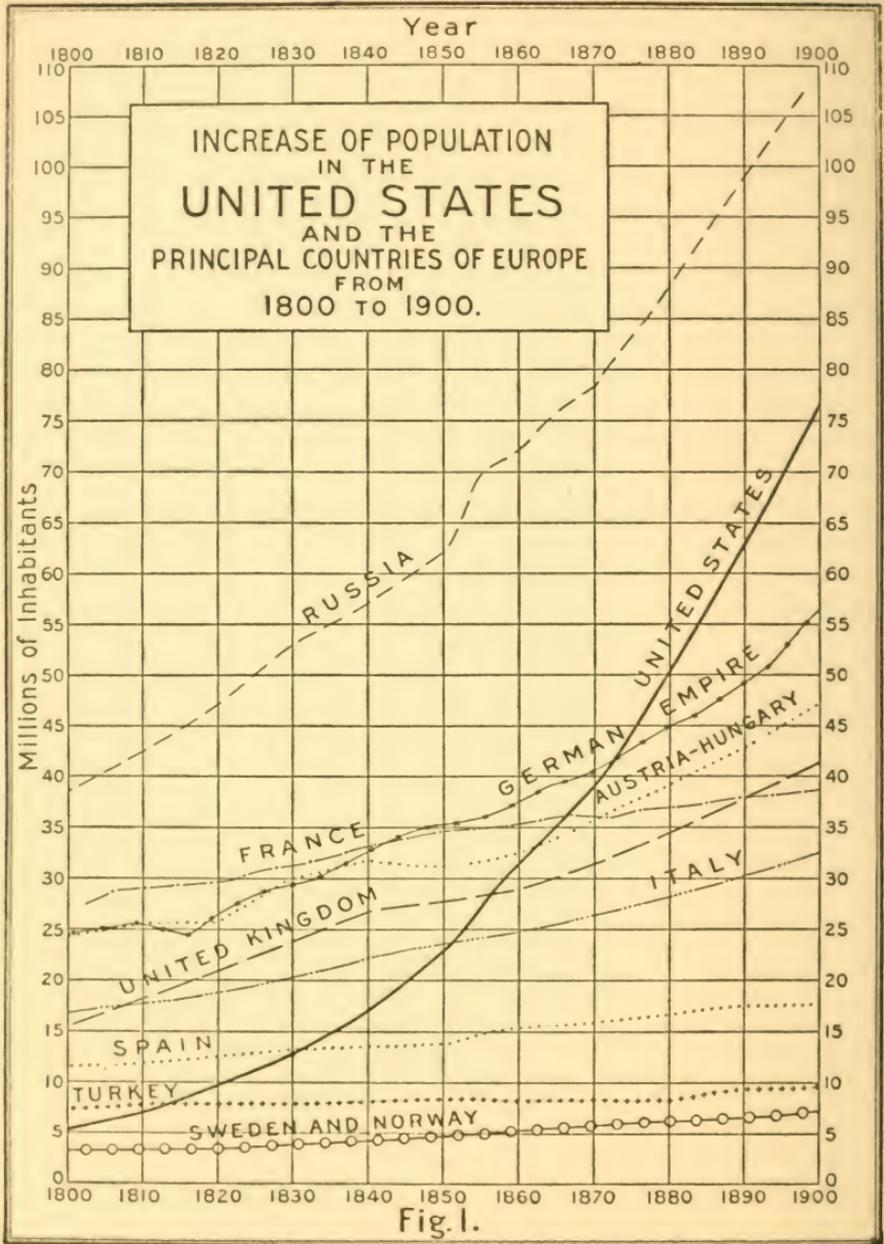
Advancement in the arts then does not insure happiness, though doubtless it can be made the means of supporting in comfort a greater population than in its absence can be supported in discomfort, but not while competition is in control. In fact, it may be shown that even the single and much proclaimed advantage of the capitalistic system — its stimulus to the use of machinery in the arts — is in reality a disadvantage. Suppose, for example, that modern methods of production were introduced into India and the competitive system were permitted to remain in control. What would happen? A temporary slight rise in the rate of consumption per capita would be the first effect, but the increase in the means of subsistence would promptly result in a decrease of the death rate, and an increase in the population — the faster the means of subsistence increased the faster

¹ Cyclopadia of Political Science, edited by John J. Lalor, Vol. II, p. 151.

would the population increase to meet it, until the limit of the agricultural resources of the country, on which depends the limit of the population, would, even with improved methods, be again practically attained. Perhaps in India where the population is already dense, it might by this means be stimulated to increase several fold, and what would be the result — the same final rate of consumption per capita, the same final output of misery per capita would be attained, and the total output of misery would be increased several-fold. Such would be the result of improving methods of production by the application of science and leaving consumption to the beneficence of nature. Indeed, science thus *half* applied is a curse instead of a blessing. That which advancement in the arts would do for India it will do for the United States under competitive conditions; for the population of the country will either increase as fast as in the past, or it will not. If it does its failure to increase as fast as in the past can only mean that the sole competitive check which exists — the Law of Malthus — has begun to operate and will continue to do so until natural equilibrium, like that in India, is attained. If, on the contrary, it does not, it will show that the Law of Malthus is not operative. In the past, the population has several times doubled in less than thirty years, say three times in a century. Assuming the present population to be 80,000,000 and this rate of increase to be maintained, the population in one century will be 640,000,000, in two centuries will be over 5,000,000,000, and in three centuries will be over 40,000,000,000. Does any one suppose the country can support the last two numbers in comfort, or even in a condition of self-support? Do they suppose it can support even 640,000,000 at, or anywhere near, the point of maximum efficiency? Certainly not with competition, and it is doubtful if, with the most perfect system devisable, it could be done, even with half such a population. As Sir William Crookes¹ has shown, the wheat acreage is already approaching its limits, and though these can be extended and the yield per acre increased by the application of science, the

¹ "The Wheat Problem" G. P. Putnam's Sons, Publishers, 1900. In an essay incorporated in this work, John Hyde, Chief Statistician of the U. S. Agricultural Department, says:

"That for general agricultural purposes the public domain is practically exhausted, and that, consequently, there can be no further considerable additions to the farm area of the country, is too well-established a fact to be the subject of controversy." (p. 197.)



yield cannot be indefinitely augmented. The same thing is true of other agricultural resources. The law of diminishing returns cannot forever be more than neutralized by the law of increasing returns; and what is true of agriculture is true of mineral resources, particularly of the coal supply.

Of course, no such rate of increase of population as that we have assumed will or can be maintained; for the very reason that it will be checked by the Law of Malthus. A glance at Fig. 1, showing the rate of increase of population in various countries during the 19th century, according to the report of the 12th Census of the United States, exhibits the effect of this law. Thus the sparsely settled countries (the United States and Russia) have increased most rapidly; the acceleration in the case of the former country being due in part to immigration. Among densely populated countries it is those in which the operation of the law of increasing returns has been most stimulated by improvement in the arts that have made the greatest gains (The United Kingdom, Germany, and Austria-Hungary). Italy and France occupy an intermediate position, while the most backward industrial countries (Spain, Sweden and Norway, and Turkey) have increased least in population. Owing to our proficiency in the arts, however, we shall eventually be able to support a much greater density of population, and produce a far greater output of wealth and misery than any of the countries of Europe and Asia do now.

The proper way of adjusting population to a diminishing return of wealth is by a decrease in the birth rate, but this is not nature's way in man any more than in animals. Only a relatively high rate of consumption per capita can set in operation the prudential motives which keep human beings from breeding too fast, and this cannot be attained by any system, which, like that of competition, destroys the efficiency of consumption, however much it may increase the efficiency of production. Thus it becomes clear that the improvement in the arts which the modern form of competition promotes is a temporary good, but a permanent evil, or certain to become so if the increase of population is left to nature.

And now to return to the effect of all this on the natural resources of the earth (p. 24). The greatly increased facility of developing nature's resources through improvement in the arts and the great increase in the number of human beings engaged in their development, simply accelerates their depletion without accomplishing anything useful by it. The resources

which, if properly applied, would result in a vast production of happiness are, by the competitive system, dissipated with nothing — with less than nothing — to show for their dissipation. In the modern world the prevailing production-madness goads the capitalist, who has everything to gain from “skinning” the country, into opening up and “developing” its resources, and what is the final result — abandoned farms where once were virgin soils — treeless wastes where once stood great forests — huge water-filled caverns in the earth where once was valuable ore. The resources are certainly “developed,” but what has the nation to show for it — a vast and increasing surplus of misery, and this we are told is *success*. Such a policy as this may please a few capitalists in one generation, but what of posterity? If, under the present system, men cannot produce a surplus of happiness while living on the cream of the earth’s resources, what will they do under the same system when, with numbers indefinitely increased, they must live on the skimmed milk? So abysmal is the ignorance on this matter that the very men who are hailed as public benefactors because of their haste to develop the resources of the nation, are in reality the worst enemies of the state.

If the rapid development of the nation’s resources is indeed a desideratum, then let us by all means hasten it. Let us in America, for example, bring in hordes of laborers from China, supply them with the most improved machinery, make them work sixteen hours a day at the minimum wage, and work day and night shifts to “develop” our resources. Let them exhaust the soils, deplete the mines, level the forests, and exterminate the beasts of the field and the birds of the air, and let them keep at it until they have accomplished their work. By this means the land may be made a desert several centuries sooner than it could by the methods now in use — and thus our success will be the wonder and the admiration of the age. If we adopt this policy no nation can hope to compete with us for the commercial supremacy of the earth. England and Germany, unless they imitate our methods, will not be factors in the race for a moment. If an enormous rate of production of wealth is the object of national existence, this is the way to obtain it, and the sooner we get at it the better. If the practo-manias of the age dare to be consistent with themselves, let them advocate this policy. If, on the other hand, our object is an enormous rate of production of happiness, we should pursue the opposite policy. The resources of the country should

be conserved and husbanded with the greatest care; their development should be delayed as long as possible; the activities of men should be turned to developing individuals who are fitted to convert the potentiality of happiness involved in national resources into actual happiness; the efficiency of consumption should be stimulated and then, when the husbanded resources are at last developed, the nation will have something to show for their dissipation. On page 318¹ we have already discussed this matter and further repetition is not required here. All we need point out is that the capitalistic system, in developing a country, wastes its resources instead of using them.

In Chapter 8² we have set forth the effects on the several elements of happiness required of a just social system. We are now in a position to compare these effects with those which modern competition tends to produce. Thus:

(1) A just system aims to improve the quality of human beings.

Competition tends to deteriorate it.

(2) A just system seeks a high degree of adjustability and health.

Competition secures a low degree.

(3) A just system conserves natural resources until a high efficiency of consumption is developed.

Competition dissipates natural resources, at the same time maintaining a low efficiency of consumption.

(4) A just system substitutes machinery for men in production, simultaneously increasing the indicative ratio.

Competition displaces men with machinery, without simultaneously increasing the indicative ratio.

(5) A just system stimulates a high degree of skill and interest in labor.

Competition stimulates a low degree of skill and interest in all save directive labor.

(6) A just system seeks equality in distribution of wealth and leisure.

Competition secures inequality in both.

(7) A just system seeks to so adjust the indicative ratio as to secure maximum efficiency per capita, by making it a direct function of productive power, productive intensity, and consumptive power.

¹ Of The Economy of Happiness.

² Ibid.

Competition tends only to make it an inverse function of endurance and diminish it indefinitely.

(8) A just system seeks to adjust a population to its means of happiness so as to maintain it at the point of beneficent equilibrium.

Competition adjusts population only to its means of subsistence, leading to natural equilibrium.

Competition then has not a single good point. On every vital issue it is opposed to a just system. It deteriorates the quality of the population, it destroys the efficiency of consumption, and even such good effect as it has on the efficiency of production is thereby turned into an evil which is only made more terrible by its effect in indefinitely increasing the population. In other words, the system of competition is to-day but a more efficient form of what it always has been — a mechanism for maintaining and continually increasing an output of unhappiness. Perfected by science, this mechanism if its use be persisted in, will cause the earth eventually to become a very hell in which the sensitive organization of human beings is utilized in the highly successful manufacture of misery. There is no more dismal delusion than that of the beneficence of competition. It is a political myth as gross as, and vastly more harmful than, the myths of ancient and modern mythology, and by coming generations it will be placed in the same category. It remains to be seen whether common sense can, with sufficient promptness and completeness, triumph over custom to destroy this delusion and the system founded upon it, and substitute therefor an applied science whose object is the manufacture of happiness. The signs of the times give reason to believe that such a triumph is coming soon, and in the following chapter we shall attempt to point out the course of events by which this “consummation devoutly to be wished” is to be attained.

CHAPTER III

PRIVATE AND PUBLIC MONOPOLY

Human society, like much else in nature, is a product of evolution; and evolution consists either in progress or in retrogression. In the history of the forms of animal and vegetable life both processes have occurred, and both have occurred in the history of human society. In the last chapter has been discussed the effect upon human happiness of the modes of activity of that phase in the evolution of society denominated the capitalistic system. This form of social mechanism was developed out of the feudal system of mediæval Europe through several intermediate stages and at the present time is in process of undergoing transformation into another form. What that form is to be was foreshadowed by Marx in his discussion of the "Historical Tendency of Capitalist Accumulation," as follows:

"What does the primitive accumulation of capital, i. e., its historical genesis, resolve itself into? In so far as it is not immediate transformation of slaves and serfs into wage-laborers, and therefore a mere change of form, it only means the expropriation of the immediate producers, i. e., the dissolution of private property based on the labour of its owner. Private property, as the antithesis to social, collective property, exists only where the means of labour and the external conditions of labour belong to private individuals. But according as these private individuals are labourers or not labourers, private property has a different character. The numberless shades that it at first sight presents, correspond to the intermediate stages lying between these two extremes. The private property of the labourer in his means of production is the foundation of petty industry, whether agricultural, manufacturing, or both; petty industry, again, is an essential condition for the development of social production, and of the free individuality of the labourer himself. Of course, this petty mode of production exists also under slavery, serfdom, and other states of dependence. But it flourishes, it lets loose its whole energy, it attains its adequate classical form, only where the labourer is the private owner of his own means of labour set in action by him-

self; the peasant of the land which he cultivates, the artizan of the tool which he handles as a virtuoso. This mode of production pre-supposes parcelling of the soil, and scattering of the other means of production. As it excludes the concentration of these means of production, so also it excludes co-operation, division of labour within each separate process of production, the control over, and the productive application of the forces of Nature by society, and the free development of the social productive powers. It is compatible only with a system of production, and a society, moving within narrow and more or less primitive bounds. To perpetuate it would be, as Pecqueur rightly says, 'to decree universal mediocrity.' At a certain stage of development it brings forth the material agencies for its own dissolution. From that moment new forces and new passions spring up in the bosom of society; but the old social organization fetters them and keeps them down. It must be annihilated; it is annihilated. Its annihilation, the transformation of the individualized and scattered means of production into socially concentrated ones, of the pigmy property of the many into the huge property of the few, the expropriation of the great mass of the people from the soil, from the means of subsistence, and from the means of labour, this fearful and painful expropriation of the mass of the people forms the prelude to the history of capital. It comprises a series of forcible methods, of which we have passed in review only those that have been epoch-making as methods of the primitive accumulation of capital. The expropriation of the immediate producers was accomplished with merciless vandalism, and under the stimulus of passions the most infamous, the most sordid, the pettiest, the most meanly odious. Self-earned private property, that is based, so to say, on the fusing together of the isolated, independent labouring-individual with the conditions of his labour, is supplanted by capitalistic private property, which rests on exploitation of the nominally free labour of others, i. e., on wages-labour.

"As soon as this process of transformation has sufficiently decomposed the old society from top to bottom, as soon as the labourers are turned into proletarians, their means of labour into capital, as soon as the capitalist mode of production stands on its own feet, then the further socialisation of labour, and further transformation of the land, and other means of production into socially exploited, and, therefore, common means of production, as well as the further expropriation of private proprietors, takes a new form. That which is now to be expropriated is no longer the labourer working for himself, but the capitalist exploiting many labourers. This expropriation is accomplished by the action of the immanent laws of capitalistic production itself, by the centralization of capital. One capitalist always kills many. Hand in hand with this centralization, or

this expropriation of many capitalists by few, develops, on an ever extending scale, the co-operative form of the labour-process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of the instruments of labour into instruments of labour only useable in common, the economizing of all means of production by their use as the means of production of combined, socialized labour, the entanglement of all peoples in the net of the world-market, and with this, the international character of the capitalistic regime. Along with the constantly diminishing number of the magnates of capital, who usurp and monopolise all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organized by the very mechanism of the process of capitalist production itself. The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it. Centralization of the means of production and socialization of labour at last reach a point where they become incompatible with their capitalist integument. This integument is burst assunder. The knell of capitalist private property sounds. The expropriators are expropriated.

“The capitalist mode of appropriation, the result of the capitalist mode of production, produces capitalist private property. This is the first negation of individual private property, as founded on the labour of the proprietor. But capitalist production begets, with the inexorability of a law of Nature, its own negation. It is the negation of negation. This does not re-establish private property for the producer, but gives him individual property based on the acquisitions of the capitalist era: i. e., on co-operation and the possession in common of the land and of the means of production.

“The transformation of scattered private property, arising from individual labour, into capitalist private property is, naturally, a process, incomparably more protracted, violent, and difficult, than the transformation of capitalistic private property, already practically resting on socialized production, into socialized property. In the former case, we have the expropriation of the mass of the people by a few usurpers; in the latter, we have the expropriation of a few usurpers by the mass of the people.”¹

Thus, more than fifty years ago, Marx predicted the evolution of the capitalistic system of competition into a system of private monopoly. He predicted also the leadership of the United States in this movement, and he points out its inevitable development into a system of public monopoly. It is interesting

¹ Capital; pp. 786-789.

to observe this evolution now in actual process of operation. As Marx says, the fall of capitalism is to be much more rapid than its rise. The system of private monopoly had its inception only about twenty-five years ago and yet its practical replacement in the United States by public monopoly will, in all probability, be witnessed by the rising generation.

Private monopoly follows capitalistic competition as effect follows cause. Were the industrial conditions existing two generations ago to be re-established, they would again pass through the same stages and develop the same condition of private monopoly which they did before. The inconvenience, worry, and loss occasioned the capitalist by competition prompts him to seek a way to escape it. This can only be done by combination between competitors, and when by the coalescence of many small concerns into a few large ones the number of competitors has diminished, this becomes a relatively easy task. The earliest form of combination, known as *pooling*, consists simply of verbal agreements among competitors not to compete. The output of the commodity sold by them is restricted and the price fixed. Thereby the fearful wastes of competition are avoided and a profit to the combine insured. But, of course, the seller's gain is the buyer's loss; and as the public is directly or indirectly the buyer, the profit of the pool is at the cost of the public. To protect themselves against pooling most of the states of the Union, during the '80's, passed laws making it illegal; and in 1890 Congress passed the Sherman anti-trust act to the same effect. In other words, by "meddling" legislative enactment the law-makers attempted to induce *artificial competition*. The *laissez faire* theory had already been converted into a dubious doctrine by the Factory Acts and other legislation. The Sherman law converted it into a farce. Competition, that beneficent natural law, develops by a natural process into private monopoly. Thereupon the learned law-givers, imbued with the innate beneficence of natural law, proceed to enact one, since nature fails them; the result being that curious anomaly — an artificial natural law — a law which is both natural and unnatural. Is it therefore both beneficent and not beneficent? We leave this question to political metaphysicians; but one thing is sure — it has not stopped pooling. As pooling agreements are merely verbal, it is very difficult to get evidence of them except by the confession of one of the parties. They may be dissolved to-day and renewed to-morrow. The Sherman act, therefore, has remained little more than a dead letter.

To keep pooling agreements in moments of temptation, however, requires a sense of honor, and this is something that business does not breed. The parties to the various pools formed, when they saw an opportunity of gain would frequently break their agreements and the combine would immediately crumble. Thus pools were continually dissolving, and though they continually reformed under the blistering blows of competition, they were a very unsatisfactory form of combination. The pool, therefore, soon developed into the *trust*, so-called because it consisted of a company whose function was to hold the stock of competing companies in trust. Through the trustees or officers of the trust, the various companies were each assigned their part in the total production, the output was restricted and the price fixed as under the old pool, but the trust agreements were matters of record and could be legally enforced, and thus it was believed the ills developed under pooling could be remedied. But this source of strength was also a source of weakness. The trust agreements not being secret could be adduced as evidence in the courts and hence were subject to the attack of the anti-trust laws. These were, in many cases enforced, and a number of trusts lost their charters and were forced back into the pooling stage.

The legal position of the trust becoming thus untenable through enforcement of state laws, a new device was tried. *Holding companies* were formed whose sole purpose of existence was the ownership of the stock of other companies. At first only one state, New Jersey, permitted the incorporation of such companies, but one was enough. The competitors formerly combined into trusts now combined into holding companies, secured a charter in New Jersey, and were then free to operate in any state they pleased without interference, since the attempt by any state to discriminate against a company not incorporated therein was, by the courts, interpreted as a regulation of interstate commerce and hence illegal. The trust was thus displaced by the holding company and this is the device which prevails very largely to-day, though charters for such companies are now obtainable in several states. Holding companies, or in their absence, pools, have now multiplied in number to such a degree that the sale of all the principal articles of commerce in the United States is either wholly, or in large measure, removed from the realm of competition. Capitalists, coerced by competition, have very generally ceased to compete. Laborers, in the formation and consolidation of labor

organizations, have followed the same trend and competition between laborers is diminishing from year to year. Thus private monopoly, predicted by Marx as the inevitable outcome of competition, is in process of realization. The attempt of the anti-trust legislation to stop and reverse the evolution of society by inducing artificial competition is a practical failure. The much vaunted victories of the Sherman law are technical victories only. That law was not made to be impartially enforced. To do so in the case of all railroads doing interstate business would result in chaos, and except in one or two cases it has not been attempted, though the abolition of competition by combination among railroads is all but universal to-day. The enforcement of the Sherman law is, in fact, left to the discretion of the executive and is thus a practical reversion to monarchical theories of government. It is a legislative license for executive fiat.

The attempt to induce artificial competition having failed, the next step is acquiescence in, and national regulation of, private monopoly. President Roosevelt, in his message to Congress of December 5th, 1905, suggests such acquiescence, and commends such regulation in the following words:

“The fortunes amassed through corporate organization are now so large, and vest such power in those who wield them, as to make it a matter of necessity to give to the sovereign—that is, to the Government, which represents the people as a whole—some effective power of supervision over their corporate use. In order to insure a healthy social and industrial life, every big corporation should be held responsible by, and be accountable to, some sovereign strong enough to control its conduct. I am in no sense hostile to corporations. This is an age of combination, and any effort to prevent all combination will be not only useless, but in the end vicious, because of the contempt for law which the failure to enforce law inevitably produces.”

The policy thus suggested may be denominated *pseudo-socialism*; and to it the nation is now proceeding—with what result it is too soon to say; but we may with very slight knowledge of human nature rest assured that difficulties will be encountered—not transient, but permanent difficulties—for this solution of the problem leaves untouched the cause of the trouble—the eternal antagonism between the self-interest of the buyer and seller—between *public* interests and *vested* interests. This is the splinter that produces the fester. A poultice may reduce the inflammation some, but to effect a cure the splinter must

be removed. The only way to relieve the public from the exaction of private monopoly is to diminish the profits of the monopolists. They will not submit to this without a struggle and however sincere the attempt may be to accomplish it, organized wealth wields too many weapons to make the permanent success of such an undertaking much more probable than that of achieving artificial competition. Not only can organized wealth, through its representatives in Congress, delay the passage of any act adverse to its interests, but it can have incorporated in such acts various ingenious provisions which make their evasion easy, or other acts may be passed making them unenforceable. Even if it is successful in passing the legislative stage un mutilated, means may be found for causing the prosecuting officers to suspend their activities, and if this fails, the thousand technicalities of judicial procedure for delay and evasion are still available. By the time these difficulties have been surmounted the monopolies may have changed their form, reverted to the secret pooling stage, making the act inapplicable, or devised some new method of evasion. But even if they fail in all attempts at evasion what eternal vigilance will it require to keep them under control. Publicity of all their transactions will be an essential feature of government control. To insure accuracy in the reports of these transactions in the case of several hundred monopolies is in itself no small undertaking. The myriad modes known to bookkeeping of concealing profits under other names must all be understood and met, and this by men whose temptation to opacity of understanding may be made very great by the interested parties. But let us assume that all these and many other difficulties are surmounted, in what a dangerous position will the government find itself, surrounded by these colossi of capitalism whose interests are in eternal antagonism to that of the people. Will they forever submit tamely to regulation? Will the government control the monopolies or will the monopolies control the government? Judging by their present hold upon various departments of government the latter alternative appears at least plausible. In a land where a double standard of honor exists — a personal and a political standard — the people cannot hope for much from their representatives when subjected to temptation to conduct, not judged publicly or privately by the personal standard. They will not accord more than the people expect, and so long as the people expect politics to be “practical,” they will not be disappointed. So long as they condone corruption they will

find those willing to have it condoned. It is not more the people's representatives than their own blindness which betrays them.

But again, let us assume that all difficulties in government regulation of monopolies, without corruption, are surmounted, and that the monopolists are completely submissive to the people's will, seeking no advantage not freely accorded them — what has been accomplished? If regulation is to relieve the people of exaction, at least one of the results must be the restriction of profits to some specific maximum — to a fair rate, whatever that mystic figure may be — say 7% on the actual capital invested — a rate frequently set in the franchises of street railway companies. A result such as this would undeniably be of benefit to the people and relieve them of much exaction; but what effect would it have upon improvement in the arts — that much vaunted advantage of the capitalistic system — that benefit to mankind for the sake of which, we are told, the community may well ignore all the evils of the system? Competition being abolished, the hope of increased profit being abolished, what incentive is there to the capitalist to promote improvement in the arts? He has nothing to gain from it — any increase of profit which might accrue will be confiscated by the community. His interest is confined to keeping his profits from falling below the maximum allowed him. If they threaten to fall he can check the tendency more easily by oppressing his employees or by producing an inferior product than by the expensive operation of junking old machinery and installing a new and improved type. Thus, even if the people succeed in regulating monopoly they will at the same time have deprived the capitalistic system of its only excuse for existence — of its one beneficent effect upon the elements of happiness. What has the capitalist apologist to say to this dilemma? Can it be a delusion? Is beneficence indeed so inseparable from capitalism that it survives every mutation? Is it the inevitable product of competition, and the no less inevitable product of the absence of competition? Doubtless our economists will be able in some manner to show that it is. To the dogmatist, eternal ingenuity is the price of consistency.

When the stage of pseudo-socialism has been reached in an industrial community the capitalistic system is *in extremis*. The attempt to support the collapsing structure is doomed to failure. No sooner is one portion strengthened by a statutory prop or brace than another portion gives way. Law is piled on

law, regulation on regulation, in a vain attempt to rehabilitate a piece of industrial and political junk by the mere force of overlegislation. In fact, government control with retention of capitalism is—like the attempt at artificial competition—a kind of political quackery. It is a thing of *laissez faire* shreds and legislative patches and cannot endure. It will either develop into a condition of consistent public monopoly, or of consistent private monopoly in which government control is a mere form. *If the nation does not own the monopolies, the monopolies will own the nation.*

But if government control of monopoly *with* retention of capitalism involves the permanent evils we have mentioned, would they or their equivalents be involved in government control *without* retention of capitalism? Is public monopoly better than public control of private monopoly? Those who claim that it is are called *socialists*, and their doctrine *socialism*. *Socialism requires that all socialized means of production shall be owned by society, and not by individuals.* Ownership is but one form of control. Is it better that the people should control their own industries, or simply share in their control? And if they should share in control, by what principle of economics are we to discover the degree in which they should be permitted to share? Government regulation, of course, outlaws the *laissez faire* theory. If now we reject socialism by what principle shall we be guided? Economists can, of course, supply none, but they can reject socialism. Consistency requires that they shall, because for years they have been frightening the public with the threat of socialism, just as nurses sometimes frighten children with tales of the bogey-man. If we examine current newspaper criticism of socialism it will appear that it seldom gets beyond the name. To say that a proposal is “socialistic” is to condemn it. It seems to be a word, not a doctrine, to which objection is made. In his polemics against socialism the average editor opposes not a political theory, but a mode of spelling. Indeed, the only consistent opponent of socialism is the anarchist or the oligarchist. *Socialism is but consistent democracy.* It is democracy applied to all forms of conduct which affect the interests of society instead of to a few traditional forms only.

The government of a nation is a means of attaining certain proximate ends. By definition, therefore, it is a *means of production*. The oligarchist claims that this means of production should be in private hands. The democrat claims that it should be in public hands. During feudal times, those archaic capital-

ists the seigniorial lords competed for its possession. The monarchies founded by the conquerors among these competitors displaced competition with private monopoly. The replacement of a monarchy by a republic is the substitution of public for private monopoly. In the United States this was accomplished at one stroke by the Revolution. In Europe it has come about—or rather is coming about—through a series of compromises between public and private monopoly. That is, the people do not control the government, but merely share in its control—in some cases more—in others less. The democrat claims that as the government of a nation should be managed in the public interest it should be controlled by the public. Otherwise it will be managed—not in the public interest, but in the interest of those who control it—and experience confirms the claim. The oligarchist denies the claim, and appeals to custom to sustain his position. The socialist claims that as the industries of a nation should be managed in the public interest, they should be controlled by the public. Otherwise they will be managed—not in the public interest, but in the interest of those who control them—and experience confirms the claim. The dogmatic economist denies the claim and appeals to custom to sustain his position. The socialist claims that *all* such means of production should be in the hands of the public—his opponent claims that only those which it is customary to have in public hands should be placed there.

The position of the utilitarian on this question, as on all questions, is, of course, determined strictly by utility. When competition is more useful than other proposed policies, adopt it; when private monopoly is more useful adopt *that*; when public monopoly is more useful, then adopt *that*. Does this simple course appear reasonable? I believe it will so appear. Very well then. Socialism is entitled to be judged on its merits and not on its spelling. We have examined seriatim the alleged advantages of competition. Briefly we have pointed out the modifications introduced by the system now commonly proposed, viz., pseudo-socialism, or private monopoly under public control. Let us now see what is claimed for public monopoly.

Socialism proposes to abolish the individual capitalist working in his own interest, and substitute for him the nation working in its own interest. When by the suppression of the first two classes of competition (p. 11) private monopoly has been attained, the socialist proposes to suppress the second two classes also. Instead of perpetuating the antagonism between

vested interests and public interests, and then attempting to restrain and check it by a complex regulating mechanism he proposes to abolish the antagonism, and thus dispense with the necessity of restraint. Instead of a system whereby the people sell their labor to a capitalist and then buy back the product of that labor from the capitalist, leaving at each transaction a margin of profit in his hands, the socialist proposes that the nation shall labor for itself, and buy from itself, all profit accruing to the nation. Thus the antagonism between buyer and seller, between laborer and employer of labor, is abolished, for the nation is both buyer and seller, both laborer and employer of labor. Through ownership of the means of production the nation becomes its own capitalist. In effect, the advantage claimed for this system is its improvement in the economy of consumption. By its abolition of the competitive system it abolishes the unequal distribution of wealth which characterizes that system. Inequality in the distribution of wealth is merely inequality in the opportunity possessed by individuals of availing themselves of their own labor. The rich man has an advantage over the poor man simply because the first can avail himself of more labor than he performs, the second of less labor than he performs, provided we measure labor by its cost. In purchasing commodities we avail ourselves of the labor involved in their production. He who can purchase commodities of the highest labor cost therefore, can avail himself of the most labor. Capitalists do not employ laborers merely to satisfy a whim — they employ them that they may avail themselves of a portion of their labor — as large a portion as possible. To this portion Marx has given the name “surplus labor;” it appears in the profit of the capitalist. Now, as equality in the distribution of wealth promotes utility, equality should be sought, and the socialist claims that the shortest way to achieve it is to abolish profit and to make, on the average, each individual able to avail himself of his own labor and no more; or, rather, as children and other helpless persons, for obvious reasons, either cannot or should not be laborers, to make each normal family able to avail themselves of their own labor and no more, i. e., to make them self-sufficient. This is the object of socialism.

Inequality of distribution in wealth is, of course, one of the chief defects of the capitalistic system; hence any device which promises to remedy it is worth considering. The question is — Does socialism, in diminishing one defect, increase others? Its

opponents claim that it does, and in this country their real criticisms are practically confined to three.

The first is that socialism would lead to widespread corruption. Government in America is certainly corrupt, and if corruption is confined to the operations of the government this is a serious criticism. General corruption would not only cause general demoralization of character, but it would impair the efficiency of production everywhere. It is, however, generally acknowledged that the demoralized condition of the government is due to the influence of capitalism. The transfer of the debased business standards of morality fostered by the competitive system into politics brings politics down to the level of business. In fact, in our country, politics is a kind of business and is pursued for profit. The control of legislative bodies and other departments of government by great business interests is notorious. This is the source of all the grand corruption to be found in the government, and this socialism would abolish by the destruction of capitalism. As to petty corruption, that is fully as prevalent in great corporations as it is in the government service. Rebates, commissions, rake-offs, and jobs of every description, are so common in business transactions as not to cause comment; and when we consider the gigantic operations of "frenzied finance," speculation, stock watering, cornering, corporation-wrecking, fraudulent bankruptcy, embezzlement, and every form of stock-jobbery, the petty stealings of subordinate government officials which occasionally occur, sink into insignificance. In the abolition of capitalism, socialism would abolish thousands of times the corruption it would cause. Professor Parsons of Boston University states the case with brevity thus:

"The causes and conditions of corruption are mainly (1), private monopoly; (2), political influence in appointment, and (3); secrecy.

"Private ownership of public utilities leaves all three causes in full bloom and feeds their roots.

"Public ownership eliminates two of the causes—private monopoly and secrecy—and if established under reasonable civil service regulations it eliminates the other cause also."

In fact, it is difficult for an impartial observer to take seriously such a criticism as this one of socialism. It is, indeed, a strong, and not a weak feature of the socialistic doctrine that is here criticized. Public monopoly offers a remedy for the

present capitalistic control of the government which regulated private monopoly does not offer. To license private monopolies while leaving them the incentive and the power to corrupt those who are employed by the people to supervise their operations is to invite disaster. The simplest common sense is all that is required to dispose of this first objection to socialism.

The second objection is that control of the means of production by the nation would put in the hands of the party in power a political machine so strong as to be detrimental to the interests of the community. Those who offer this objection have in mind the capitalistic method of influencing elections. They can only mean that it would put in the hands of a machine the power of defeating the will of the majority. The opposition of parties, when it is real, is generally an opposition between classes whose interests are antagonistic. The abolition of capitalism would abolish any marked distinction of the people into antagonistic classes, and it is the claim of socialists that, with the disappearance of class antagonism, party antagonism will disappear, the interests of the whole people being the same. It is the aim of socialism, as of less consistent democracy, to do away with all class distinctions save those established by nature herself. In the absence of the corruption caused by capitalism it is difficult to see how public monopoly could result in the defeat of the will of the majority, particularly when by the abolition of classes the majority would be practically the whole people.

The third objection is one which critics of socialism are unanimous in urging. The claim is made that whatever gain socialism might effect in the efficiency of consumption would be more than offset by the loss in efficiency of production due to the abolition of the class whose zeal to improve the arts is directly due to their self-interest. In a state which is its own capitalist the incentive to the introduction of labor-saving machinery, including skilful organization and management, discussed on page 24, will be lacking. It is justly urged that if mankind is to produce a surplus of happiness, means must be discovered of producing desiderata at a less cost of labor than at present, for it is doubtless true that not only is the distribution of wealth at the present day bad, but the amount of wealth per capita is, and always has been, inadequate. Hence, if socialism does, as a matter of fact, check improvement in the art and organization of industry, and while improving the distribution

of wealth diminishes the amount per capita — a valid objection has been lodged against it.

Many facts appear to bear out this criticism of socialism. In America it appears to be a general rule that enterprises carried on by governments are expensive. It appears to cost the government more to accomplish any given amount of production than it does private parties. Such facts lose much of their force, however, when we recall that efficiency of production is inversely proportional, not to *money* cost, but to *labor* cost. The confusion of these two things, so common in our day, is a heritage from the obsolete mercantile system. We cannot infer from money cost to labor cost, as they are by no means proportional to one another. The incentive of the capitalist is to reduce *money* cost — *labor* cost is a matter of indifference to him. Hence it will be found that the private individual derives most of his advantage over the government from the cheaper and more oppressed labor that he employs. The government has no incentive to oppress its employees, since it seeks no profit from their surplus labor. Hence the money cost of governmental production, as a rule, ranges higher than that carried on by private capitalists, but the labor cost is not, therefore, necessarily higher.

The vast strides in mechanical improvements made by industries in private hands is often adduced as evidence of the effectiveness of the incentive to capitalists to improve the arts, and yet what art has advanced so rapidly in the last generation as the art of warfare — an art which has no part in the business of private individuals and which has been developed without the incentive of the capitalist to profit. A modern war vessel is one of the most complex and ingenious machines of modern times, and it has been developed by the government for its own purposes.

But if governmental administration is so unsatisfactory, why is it that it is continually encroaching on the field of private enterprise, and this in spite of the powerful opposition of capitalism. It is significant that, with a few trifling exceptions in the case of municipal governments, the assumption by the government of any activity is always permanent. It holds all the ground it gains, and no one proposes the re-substitution of private enterprise. Does any one suggest placing or replacing the schools, the public buildings, the post-office service, the lighthouse service, the life-saving service, the service of the agricultural department, or the geodetic survey, in private hands?

They are no more public services than the administration of the railroads, the telegraphs, the iron mines, or the flour mills of the country. It would be perfectly possible for the government to turn them over to private parties. Why, if the government is so lax, is this not done or at least proposed? Does any one suppose that if the government once assumed control of the railroads, the coal mines, the steel works, or any other public utility, that there would be any national demand for their return to the control of capitalists? If so, it would be a complete reversal of all former experiences. No: the first two forms of competition when once abolished are abolished permanently, and the same will be true of the last two. In this country there has been little opportunity to compare governmental with capitalistic efficiency, but when we examine the experience of other countries we are confirmed in the view that any great activity once undertaken by the government is found so much more satisfactory than the same activity in private hands, that no one proposes to return. To this statement there are relatively few exceptions. In New Zealand the success of public monopoly has been so pronounced that a general knowledge of its benefits is probably all that would be required to cause the United States to adopt a similar policy.¹ What is true of New Zealand is true elsewhere. In Europe practical socialism is advancing rapidly, and even in our own backward country the advantage of public over private enterprises is generally recognized by candid observers. Governor Douglas, of Massachusetts, in his inaugural address, remarks:

“Whatever doubts may exist as to the expediency of State or Federal ownership of public utilities, the operation of such undertakings has now passed the experimental stage. It has been demonstrated by the experience of towns and cities in this Commonwealth, both with regard to water supply and public lighting, that under favorable conditions and proper management the business of gas, electric lighting, and water supply can be conducted by municipal corporations with profit to the inhabitants, both in price and service.”

“It is not disputed that as a rule, private corporations conduct their business more economically than do public corporations. It is, however, disputed that the public usually obtains the benefit of this economical management. In most cases, therefore, the

¹ An excellent discussion and comparison of the industrial system of New Zealand and the United States is that of H. H. Lusk in “Our Foes at Home.” 1899.

publicly owned and operated waterworks, sewers, gas and electric lighting plants have given the public cheaper and better service than have the privately owned concerns."

What is true of water works and gas plants and means of transportation, is equally true of any and every public utility. The principle that activities carried on in the public interest should be controlled by the public is as generally sound as any other political principle, and it is the only justification of democracy. When the effects of national policies are estimated in units of happiness, instead of units of money, confusion on this subject will largely disappear.

Nor are public utilities limited to those enterprises to which the public, through its government, grants a charter or franchise. In a primitive condition of society, when each family produced what it consumed and consumed what it produced, public utilities did not exist. But as soon as the division of labor, and with it the system of exchange arose, public utilities came into being, since the mode of operation of producers no longer concerned themselves alone. In early times each family was a self-sufficing unit, and was independent of other units. To-day each family should be a self-sufficing unit, but it should not be, and cannot be, independent of others. It cannot produce exactly what it consumes, but it can, and should, produce the equivalent of what it consumes, and by the modern system of industry it can make a given amount of labor indefinitely more effective than under the old system of self-sufficiency. This gain in efficiency, however, converts all industries into public utilities, since each family is no longer dependent for its desiderata upon its own activities, but is dependent upon others. If the public is entitled to life, liberty and the pursuit of happiness only by sufferance of those private persons or corporations who produce the desiderata which the public consumes, then, indeed, an oligarchy of industry exists, more unjust than the military oligarchies of ancient times. To claim, as some writers do, that the public are entitled to control only those industries which operate under a franchise is to found public conduct upon a purely arbitrary distinction. *Public utilities are those whose operation affects the interests of the public* and it is on this account, and on this account alone, that the public are entitled to control them. If democracy requires that conduct affecting the interests of society shall be controlled by society (p. 3), then the public control of public utilities is the only

course of conduct consistent with democracy. Capitalism, indeed, is but the form of oligarchy which the application of the scientific method to production alone, happens to generate. Though in form it may be democratic, in substance it is as far removed from democracy as the true monarchies of Europe or Asia.

Assuming that the third objection to public monopoly is valid — it is no less valid as an objection to publicly controlled private monopoly. If socialism withdraws the existing incentive to improve the arts without supplying any other, the same may be said of pseudo-socialism, which has all the disadvantages of socialism, and most of those of competition, without the advantage of socialism in promoting efficiency of consumption, nor that of competition in promoting efficiency of production. He who would condemn genuine socialism on these grounds must doubly condemn the pseudo-socialism which the leaders of public opinion in America are now proposing as a substitute therefor.

Besides those we have considered, there are five popular criticisms of socialism which arise from a misunderstanding of its tenets.

First. There is a very common confusion of socialism with anarchism. This implies gross ignorance since the two schools are antithetical, the first advocating more government, the second less. Anarchism is simply consistent *laissez faire* doctrine, and is the purest individualism, whereas socialism is anti-individualistic. A point of resemblance between these opposite schools may, nevertheless, be detected. Anarchism would abolish law, because it interferes with "individual liberty" so-called. Socialism proposes to abolish it by dispensing with the necessity for it. It is the claim of socialists that by abolishing the division of society into antagonistic classes, and raising the whole population to a standard of living and morals such that all will have a stake in the order and well-being of society, that crime will dwindle and tend to disappear, that courts, prisons, and police, will become superfluous, and that the conscience of the community will take the place of law. This expectation is not without foundation, since it is from the desire for profit, the antagonism of classes, and the ignorance and poverty which are the universal concomitants of capitalism, that most of the crimes of the community arise.

Second. There is frequent confusion of socialism with communism. The latter embodies the doctrine of community of goods — the principle of dividing the wealth of a community so

that each member has the same share. Although socialism, by its tendency to equalize the distribution of wealth, tends to accomplish a result resembling that of communism, it imposes upon no one any obligation not already imposed, to divide his wealth with other members of the community. Within such limits as are prescribed by the principle of self-sufficiency — that each self-sufficing unit may consume the equivalent of what it produces — socialism permits of the accumulation of wealth to any extent whatever. It involves no principle of “dividing up” irrespective of the industry or indolence, the capacity or incapacity, of individuals.

Were it indeed true that socialism put a premium upon indolence, and forced the industrious to support the idle, it would show that socialism had a distinct resemblance to capitalism, but it is not true, though perhaps the mistake is a natural one, since some socialists have advocated a policy which would result in such a condition. I refer to those who claim that justice requires a distribution of wealth according to the need for it. Were this a practical policy it would be a just one; but with human beings as they are it is inoperative, since to disburse desiderata according as persons need or do not need them would put a premium upon the cultivation of needs, or of requirements which would be accepted as needs. Hence those who most dissipated their resources would receive the most from society. Such a policy would develop more requirements than could be supplied, and soon prove suicidal. In other words, a policy of distribution according to needs is, like competition, a maleficiently accelerative policy, and is not adapted to its end. During the last century it was embodied in the poor laws of England and stimulated pauperism so fast that it had to be abandoned. The policy is only practical when restricted to persons who are incapacitated. It has no relation to socialism.

Third. There is a very widespread misapprehension that socialism would diminish the liberty of individuals, and force everyone to adopt a cut-and-dried mode of life, having no relation to their tastes and aspirations. This notion arises from the assumption that socialism in *production* implies socialism in *consumption*. No such implication is justified. Indeed, one of the objects of socialism is to increase the real liberty of the individual by abolishing as far as possible that individualism in production which is so notoriously inefficient; thereby freeing his life sufficiently from the necessity of labor to enable him to increase the duration of consumption. Socialism in con-

sumption would be as inefficient as individualism in production, and neither policy is consistent with economy in the generation of happiness.

Fourth. There is a popular notion that socialism is destructive of the family and is opposed to the institution of marriage. It is obvious that public ownership of the means of production, which is all that socialism involves, can have no relation to such a matter as this. Socialism includes no peculiar views on marriage, though doubtless some socialists may hold such views; but if so, it is a mere coincidence, just as some socialists may be bow-legged or cross-eyed. Capitalism, indeed, is much more destructive of the family than socialism. Child-labor would not be tolerated under the latter system, and the employment of women would be much restricted, whereas under capitalism, unrestrained by the state, women and children are drafted into the ranks of labor and made to grind out their lives in toil that commerce may flourish and profits increase. It was this evil that brought about the enactment of the Factory Acts — those earliest offspring of socialism.

Fifth. Another popular idea associates socialism with atheism and the destruction of religion. There is, of course, no such connection. To place public utilities in the control of the public would no more tend to promote irreligion than to place the Post Office in the control of private parties would tend to promote religion.

I have not deemed it necessary to examine seriatim the effects upon the elements of happiness of the social mechanisms embodied either in artificial competition, pseudo-socialism or socialism. All these are attempts to improve modern capitalism, and are directed primarily to remedying its most conspicuous defect — inequality in the distribution of wealth. The first two, even if adapted to their end — which they are not — would ignore seven of the eight elements of happiness. All we can say of them is that, as improvements upon the present system, they are the first which would suggest themselves to minds trained in the dogmas of the prevailing school and yet forced to acknowledge the inadequacy of those dogmas to deal with modern problems. They are feeble compromises between anarchism and socialism and not consistent with themselves. As intermediate stages in progress toward a scientific system it is to the interest of the public to make them as short as possible. These intermediate stages always occur in the transition from dogma to common sense; hence the present trend of politics is

quite normal, as the history of the inductive sciences amply illustrates.

As to socialism, though it is founded upon a sound principle — the same principle, indeed, upon which democracy itself is founded — it has not, at present, sufficient definiteness to permit of a systematic test by means of the elements of happiness. It is a groping effort after a better state, and necessarily groping, since it does not start out with a definite recognition of what it is supposed to accomplish. Hence it ignores almost as many of the elements of happiness as artificial competition and pseudo-socialism. Nevertheless it is a step in the right direction, and upon its foundation principle that those things which affect the happiness of the whole people should be controlled by the whole people, I shall attempt to build a mechanism adapted to the end of utility. In this attempt I shall construct not an indefinite, but a definite, system, capable as far as any system built on paper can be, of test by the criteria laid down in Chapter 8.¹ I do not claim that the system to be expounded in the chapter following is the *only* common sense system: I claim that it is *a* common sense system; to be promptly ignored and discarded if a better one may be proposed.

¹ Of The Economy of Happiness.

CHAPTER IV

PANTOCRACY

In discussing the third objection to socialism in the preceding chapter we have discovered a valid criticism of all systems which have thus far been proposed for the guidance of society. To cure poverty and to make the average individual self-supporting, a better distribution of wealth is a necessary, but not a sufficient, condition. A greater rate of consumption per capita is essential and the only means of attaining it is to make greater the rate of production per capita. We shall point out later that the population of a community is entirely beyond human control when the consumptive rate is of low value, and hence cannot be brought to beneficent equilibrium. The first essential then of an economic system is to simultaneously raise the efficiency of production and of consumption. Capitalism, whether competitive or monopolistic, admits of no means of accomplishing such a result. Socialism does. I propose, then, to undertake the exposition of a modification of socialism which will presumably combine all the advantages of public monopoly with the single advantage of competition, at the same time augmenting that single advantage in a degree impossible under competition. To understand the relation of this proposed system to that at present in operation a slight analysis of profit will be necessary.

Profit under the present system accomplishes two and only two useful objects. (1) It induces men to undertake the production of desiderata: (2) It induces them to undertake to improve the means of production. Economists claim no other element of utility in profit. Aside from these two objects the incentive furnished by profit, or the hope of profit, is not an incentive to useful acts, but to harmful ones. Under the wage system the recompense of the laborer for his labor is his wages — of the capitalist for his capital is his profit. The capitalist will not permit his capital to be utilized in the production of commodities without the promise of profit — hence, under the present system of private capital, profit is essential,

since without it capitalists would not engage, or permit their capital to engage, in production at all, since they would have no motive to do so. This first object of profit, socialism accomplishes without the necessity of profit by making production a regular and customary function of government. Under socialism all kinds of industries would be undertaken as regular departments of government, and would be carried on just as the military or naval establishments, the geological survey, or the Post Office department are carried on, without the necessity of, or incentive to, profit. Hence socialism, as it is, would accomplish the first object of profit.

As to the second object of profit, all systems proposed or practised are but lame substitutes for a systematic application of common sense. We have cited reasons for believing that the popular opinion which holds socialism inferior to competition in the attainment of this end is, in considerable measure, a delusion, but whether this be so or not, nothing can be done with competition to improve it in this respect, since its supreme virtue becomes manifest only when "let alone." Socialism, on the other hand, has no such limitation, and admits of any improvements which common sense may suggest. Its doctrines, therefore, afford a foundation for an applied technology of happiness.

The first question before us is, how may the efficiency of production be increased simultaneously with an increase in the efficiency of consumption? The profit of the capitalist is supposed by the *laissez faire* theorists to be a means of inducing him to accomplish the first half of this service for society, but we have seen how ill he accomplishes it. Nevertheless, is it not possible to obtain from the capitalistic system one valuable suggestion — to extract from it one feature — which, when applied to socialism, remedies its worst defect, and at the same time leaves capitalism without a single point of superiority, real or imaginary? Could society contrive a method of simultaneously stimulating in a high degree the efficiency of both production and consumption it would certainly be worth paying for — it would be worth much sacrifice — indeed, if poverty is to be permanently cured, and the total activities of society placed upon a self-supporting basis, some method of achieving this result must be devised. It is not only desirable — it is essential. If the stimulus of profit under the capitalistic system fails, as it certainly does, why can we not adapt the same stimulus to the socialistic system so as to succeed? Why can we not harness

the power of individual self-interest to the mechanism of public monopoly so as to drive it with all the speed of which that power is capable toward the goal of all human endeavor — happiness? Now, there is reason to believe that precisely this thing can be done — that society, through organization, can be converted into a great happiness-producing mechanism, and that self-interest can be utilized to drive it. Thus we shall not have to essay the hopeless task of destroying egotism in men, but simply by diverting its channel from competition to co-operation convert it into a mighty power for the good — instead of the harm — of mankind. To destroy human egotism is impossible. Therefore let us direct it so as to make it serve the ends of society instead of subverting them. To the construction of such a happiness engine I propose to devote the remainder of this work. With the material at present available it will, of necessity, be very imperfect — a rude and clumsy affair with many of the details lacking — to be compared with the early efforts of Newcomen or Watt to construct a steam engine. But perhaps in the future from this crude beginning a structure may be developed which will bear the same relation to the original that a modern marine engine bears to Newcomen's atmospheric engine of 1705. Possibly such a hope is delusive and such a comparison presumptuous. But this much is certain — to produce the maximum output of happiness society must be organized into a happiness-producing mechanism — and to drive it no less powerful an agent will be required than the one permanent force inherent in human nature — self-interest.

That such a mechanism is constructible may be inferred from two propositions whose soundness has been established in the discussion of the second factor of happiness: (1) *The rate of production per capita can be increased — therefore the rate of consumption per capita can be increased.* (2) *The time required for a given amount of production can be decreased — therefore the time occupied in consumption can be increased.* With these two inferences assuring the soundness of our theory, and with the analysis of the factors of happiness into their elements as our guide to its application, we may proceed to our task with confidence that we are on solid ground. At least we know definitely what we desire to accomplish, and that it is theoretically accomplishable. The only question which remains is: Have we the ingenuity to devise a mechanism, however crude, for its accomplishment? A similar situation confronted those who first undertook the construction of the steam engine, and

we shall endeavor to profit by their example. At this point I shall make no attempt to show how the mechanism proposed may be substituted for the one at present in operation, deeming it best to postpone the discussion of that matter to the following chapter.

The mechanism I propose has eight different features, and may conveniently be expounded in eight sections, concerned with the following topics:

- (1) Public ownership of the means of production. Retention of the wage system and abolition of profit.
- (2) Organization of a system of distribution, whereby supply of, and demand for, products may be adjusted.
- (3) Organization of a national labor exchange, whereby supply of, and demand for, labor may be adjusted.
- (4) Organization of an inspection system, whereby the quality of products may be maintained at a definite standard.
- (5) Application of labor to production.
- (6) Organization of invention.
- (7) Old age insurance.
- (8) Reform of education.

The system to be elucidated under these eight headings I shall call *pantocracy* (Gr. παν = all: κρατέω = to rule), because it involves the control of human activities in the interest of all.

Section (1) The foundation of pantocracy is simply the socialism of Marx and his co-workers. All industries capable of being converted into monopolies are so converted, and title to the means of production appertaining thereto vested in the government—that is, in the people—the government being merely their instrument; local industries, of course, to be owned by local governments, national industries by the national government. Capitalists in control of those industries capable of being converted into monopolies (and they include practically all important industries) are dispensed with, the nation acting as its own capitalist. With this change, profit is abolished, and can be converted entirely into wages, the wage system being retained. The system of socialism is so well known as to require no discussion here. It has been tried and not found wanting. The Post Office department is an example of its application to a national industry formerly in the hands of private parties. Indeed every department of government is an example of applied socialism. Even the army and navy might be placed in private hands, and trusted to private benevolence, and were

the *laissez faire* economists consistent, they would advocate such a policy. Socialism began with democratic government.

Section (2) It has been shown in a former chapter that real liberty increases as liberty to consume increases. But real liberty is proportional to opportunity for happiness, and as happiness will, in general, be proportional to the opportunity for it, an economic system should stimulate the liberty to consume as much as possible. Now the *demand*, or what economists call the *effective demand* is proportional to *real*, not to *legal*, liberty. The man who gets \$5.00 a week wage may have as much legal liberty as he who gets \$50.00, but he has not, in general, as much real liberty, and his effective demand is less. Demand, however, can lead to consumption only if it is supplied. Production is necessary to consumption, and in a common sense system it is essential that the demand for, and supply of, desiderata be adjusted to one another. We have seen how competition accomplishes this — or rather fails to accomplish it — resulting in all sorts of unnecessary labor, reduplication of plants, failures, enforced idleness, and crises, with their attendant ills. Private monopoly does better. A monopoly like the Standard Oil Company has main distributing agencies scattered throughout the territory it supplies; each of these has branch agencies and there is an organized system of distribution. Reports of the demand from these various agencies are received regularly by persons whose function it is to regulate the supply by the demand. If the demand slackens, the supply is made to slacken; if the demand accelerates, the supply is accelerated. Thus production is adapted to consumption, there is no overproduction, and one result of competitive chaos is eliminated. Private monopoly has no tendency to equality of distribution in demand, whereby the demand would become a real index of happiness output, but so far as it goes it accomplishes an excellent result — it adjusts supply to demand, and this feature of private monopoly should be adopted by public monopoly.

The output of every industry should be controlled by an organized department called the *Department of Output Regulation*. This department should be in communication with a national system of warehouses or distributing agencies. Its sole function should be to keep records of the stock on hand of all commodities in all distributing agencies, and the rate at which they are being distributed in supplying the demand. Through the knowledge thus recorded it should regulate the rate of pro-

duction in each industry, keeping it in constant adjustment to consumption. Each month, or quarter, it should call for a definite output from the plants of the nation, and just that output, and no more, should be supplied. Obviously, a stock sufficient to supply the demand for several months in advance should always be kept on hand—a policy pursued by every prudent storekeeper, and essential to the prompt filling of orders. In the case of necessities this reserve stock should be greater than in the case of other commodities, except, of course, in the case of perishable commodities, for which an adapted system of distribution should be provided.

A single *Distributing Department* should be organized whose function should be to distribute the output of the plants of the country to the various distributing stations. Such an organized department would save a vast amount of unnecessary labor and duplication of effort. It should be operated on the same principle as a commodity producing industry (See section 5) and possess a completely independent organization. Both the department of output regulation and that of distribution should, of course, be divided into subordinate divisions, corresponding to the various departments into which the industries of the country are divided; and the organization should be such that delays and interruptions are reduced to a minimum. An organized system of regulation, such as described, could regulate the supply of practically all commodities to the demand for them, just as the Post Office department regulates the supply of stamps, postal cards, stamped envelopes, newspaper wrappers, etc., to the demand for them, in all the sixty-odd thousand postal distributing stations throughout the United States.

Section (3) So long as men are not at liberty to perpetually consume—so long as they must produce—it is desirable that they should be at liberty, as far as possible, to engage in that kind of production which suits best their tastes. Not only is the labor cost of desiderata less when the laborer's tastes are consulted in assigning him his task, but he will turn out better products, and at a greater speed, for a man will generally succeed best in the kind of work he likes the best. Hence the greatest liberty in choosing or changing their employment should be accorded all laborers. To facilitate this a *National Labor Exchange* should be organized. Each department of government should make periodic—say monthly—reports to the labor exchange of existing vacancies, if any, specifying wages, prevailing hours of labor, character of work, location,

etc. These reports, converted into properly classified lists, should be published monthly by the labor exchange and distributed, so that every one in the country could have easy access to them without leaving his own town. Every post office, library, etc., should receive copies. Every person qualified, whether employed or not, should be entitled to apply for the positions thus vacant. Besides this there should be published and distributed less frequent reports setting forth all positions in all departments, whether vacant or not, so that persons could apply for positions not vacant with the object of anticipating future vacancies. Applications for any or all these positions should be made in writing to the labor exchange, and the same man should be permitted to apply for as many positions as he chose, so that he would have a wide latitude of choice and a better chance of changing his occupation if that in which he was engaged failed to suit him. All applications should be filed in one department, organized for the sole purpose of facilitating the adaptation of producers to their work. In those industrial departments in which the supply of, exceeded the demand for, labor these applications would constitute a waiting list from which should be selected those to fill the vacancies caused by death, retirement, or exchange in, or expansion of, the operating force. It should be required of every candidate for a particular position that he show himself by examination, previous training, or otherwise, well fitted to fill it. To each of his various applications for employment each candidate should be required to affix one and only one number, (1), (2), (3), (4), etc., called a *preference number*, indicating whether the position was his first, second, third, fourth, etc., choice among those for which he applied, and he should be at liberty to amend these numbers at any time he pleased. Of course, no candidate could apply for a position which he did not prefer to the one held by him at the time of his application, or amendment thereof. Of several candidates shown to be fitted for any position that one should be selected whose preference number was the lowest. If several were equally low, the selection between them should be by lot, precedence of filing, or by some other method shown by experience to be better than these. In those industrial departments in which the demand for, exceeded the supply of, labor there would be no waiting list, or only for certain positions. The mode of filling these vacancies will be considered under section (5).

Under competition there is no more provision for adjusting

the supply of, to the demand for, labor than in the case of commodities. Everything is left to chance. A man must do the best he can. If he loses his position he must either obtain another one through the influence of friends—often something he does not want—or go wandering about “looking for a job,” glad if he can get anything. He does not know what positions throughout the country are vacant, nor do those who desire particular services always know where they can obtain men to perform them. In an inadequate manner, advertising fulfils this function locally, but it is a poor substitute for a national labor exchange. With the organization of society into a mechanism for the production of happiness, and the establishment of a bureau for the purpose of deliberately adapting a man’s occupation to his powers and preferences, far more real liberty would be gained by the average laborer—that is the people—than was gained by the abolition of slavery and serfdom and the establishment of so-called free labor. Real liberty was doubtless, in the end, increased by this step, and yet the curse of competition immediately ensuing on the liberation of labor, set in operation a compensating influence which largely neutralized the increase. We have only to read Marx’s account of the “free” agricultural laborers of England just after the downfall of feudalism to become convinced that their real liberty was less than before they had been liberated from serfdom and divorced from the soil, although their legal liberty was certainly greater. The gain from exchanging slavery for free labor is frequently a gain of legal, more than of real, liberty. The establishment of the so-called “free laborer” is, however, merely a step in the evolution of society which will eventually produce laborers who are really free, emancipated not only from the labor imposed by man, but from that imposed by nature. The real freedom of the laborer consists in freedom from labor—and common sense will eventually accomplish it. Some human labor will always be necessary, but it will involve little labor cost and its burden will be negligible.

A policy very different from that which we have propounded in this section is often imputed to socialism. It has been seriously proposed by some persons who agree with the doctrines of Marx that the assignment of men to their vocations shall be determined—not by their own preference—but by a governmental commission which shall pronounce upon their qualifications and assign each his place in the mechanism of social production, according to its notions of his fitness. This

policy has no relation to socialism and it is obviously utterly repugnant to utility. Some socialists may perhaps advocate it, but this does not make it socialism. It is interesting to observe that the dogmatic school takes violent exception to this doctrine and very justly points out that it would lead to a most uncomfortable condition of society. Blind beings — do they not recognize their own offspring? Of course it would make life uncomfortable, but if wealth is the object of national existence, why should we scruple about comfort? Do we not defile our cities with soot and vile effluvia, pollute our streams, disfigure and destroy the beauties of nature, dissipate her resources, waste the lives of men and women, and even of children, in the pursuit of wealth? If it is worth while to sacrifice so much to Mammon, why should we feel delicacy in sacrificing a little more? The motto of the commercial moralist of the day is “business before pleasure,” and in this so-called socialistic policy such a motto is consistently applied. We sacrifice most things now to business, why not sacrifice men’s inclination to a vocation as well? If it is sensible to sacrifice the end to the means once, then it is sensible to do so twice, thrice, or any number of times. The motto of the utilitarian is “pleasure before business,” although not necessarily antecedent thereto. He therefore always considers the end before the means, and instead of sacrificing men’s inclinations to business, sacrifices business to their inclinations. He lets men determine their own vocations instead of letting business determine them. The policy here criticised is not only not socialistic, but it is a typical product of the dogmatic school and in harmony with its theory and practice.

Section (4) A third department of government should comprise a *Bureau of Inspection* whose function should be to keep the quality of all products at a required standard. Its agents should be in every government plant and should be held jointly responsible with the directors of that plant for the quality of the product there turned out; so that if the consumer found it otherwise than as represented the responsibility would be at once fixed. Of course, with the abolition of capitalism most of the temptation to the production of inferior products would be done away with, and little more would be required than to guard against the effects of hasty work. For the purpose of improving the quality of products, premiums could be placed upon such improvements, corresponding to those which governments often place upon the speed of war-vessels. In this

manner the quality of all commodities could be maintained and improved, and the purchaser could have confidence in what he bought. Adulteration would cease, salesmen could be believed, the necessity for each plant maintaining an inspection bureau of its own, as at present required, would be dispensed with, and the demoralization inseparable from systematic adulteration, substitution, and misrepresentation, would be abolished. Judging from the incomplete statistics of adulteration published, the saving to the nation from this source alone would be several hundred million dollars a year, not to speak of the saving in the health, physical and moral, of the community. The bureau of inspection would thus control the quality of products, while the department of output regulation would control their quantity. Upon the conditions under capitalistic production it is unnecessary to dwell. We have already briefly referred to them. Under capitalism cheating occurs because there is profit to be made by cheating — there is a virtual premium upon it — with human nature as it is then can we expect anything different? Government inspection of the products of private monopoly would be an expensive and doubtful expedient, which would but tempt capitalists to corruption in their effort to evade the objects of inspection.

The departments of output regulation, of distribution, the labor exchange, and the inspection bureau, have been but briefly and broadly described, because their organization is quite normal and familiar. It would be as easy to organize these parts of the pantocratic mechanism as it would be to organize the War department or that of the Interior. Any skilled administrator could accomplish it. Under section (5) we shall describe a system which is not so familiar and possessing features requiring more specific exposition. It is the critical feature of the pantocratic mechanism, the "very pulse of the machine," and it is important that its operating principle should be understood. I shall not discuss every detail, nor anticipate every objection, but the exposition of the section will, nevertheless, be more complete than any other.

Section (5) Each commodity producing industry, or group of closely related industries, should constitute a separate department of government. To illustrate the organization of these departments I shall describe one, which may be considered typical of all. It may be discussed in two parts: (1) The disposition of receipts and expenditures. (2) The disposition of personnel. In describing the system I shall employ a month

as a unit of readjustment, but a unit consisting of a quarter, or some other period, might serve as well, or perhaps better.

(1) Corresponding to each industrial department a separate division of the Treasury department should be created, controlled by a separate governing body or *board*. The receipts from the sale of all commodities should be transmitted to the Treasury, or one of the sub-treasuries, and duly credited to the proper industrial department. The gross monthly receipts of each department should be divided into four funds.

(a) *The expense fund*—the money properly creditable to the operating expenses of the month, exclusive of compensation to personnel, including expenditures for material, machinery, repairs, insurance, deterioration, etc.

(b) *The improvement fund*—a sinking fund for improvements and enlargements of plant, the monthly amount of which should depend upon the fund already accumulated, and determinable for each month by the local board of improvement. This fund itself should be divided into two. (1) A smaller part, consisting of a predetermined percentage of the whole, expendable at the discretion of the chief directors, called the *active fund*; and (2) A larger part, expendable only at the discretion of the board of improvement, and called the *reserve fund*.

(c) *The tax fund*—a tax levied on each revenue-producing department by the government, for the support of those departments which have no independent means of support, such as the Army and Navy, the Pension Office, etc. It should be proportional to the number of the personnel, and to the average compensation per capita, in each department. In an advanced stage of public monopoly such a method of taxation would be a substitute for the present tariff and internal revenue, and would be much more equitable. The disposition of the fund collected from taxes should of course be, as at present, determined by the legislature.

(d) *The wages fund*—consisting of the gross receipts, less funds (a), (b), and (c), to be distributed as compensation to the personnel in the manner to be hereafter specified.

(2) The personnel should be divided into two corps: (A) *Wage earners*. (B) *Directors*.

(A) The function of the wage earners should be to carry out the orders of the directors. They constitute the bulk of the personnel and should be divided into many classes. For example, in such an industry as that of steel making, they

would consist of ordinary laborers, foundrymen, machinists, engineers, carpenters, draughtsmen, clerks, etc. A regular scale of wages, corresponding to that established in such a department as the Post Office, should be prepared, the wage of each wage earner being proportioned to the skill and experience required of him — with this exception, that length of service should be deemed a factor and an advance made for each year that the wage earner served the state. Should wages fall, for reasons hereafter to be specified, they would, of course, fall by the same percentage for all wages. No wage earner should be dischargeable except upon written charges, as at present under the civil service. Proved wilful inefficiency should be a ground for discharge. Proved involuntary inefficiency a ground for decrease of wages.

(B) The directors should be divided into one or more chief directors, corresponding to the president or general manager of a great corporation, and various subordinate directors in charge of important divisions of the industry. The function of the directors should be to manage the work of production and direct the wage earners. They should be required to attain two objects: (1) To deliver to the department of distribution the quantity of product called for by the regulator of output. (2) To improve the efficiency of production by the introduction of labor-saving machinery, and economies in division of labor, manipulation, or other details of management. Corresponding to these two objects their compensation should be of two kinds.

(1) *A wage*, as in the case of a wage-earner, proportioned to the skill and experience required. This would be as constant as any other wage. (2) *Conditional compensation* determined as follows:

Every industry produces one or more products. The average time expended in producing each product is determinable. Call this the *producing time*. It should be reported to the governing board of the department, monthly. If the producing times of the several products contained in the output be added together, and the same divided by the number of products, the quotient will be the *average producing time* for the output of the industry. This will be a function of the average productive capacity. On the date upon which any director assumes office the average producing time should be considered that recorded at the last monthly report. Now in addition to his wage, each director should receive compensation whose amount is condi-

tioned upon the decrease in the average producing time since he entered office. If this time increases, of course, he receives only his wage; if the arts and economies of production continually improve—as they should do—the producing time will decrease, and his conditional compensation will be greater the longer he holds office, and the more successful he is in promoting improvement in the arts and in industrial organization. The conditional compensation of the chief directors should be greater than for their subordinates, and should, in fact, be graded according to the importance of each man as a factor in production. It should be great enough in every case to afford a keen incentive to every director to expend his zeal and ingenuity in diminishing the average producing time—in increasing the efficiency of production. The precise manner in which the shortening of the producing time is made to accrue to the benefit of the producer will be explained presently. Each director on first assuming office should receive only his wage, because conditional compensation should be a recompense for service in increasing the efficiency of production, and no man who had not rendered such service would be entitled to it. The award of conditional compensation in the manner specified is no more than an extension of the ordinary principle of awarding compensation for services rendered. Improvement in the arts is something useful to society, just as bricks, or bolts, or horseshoes are useful to society; and just as those who produce bricks, or bolts, or horseshoes for society are compensated in proportion to the amount of those commodities which they respectively produce, so those who produce improvements in the arts for society should be compensated in proportion to the amount of improvement they produce.

In the fulfilment of their functions the directors have power to direct the labors of all wage earners during working hours, to readjust the character of their employment as much as they deem necessary within the industry, and they have complete control over the active portion of the improvement fund. They have no power of discharge, or alteration of wage except upon written charges to a civil service board; they must keep the hours of labor of all wage earners equal, or introduce inequality only with the consent of the parties concerned, and they have only an advisory power in determining how the hours of labor of the operating force, as a whole, shall be distributed through the month.

It is clear that by this expedient we have accomplished two

objects: (1) We have supplied the directors of industry with an incentive to improve the arts—the same incentive furnished by profit, viz., increased compensation conditioned upon success in improving said arts, and (2) We have altered their incentive to *increase* the hours of labor of wage earners into one to *diminish* them—thus making the interest of directors and wage earners identical instead of antagonistic; and with wages, neither director nor wage earner should have anything to do, this being fixed by law. Having thus made the interest of laborer and director of labor identical, is it possible to make that of both identical with the interest of the consumer, thus abolishing the one remaining industrial antagonism—that between buyer and seller? There is but one method of accomplishing this—that of diminishing the price of commodities as their producing time diminishes. This, of course, would benefit consumers, but would it not be a harm to producers by diminishing the wage fund? We propose to show that under any but abnormal conditions it would not; and under conditions where it would, only temporary inconvenience would result.

On first assuming the management of any industry, the governing board, after an analysis of production, should determine the producing time of all products. Call the time so determined the *initial producing time*. The initial prices should be fixed in conformity therewith. To make plain the subsequent mode of operation in a commodity producing industry, I shall describe the precise procedure for a sample industry, but to simplify the explanation shall assume that its output consists of but one commodity, and that only two classes of wage earners are engaged in its production.

Assume that the directors of all industries receive from the regulator of output on the first of each month a requisition which shall specify what commodities, and what quantity thereof, shall be produced and delivered to the distributor for the month next but one following. Thus on the 1st of May the requisition which shall determine the output for June would be received. Suppose the directors of the sample industry to receive such a report on May 1st, 19—, requiring that they deliver to the distributors by July 1st, 1,020,000 of the commodity which they produce.

Under these conditions there are six different possibilities all of which should be considered. (a) Any desired increase in the personnel can be secured through the labor exchange. (b)

It cannot. An industry in condition (a) may be called in a *supplied* condition; one in condition (b) in an *unsupplied* condition. Under each of these conditions three cases should be discussed. The output required for the month of June will be either (1) Greater than the amount which can be delivered by the operating force without increase in the hours of labor beyond the standard time (See p. 91) for June, (2) Equal to the amount, or (3) Less than the amount. Let us call an industry subject to the first condition *overstimulated*, that subject to the second *unstimulated*, and that subject to the third *understimulated*. This exhausts all possibilities, and if the industrial mechanism we propose is so constructed as to automatically adjust itself to each and all of these conditions, then it cannot be thrown out of gear, except by a social convulsion such as would wreck any system proposable. As the advance in the arts will diminish the price of commodities without diminishing nominal wages, consumption, and therefore demand, will be stimulated more and more, and the normal condition of an industry will be one of overstimulation. That is, on the introduction of the pantocratic system into any community (a)1 would be the normal condition of industry, and in the later stages (b)1. Under any conditions, unstimulated and understimulated industries would be exceptional.

Let us consider each case in order, and first let us first assume the sample industry to be in the condition represented by (a) 1.

(a)1. The problems which the directors have to solve are (1) How to fill the requisition, i. e. how to supply the demand, with the least labor cost, and (2) How to adjust the price to the hours of labor and the number of workmen, so that price and hours of labor shall both diminish. Under the conditions represented by (a)1 both of these ends may be attained by a mode of procedure adaptable to all commodity producing industries, and with slight alterations to all industries. This mode of procedure is as follows:

The information needed by the directors and the governing board in guiding their policy is provided by the monthly report required of every industry. The report of the sample industry for the month of April, issued May 1st, would, among other information, include the following: (Specific data are furnished in order to make the explanation clear.)

No. of wage-earners of Class 1 receiving a nominal wage of \$94.64 per month	1,000
No. of wage-earners of Class 2 receiving a nominal wage of \$78.78 per month	4,000
Total commodities produced in April	1,000,000
Average duration of a day's labor	6 hours, 4 minutes
Total time spent in producing 1,000,000 commodities	47,320,000 minutes
Producing time for April	47.32 minutes

The report for March 1st would contain the following:

Producing time for February	47.872 minutes
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From this information can be calculated, in the first place, the decrease in producing time for two months: $47.872 - 47.32 = .552$ minutes. One assumption, and a sufficiently safe one, is now necessary to adjust the industry to the task required in June, and we shall see later that if the assumption proves erroneous, the system is not disturbed (p. 101). It is assumed that the average decrease in the producing time between May 1st and July 1st will be equal to that between March 1st and May 1st. That is, it is assumed that the producing time will diminish as much in one month as in another closely contiguous thereto. If this assumption be sound, the 5,000 wage earners who produced 1,000,000 commodities in April in 47,320,000 minutes, will in June, if they work the same length of time, produce 1,011,800 commodities. Now, if they should work the same length of time in June as in April, the whole gain resulting from the decreased producing time would go to the consumer. If, on the other hand, they worked only just long enough to produce the 1,000,000 commodities which they produced in April, the whole gain would go to the producer. How then shall we divide the advantage derived from improvement in the arts between producer and consumer? This is accomplished by a device which I shall call the *industrial coefficient*. Normally it would be fractional. The best value for the industrial coefficient cannot be predicted *a priori*. Experience alone can determine it, and it probably should be changed from time to time. Let us assume that in May, 19—, it is $\frac{1}{4}$. If now we multiply the assumed gain in producing time by this fraction we shall obtain the product .138 and this number, instead of .552, will be used to determine the number of commodities to be produced by the 5,000 workmen in June. That is, they will be required to labor such time as will suffice to produce 1,002,920 commodities. Call this the *standard number* of commodities for June. It is ob-

tained by multiplying the assumed gain in producing time by the industrial coefficient, subtracting the product so obtained from the producing time for April, and dividing the remainder into the time required to produce the April output.

Thus in June the number of minutes labor required of each wage earner will be about 9,381, which is equivalent to six hours, one minute per day, a decrease since April of three minutes per day in hours of labor. This is called the *standard time* for June in the sample industry; that is, the standard time is the number of minutes per day or per month required to produce the standard number of commodities. But 1,020,000 commodities were called for, and this only accounts for 1,002,920. Hence, 17,080 commodities must be produced by other laborers. The number of laborers required for this purpose, assuming for simplicity that none were added May 1st, can be discovered by the proportion:

$$1,002,920 : 5,000 :: 17,080 : X$$

X in this case is 85. The kind of workmen to be secured must be determined in each case by the directors, since they know what kind are required, but they will probably be of the same kind and in the same relative proportion as those already employed, viz., one of class (1) to every four of class (2). That is, of the 85 new men, 17 will be of class (1) and 68 of class (2). One month will then be available to obtain the new men through the labor exchange. It may happen that some of the wage earners in the sample industry will, in the meantime, withdraw to other industries, but by having a month's leeway all these inter-industrial adjustments should take place with the minimum disturbance of industry, all men reporting for work at their new places on the first of the month, and not leaving their old until the last of the month, unless they require time to traverse the distance from their old to their new place of employment. Of course, inter-industrial exchanges of wage earners could take place at other times, but industry would suffer least disturbance by having the principal change come at definite periods. Thus a means is provided for absorbing new wage earners into an industry who will enter it under the same favorable conditions of wages and hours as those already there; at the same time insuring that the demand shall be supplied.

The mode of making the *producer* gain by a decrease in the producing time is now obvious. Next let us see how the *con-*

sumer is to gain by it. How shall the price be adjusted to give him his share in the industrial advance?

It should be the function of the governing board to fix prices. These, of course, will depend upon the total expense, and this will be the sum of the expenses attributable to the four funds (a), (b), (c), (d); that attributable to funds (b) and (c) evidently being very slight compared to that for funds (a) and (d). The price for June need not be fixed until July 1st, by which time the following information will be available:

Expense per commodity for June attributable to fund (a) ..	19.75 cents
Expense per commodity for June attributable to fund (b) ..	00.70 cents
Expense per commodity for June attributable to fund (c) ..	00.30 cents
Sum.....	20.75 cents

To this must be added the main expense — that attributable to the wages fund:

No. of wage-earners of Class (1) — 1,017 at a wage of \$94.64 per month.....	\$ 96,248.88
No. of wage-earners of Class (2) — 4,068 at a wage of \$78.78 per month.....	320,477.04
Compensation of Directors (assumed 4 per cent of compensation of wage-earners).....	16,669.04
Sum	\$433,394.96

Dividing this total wages fund by 1,020,000, the number of commodities produced in June, the quotient is 42.50 cents per commodity. The total expense is then $42.50 + 20.75 = 63.25$ cents. This is the price at which the whole 1,020,000 commodities are delivered to the distributor at the works. The price to the consumer is this sum, plus the cost of distribution calculated in the same manner.

The expense in April would appear in the report of May 1st. The expense per commodity attributable to fund (a) would normally be greater than for June, because this fund goes for services and supplies, and these are constantly cheapening through the same process as that by which the commodity of the sample industry cheapens. Thus, the fall in the price of commodities produced by any industry will be a function, not alone of the decrease in the producing time in that industry, but in all industries from which it draws its supplies of raw material, machinery, etc., or whose services it requires in any

capacity. The expense per commodity attributable to funds (b) and (c) would normally also be slightly larger for April than for June, but for simplicity we shall assume that they are the same. The April expense per commodity then would be something like this:

Expense per commodity attributable to fund (a).....	20.00 cents
Expense per commodity attributable to fund (b).....	00.70 cents
Expense per commodity attributable to fund (c).....	00.30 cents
Sum.....	21.00 cents

To this the wages fund should be added.

1,000 wage-earners at \$94.64 per month.....	\$ 94,640.00
4,000 wage-earners at \$78.78 per month.....	315,120.00
Compensation of Directors (4 per cent of compensation of wage-earners)	16,390.40
Sum	\$426,150.40

Dividing by 1,000,000, the number of commodities, we get 42.615 cents as the expense per commodity attributable to fund (d). Adding this to the other expenses, we have $21 + 42.615 = 63.615$ cents as the price at which the commodity is delivered to the distributor in April. Comparing this with the price in June, we see that it has fallen 00.365 cents in two months, a gain to the consumer of about 00.6%. To make these same calculations for any industry is merely a matter of bookkeeping.

All fiscal transactions between the various industrial departments, whereby the accounts of each with the others are adjusted, would be carried on between the respective governing boards. In other words, all such transactions would be confined to the Treasury department, and with them neither the directors nor the wage earners of any industry would be concerned. Their whole attention would be focussed on the problems of production, the resulting fiscal transfers being removed from their consideration.

Although normally the expense per commodity, as calculated by the method explained above, will fall—in exceptional cases it will rise. In any given industry, the rise may be due to: (1) Bad management in the industry itself, whereby the producing time increases instead of decreasing: (2) Bad management in industries from which supplies are drawn: or (3) The exhaustion of natural resources upon which the given industry depends for its raw materials: that is, the usual

order of things may be reversed, and the law of diminishing returns of labor operate to increase the labor cost of commodities more effectively than the law of increasing returns can operate to diminish it. Whenever, from any of these causes, the labor cost of a commodity increases, the price, calculated as we have indicated, will rise instead of fall, and this is just what it should do to maintain the industry in a position of self-support. Besides fluctuations from the causes mentioned, slight fluctuations would perhaps occur from another cause. The expense fund (fund a) will, if the system of bookkeeping is defective, fluctuate considerably, because repairs, additions, and other sources of expense, are not uniformly distributed throughout the year; and were this not allowed for, inconvenient fluctuations in prices would result. With a scientific system of bookkeeping, however, such lack of uniformity can be equalized, and the share of the total expense properly attributable to each commodity for each month adjusted in such a manner as to avoid inconvenient fluctuations. The devices for accomplishing this are not suited to explanation here, but are sufficiently familiar to those who are concerned with the technicalities of bookkeeping.

We thus see how, under the conditions postulated, the sample industry would conduct itself on the receipt of the report of the regulator of output embodying the demand of the nation. If it continued in condition (a) 1, this same procedure would be repeated each month, the industry growing with the demand which it was called upon to supply. If it did not continue in condition (a) 1, it would revert to one of the other conditions mentioned on page 89, which will be discussed in their order.

The reason why any industry the demand for whose products is sufficient, can continuously increase the benefit accruing both to consumer and producer is obvious. It is because the price can be lowered, thus benefiting the consumer, and at the same time the number of commodities to be produced so increased as to keep wages as high as before, because, though the price per commodity is less, the number of commodities sold is more. Now if the arts are advancing, every overstimulated industry while steadily lowering prices will, at the same time, shorten the hours of labor and absorb the unemployed. This reacts on all industries; increasing the consumption per capita of those already employed, and at the same time converting non-

producers into producers and thus increasing their consumption per capita.

Perhaps the reader may consider that the fall in price and reduction of hours we have cited in our specific example is insignificant, but if he will make a slight calculation he can assure himself that the same rate of advance in all industries would in ten years (1) Absorb a greater army of unemployed than any nation ever had. (2) Increase the purchasing power of every dollar nearly thirty per cent. (3) Decrease the hours of labor about thirty per cent. Thus it would increase by nearly one-third the real wages of every wage earner, and if the hours of labor had originally been nine a day, they would, in the ten years, fall to about six and a quarter. Moreover there would be no army of unwilling unemployed. Such a rate of improvement, if maintained for a single generation, would make every member of the community well-to-do, and reduce the working day to about three hours. Of course, the example given is but an example, but it is doubtless an *under* rather than an *over* estimate of what the conversion of politics into a branch of technology would do for humanity.

From the example given it will be clear why no provision is made for any general advance in wages in any industry. It would be useless, since a general rise in nominal wages would not in itself raise the real wages of any one. The system proposed, however, by constantly diminishing prices while holding nominal wages constant, increases the purchasing power of the dollar and thus *continuously raises the real wages of every wage earner in the community, and this simultaneously with a decrease in his hours of labor.*

(a)2. An industry is unstimulated if the demand for its products is just that which is required to occupy the personnel already employed by it for the standard time, i. e. for the number of hours and no more which they would have been called upon to work had the industry been overstimulated. Thus in the example cited, had the sample industry been called upon to supply 1,002,920 commodities in June instead of 1,020,000, it would have been unstimulated. In this case the price and the hours of labor will fall just as in (a)1 but there will be no increase in the personnel. Otherwise all is as in (a)1.

(a)3. In overstimulated and unstimulated industries the normal fall in price of commodities is due to two main causes: (1) The decrease of expense per commodity due to fund (a) attributable to advance in related industries. (2) The de-

crease per commodity due to fund (d) attributable to advance in the industry itself, both resulting from increase in the productive power per capita. In understimulated industries only the first of these causes of a diminished price is operative, because the demand is insufficient to cause each operative to increase his production. Hence for understimulated industries the price should be determined as in the case of overstimulated and unstimulated ones so far as it is attributable to funds (a), (b), and (c) — but that part of the price per commodity attributable to fund (d) should remain stationary, that is, it should be precisely as in the month preceding. Thus in understimulated industries prices will not fall as rapidly as in others.

As the demand in such industries can be supplied by less than the standard labor time, the hours of labor of those engaged in the industry will diminish; their wage will also diminish, because after paying the expenses attributable to funds (a), (b), and (c), there will not be enough to pay the nominal wage. In this case all wages are diminished *pro rata*. Otherwise all is as in (a)1. It may be deemed by some critics a fault in the system that there is not some provision to prevent the decline of wages in an understimulated industry, but any such provision would be a bad — not a good feature. An increase in the price might be such a provision or it might not, but in any case it would be an incorrect policy. The proper response to make to understimulation is not increase in price, but decrease in personnel, and this would take place automatically. For every understimulated industry there would, in any normal condition of society, be many that were overstimulated, and if wages continued to fall, wage earners would — without any break in production or intermediate period of unemployment — withdraw from understimulated industries to overstimulated ones. This would be accomplished without difficulty or hitch through the labor exchange. In other words, the laborers would discharge *themselves*, not into an unemployed condition, as in the competitive system, but directly into an overstimulated industry. In fact, under all conditions, labor will tend to flow from understimulated to overstimulated industries by a never-failing law of human nature — that of self-interest. Thus any industry would adjust itself automatically to local understimulation, for the decrease in personnel would leave the available wages fund to be divided among fewer wage earners — the wages would return to their nominal value, the hours of labor to the

standard, and the industry would pass into the unstimulated class.

This is the point to discuss the question of fluctuating industries, or those the demand for whose products varies with the time of the year. Under present conditions there are many such, and the periodic stimulation and slackness which results is a cause of much chaos in industry, and distress among wage earners. The system of pantocracy has peculiar advantages in dealing with industries of this class. Fluctuating industries may be divided into two classes. (1) Those whose fluctuations are foreseeable. (2) Those whose fluctuations are not. The first include almost all fluctuating industries, and it is obvious that they can be converted into non-fluctuating industries by means of the department of output regulation, which, anticipating the fluctuations, can provide against them, and requisition for every month approximately the same output as for every other in the year. This steadying is not possible for such industries as fluctuate irregularly and in a manner which cannot be anticipated, and such must adjust themselves by corresponding irregular fluctuations in personnel.

(b)1. When we turn our attention to the condition of industry represented by (b)1, an interesting situation is encountered. In the first place, no such condition could exist while any but voluntary vagrants were unemployed. In other words, if we admit that an unsupplied industry can exist, we admit that poverty can be cured; for, with the equal distribution of wealth and the vast increase of leisure and productive power per capita under pantocracy, an employed person and a person emancipated from poverty, would be synonymous. To this it may be objected that there might be many persons unemployed so lacking in skill or experience as to be unadapted to the work required in such unsupplied industries as existed, and to this objection there are two replies. (1) Only to industries requiring skilled labor would the criticism apply in any case, and more and more as the arts advance skilled labor is dispensed with in production. Machinery makes it superfluous, as the skill required to run a machine can be acquired in a few days or weeks, or at most, months, by a totally inexperienced person. Thus any but an exceptional industry could absorb even the most inexperienced laborers, so long as they were able-bodied and possessed their faculties. The average producing time, of course, would not decrease so fast with green laborers, but this difficulty would be merely temporary. It would delay,

but not check, progress. (2) The system of technical education under pantocracy to be described under section (8) would insure that all men would be skilled in one or more productive arts—hence totally inexperienced and unskilled men would not be common.

Now an unsupplied industry may either (1) Lose in number of wage earners through more leaving than can be supplied, (2) Remain stationary in number of wage earners, as many being supplied as are lost, or (3) Gain in number of wage earners, but gain less than the number called for. In any case, it simply means that the wage earners called for through the labor exchange cannot be supplied, through lack of applications for the positions open. Failure to obtain the supply required, however, will not throw the industrial mechanism out of gear. The price is calculated precisely as in the case of (a)1 and the hours of labor of the short-handed operating force are extended beyond the standard point sufficiently to supply the demand. The result will be longer hours of labor, but the excess wages fund will be divided equally among the wage earners. Thus, for example, suppose the sample industry discussed under (a)1 was unable to get new laborers, but able to hold all it had. The hours of labor under the conditions named would then have been extended from six hours and four minutes per day in April to six hours and seven minutes per day in June; the wages of class (1) advancing from \$94.64 per month to \$96.04 per month, and of class (2) from \$78.78 per month to \$80.17 per month.

After absorption of the unemployed, the first industries to feel the lack of labor would be (1) Those the demand for whose products was rapidly increasing, (2) Those in which the labor was unpleasant. It is possible that one or both of these classes of industry would become so unsupplied that in spite of every advance in the arts which science could achieve, and in spite of the advance in wages incident thereto, the hours of labor might so increase as to become excessive. It is perhaps hardly worth while to speculate as to the best course to pursue in such an emergency, since by the time it could arise, experience would have taught men the best means of meeting it; but it would not be difficult to meet in any event. A set of rules adapted to each industry, specifying a progressive rise in nominal wages as the hours of labor increased, would doubtless suffice. This would act in two ways: (1) By increasing the price it would check demand, and (2) By increasing the wages it would draw

more wage earners from other industries. The unwillingness of men to work long hours at unpleasant occupations would produce such a condition of undersupply therein that particular inducements would be required to tempt wage earners to enter them from pleasanter industries. A sufficiently high wage would, however, secure enough operatives to make possible abnormal subdivision of the tasks to be done. Thus in unpleasant industries the hours of labor would tend to become unusually short and the wages unusually high. This would, of course, tend to increase the prices of the desiderata produced, but such a result would not be an evil, since by no other means can unpleasant occupations be brought into a condition of self-support.

Of course, the arts will improve faster in some industries than in others. Backward industries, like unpleasant ones, in order to avoid a condition of undersupply, would be compelled to raise wages. By thus attracting a sufficient operating force they could, by dividing the tasks to be done among a greater number, maintain the working day as low as in progressive industries. Thus improvements in the arts in one industrial field would react upon all others, tending to free men from labor as well in unprogressive as in progressive industries. In this way all productive operations would automatically adjust themselves to a condition whose margin of self-support approximated a maximum.

(b)2. and (b)3. The industrial conditions represented by these two symbols will obviously be similar in every respect to those of (a) 2 and (a) 3, since as they do not need to absorb labor, difficulty in its absorption will not affect them.

Thus we have considered all six of the cases specified on page 89, and it is plain that the system proposed will automatically adjust itself to any and all of them. It provides a complete means of adjusting the supply to the demand, both of commodities and of labor, coincident with a simultaneous increase in the efficiency of production and of consumption. Incidentally, moreover, it opens the way to an important expansion in the liberty of the community — in real liberty — not in mere nominal liberty. This is rendered possible by the fact that as production is not carried on blindly — as each operating force knows precisely what it must accomplish during each month — it can adapt its hours of labor to its tastes more economically than in the present treadmill mode of procedure. Thus at the first of each month, or a few days previous, the

requisition from the regulator of output specifying exactly what commodities, and what quantity thereof, are to be produced by the industry in the month next ensuing, should be posted in every plant in said industry. With it should be connected a tabulation showing the time which will be required, with the means at hand, to produce the output thus specified. Suppose, for example, it was estimated that the work could be accomplished by the force available by working six hours a day for each working day in the month, that is for 26 days. Each man then knows exactly what the task required of his plant is — viz., to deliver to the distributors, commodities of the kind and quality specified in the requisition of the department of output regulation, of the quality required by the bureau of inspection. He knows also, very closely, the time which will be required to perform the task. It will require of each man $6 \times 26 = 156$ hours of work during the month. Now it makes no difference to the consumer of commodities under what conditions they are produced, so long as they are of the quality required, and this is insured by the bureau of inspection. Hence the ends of utility will best be subserved by permitting the producers, as a body, to fix for themselves, by a majority vote, the conditions which will best suit them, instead of having these conditions irrevocably fixed for them, as at present. The 156 hours work per man required during the month can obviously be distributed in a great many ways. For example the required work can be accomplished:

- | | | | | | | | | | |
|-----|----|---------|---|-------|-----|---------|-----|-----|-------------|
| (1) | By | working | 6 | hours | per | day | for | 26 | days |
| (2) | " | " | 6 | " | 30 | minutes | per | day | for 24 days |
| (3) | " | " | 7 | " | 5 | " | " | " | 22 " |
| (4) | " | " | 7 | " | 48 | " | " | " | 20 " |
| (5) | " | " | 8 | " | 40 | " | " | " | 18 " |
| (6) | " | " | 9 | " | 45 | " | " | " | 16 " |

At the beginning of each month then the entire personnel could decide by vote which of the various modes of distribution of labor was to be adopted for the month next ensuing, the mode receiving the greatest number of votes being adopted. In this manner producers could determine to suit themselves the way in which they would distribute their labor with the same liberty — in fact with much greater liberty — than in the case of small farmers, blacksmiths, or merchants, who are not employees at all. They could, if they pleased, by working long hours each day, give themselves a vacation of a week, or even

two weeks, at the end of each month in which to employ themselves in adding to the output of the nation's happiness which, as it is the primary purpose of a nation, is their first duty to society. On the other hand, they might prefer shorter hours each day and no vacation, or they might prefer some intermediate mode of distributing their time and labor. Whatever the majority preferred they could determine to suit themselves without prejudice to the consumer. It might even be so arranged that they could, if they pleased to so predetermine, work overtime during some months, anticipating the requisition of the months ensuing, so as to have a long vacation at times of the year in which they could most enjoy themselves, but in what degree such anticipation would be allowable experience alone could determine. Some limits would certainly have to be placed upon it, since otherwise difficulties might be met in adjusting production to consumption — a vital object of the pantocratic system.

Of course it would not be possible for each man to choose for himself the time in which he would perform his labor, since the successful operation of a great plant requires a systematic and simultaneous co-operation between laborers, which could not be achieved if each man selected his own time for working; but a definite plan of work, predetermined by a majority vote, would involve no such difficulty as this.

Before going further two objections should be discussed, since they may enter the reader's mind and cause unnecessary misgivings. These are:

(1) The time assumed as that required to produce the monthly output called for by the regulator of output may be a miscalculation, resulting in inadjustment of supply to demand.

(2) Leaving the control of their hours of labor so largely in the hands of the wage earners might result in considerable periods in which the machinery of production was idle, which is undesirable.

The first objection is easily answered. Every industry should keep in stock a surplus of every commodity they produce, sufficiently large to eliminate the danger of a short supply. Now if the time calculated as that required to produce the output is incorrect, it will be either too long or too short. If it is too long, then the residuum is simply added to the hours of leisure of the wage earners — the producer gains and the consumer does not lose. If it is too short the supply is made up from

the surplus, and the following month extra work will have to be done to bring the surplus back to its normal level; the labor required for this, of course, not being considered in fixing the price of the commodity.

In answering the second objection, answer will incidentally be made to one which perhaps occurred to the reader on page 91, viz., how can an industry expand in men without simultaneously expanding in the machinery which they require in production. This is simple. Every industry should keep its plant considerably larger than is required for immediate needs, even at the risk of some idle machinery. In no other way is it possible to progressively absorb the surplus labor of a state whose population is increasing, nor to provide against rapid expansion in demand. The equipment of modern industry is complex, and each addition to a plant requires time to construct. The proper time for these enlargements should be decided upon by the board of improvement, as will appear later. Economy in the employment of machinery normally requires that it be operated night and day, for by this policy less machinery is required for a given rate of output than if it is allowed to remain idle all night. To work a plant night and day requires a succession of shifts, and without making elaborate explanations, it is obvious that simply by varying the length of the shifts according to the will of the majority the distribution of time spent in labor could be adapted to the taste of the majority without involving that idleness of machinery which would require an unnecessarily large plant. If, for example, the operating force should vote to so lengthen the hours of labor per day in a given month as to leave two weeks of complete freedom to each operative, this would not mean that the plant would operate for two weeks and then shut down for two weeks. It would mean that half the operating force worked the first two weeks and the other half the last two, the shift of each man being twice as long as if he worked every working day in the month. The details of assignment of duty, etc., would, of course, be left to the directors.

The founders of the American Republic in order to "establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty" to themselves and their posterity, invented and put in operation a social mechanism which, since 1789, has served to guide the nation in its attempt to achieve the ends specified. This mechanism is called the Constitution. It is

a purely artificial device, providing, or seeking to provide, a means whereby the people in their collective capacity may adopt such policies as appear to them most desirable. To this end it provides for a system of officials, legislative, executive, and judicial, designed to carry into effect the will of the people, and directly or indirectly selected by the people. This is the principle which sanctions all representative government and it is a sound one. It is no part of my purpose at this point to show the manner in which this purpose of the Constitution has been defeated, nor to trace in detail how by control of the machinery through which the people must express their choice of officials a small minority now determines for its own purposes the conduct and destiny of the nation. It is sufficient to remark that in accomplishing this end the dominant class of the community have simply availed themselves of that universal quality of human nature which ordains that men shall think in symbols, shall be guided by names, instead of by that for which the names are symbols. Having obtained control of the party names, the capitalistic class thereby control the party policy which, without any change of name, may be anything they choose to make it. Secure in this possession, they have at their leisure determined the policy of the nation with a view to promoting their own welfare, and having capitalized all the material sources of profit available, have proceeded to capitalize the habits of a people who, unwitting if unwilling servants of the merest symbols, are held in bondage by those shrewd enough to profit by their infirmity. However successfully this particular intent of the Constitution builders has, through defective construction, been thwarted, the fact remains that the principle they had in mind was thoroughly sound in general. No better way of selecting those who are to fulfil a particular function has been discovered than by leaving their selection to those who are interested in having that function efficiently fulfilled.

Now pantocracy provides for a class of officials (the directing class) who may be considered homologous with capitalists under the present system. We know how capitalists are selected — through inheritance — through accident — through unusual intelligence, unusual unscrupulousness, or both. Were the capitalistic system so constituted that those whose will and ability to increase the efficiency of production and consumption was the greatest tended to come into control of industry,

much might be said in its favor; but this is obviously not the case. The system of conditional compensation insures that the directing class under pantocracy shall have the *will* to serve the community. How shall we insure that they shall have the *ability*? This may best be done by providing that they be selected by those whose interest it is that they have it. But it is to the interest of all classes of the community that they have it, since under pantocracy the interest of all classes is identical. Hence perhaps as convenient a manner as any of selecting the chief directors of industry would be to have them appointed by the President, as a representative of the consuming class in general, the appointment to be confirmed by a vote of the personnel of the industry to which they are to be assigned. The subordinate directors should, in general, be selected by the chief directors. The directors of any industry would probably be selected from those who had worked their way up in that industry, since they would be most likely to have the experience required to make them efficient, and the immediate self-interest of all concerned in their choice would be opposed to the selection of any but those who were efficient.

One other feature of the pantocratic system should be left to the will of the people as a whole. This is the industrial coefficient. A low value of the industrial coefficient would represent a rapid decrease in hours of labor, a slow rise of wages, and relatively great inter-industrial adjustment. A high value of the coefficient would represent a slower decrease of hours of labor, a rapid rise of wages, and less inter-industrial adjustment. Experience alone could determine what value of the coefficient best suited the tastes of the people. Hence they should determine it for themselves by the ballot. This, of course, is an element of great flexibility in the pantocratic system, and could be fixed, once a year, once every two years, or at any interval found to be desirable. In this way the advantage of improvement in the arts could be divided between producer and consumer in any ratio which the desires of the people might suggest.

The principles explained in this section are applicable to other than commodity producing industries. Indeed they may be applied to all industries. Suppose, for example, the government should take over the fire insurance business of the country, abolish profit and put in its place a system of conditional compensation, whose amount should depend upon the simultaneous shortening of hours of labor of employees and fall in premiums.

Improvements in fire prevention, economies in business methods and organization, and expansion of business would in a few years practically emancipate the employees from labor and reduce the premiums of all policy holders to a small fraction of what they are at present called upon to pay, and the same policy in life insurance would, in a less degree, benefit that branch of insurance. Similarly the system could be adapted to transportation and to agriculture, though the precise mode of application would have to be patiently worked out experimentally in each industry.

Section (6) It should never be for a moment forgotten that the deliberate object of the mechanism we are engaged in describing is the emancipation of mankind from misery by the application of science—the substitution for the present pain producing system of a pleasure producing system. One of the conditions essential to the fulfilment of this object is the development of a high efficiency of production, and upon the efforts to attain one all the forces of science should be focussed. So far the principal means we have proposed to secure that end consists in the diversion of the power of self-interest from a destructive into a constructive channel. By making the self-interest of director and wage earner identical with one another and with that of the consumer, the first step has been taken, for this means that the interest of each member of the community is identical with that of the whole community, and it is to the interest of the community that the efficiency of production be increased to the utmost. But this is only a first step. Having so ordered the system that every individual has the desire to increase the efficiency of production, we should next supply him with the means of gratifying that desire. He has the will — all that is now required is the knowledge.

Now upon what kind of knowledge is applied science founded? It is founded upon a knowledge of pure or unapplied science. And what provision does capitalism make for this foundation of all improvement in the arts? None. As usual, it leaves it to chance. It is left to such isolated, disinterested students as may, by occupying in research the scant leisure left them by the struggle for existence, formulate the uniformities of nature upon which are founded the vast network of inventions which make modern industry possible. Practically the whole of modern science, and hence of modern civilization, has been developed by a few men who had only the love of truth as an incentive. Almost always poorly equipped, and having to waste the bulk

of their immeasurably valuable lives in getting a living, unaided and unrecognized by the powerful of their time, they pursued the thankless task of raising mankind from savagery.

Society, like some stupid dog, lacerating the hand which would bind its wounds, has too often sought to oppress and discourage its greatest benefactors. Galileo persecuted, Columbus betrayed and imprisoned, Copernicus ridiculed, Bentham ignored, Paine hounded and impoverished, Marx exiled, and Darwin denounced, are typical illustrations of the treatment received by those who have sought to deliver men from the bondage of their ignorance. And more illustrious cases may be cited. Socrates and Christ sought to deviate mankind into common sense so abruptly that the dogmatists of their time rewarded them with death. The conservatives of every age have been the bitterest foes of progress, and wherever dogma dominates it must always be so. The real builders of civilization—those whose pursuit is truth—cannot hope for recognition from their own generation, and must work with what chance tools opportunity may grant them. Those to whom society awards her greatest prizes are those who most injure and exploit her. To the monopolist she assigns wealth and power—to the material or moral pioneer, poverty and ridicule.

A people aware of their own interests would never tolerate such a condition as this. The knowledge upon which the emancipation of mankind depends should not be left to chance development. To promote such knowledge a *Department of Industrial Improvement* should be organized. Under it a system of extensive national research laboratories should be established in every department of science, physical, chemical and biological. They should be equipped with every appliance required for research, including skilled workers in glass, wood, metal, etc., besides instrument makers, and men skilled in every variety of laboratory manipulation. The institutions thus equipped should be put at the service of the ablest investigators in the country, drawn from the universities, technical schools, and institutions of learning. Systematic campaigns of research should be planned and carried out by an army of investigators working in concert. They should be offered such inducements that the vocation of investigator would be the most sought of any in the country, and the best minds drawn to the service. Their whole attention, undisturbed by the necessity of making a living or teaching, should be centered upon research. Each year a certain number should be taken from those nominated by the uni-

versities and technical schools — private and public — and the system should expand as the country increased in population. Division of labor should be introduced — not alone a separation of investigators into specialists, but a separation of investigators and manipulators; and the latter should outnumber the former at least four or five to one. As it is at present, the most gifted investigators are required to spend most of the little time they have in assembling and setting up apparatus. This is as wasteful in research as it would be in business if the managers of great enterprises were compelled to write their own letters, file their own papers, clean their own inkstands, and attend to the thousand details which should be attended to by those whose time is less valuable. In practically all experimentation, preparation for experiment consumes 90 per cent. of the time. By introducing the principle of the division of labor, which has done so much for the mechanical arts, the art of investigation could be proportionally improved. The time of the best investigators could be confined to thought and study, as it should be; most of the actual manipulation could be left to men of the artisan class, trained to that art, and the great institutions of research could be run night and day like factories. By this policy results could be accomplished in a fraction of the time now required, and the few men out of each generation whom nature endows with great talents could make the most of their rare ability to serve the human race. In this way results, which would take a thousand years to accomplish under the present system, could be accomplished in fifty. The substitution of socialized for individualized research would increase the per capita output of discoveries in the same degree as the substitution of socialized for individualized industry has increased the per capita output of commodities.

Not the least important among these institutions of research should be those devoted to the study of medicine. Disease is the most appalling enemy of organic beings. Could it be conquered the greatest single step toward solving the awful problem of pain would have been taken. No effort should be spared in this difficult field of investigation. It should not be left to such chance efforts as may be made by specialists in the intervals of practice or teaching; but disease should be made the object of organized attack. Every important variety of it should be studied by a body of specialists, equipped with the best apparatus available, and with every facility which ingenuity can devise. Those who carried on these investigations should have

not a part, but the whole, of their time to devote to the subject, and all portions of the work not requiring highly trained men should be performed by assistants. These investigations should be carried on night and day, until disease, mental, moral, and physical is abolished or reduced to a minimum. Compared with a work like this, the building of railroads, the development of water-powers, and the dredging of canals, is of such slight consequence as to be negligible. He who can think otherwise has had his sense of proportion hopelessly distorted by the strange commercial ideals of the time, ideals so devoid of common sense as to constitute a distinct variety of mania.

Nor should scientific investigation be confined to those realms in which it is now customary to regard it as legitimate. It should enter the psychical and moral fields now occupied by visionaries, cranks, and madmen; fields which develop the intellectual fungi of occultism, with its spooks, its oriental orgies, its lurid mysticism, its improvised religions, and all the other paraphernalia of pseudo-science or imaginative philosophy. There is much to learn concerning these little investigated phenomena of mind, but the way to learn it is to apply the method of common sense, the method by which we have learned all we know, and in the absence of which the word *knowledge* is meaningless. Ignorance has always regarded the unfamiliar as the supernatural, but whatever basis in reality the delvers in psychical research may have for their observations, they will be best revealed by open-minded and systematic investigation. Much that is of vital interest to the happiness of mankind might be revealed by such an investigation, and should preliminary examination justify it, this would be as reasonable a field of research as any other.

Associated with the institutions of pure research should be a system of laboratories devoted to applied science. Each great industry, or division of industry, should have its own laboratories whose sole business it would be to devise and bring to perfection improvements in the arts. To these laboratories the best inventors should be given every encouragement to come. By the same system of division of labor as that suggested for the research laboratories they should be relieved of every task which would divert them from the immediate end sought. The most successful laboratories now pursue this policy, and with the organization and equipment which the government could afford to install, the efficiency of co-operative invention could be vastly improved.

The force employed in these technical laboratories would be in communication with the masters of science in the research laboratories, on the one hand, and with the workmen and foremen engaged in the actual operation of the processes of production, on the other. Thus the pure theorist, the trained engineer, and the practical mechanic, would co-operate in every industry to develop those improvements in the arts upon which the emancipation of mankind depends; and every facility for, and incentive to, improvement should be afforded them. There would be no trade secrets, no concealed methods, because competition would be abolished and every one's interest would be the same. The operation of every great industry would be open to the inspection of all who could suggest modes of improvement therein. Specific rewards should be offered by the government for specific improvements in methods, and those arts which were backward should be thus stimulated in the highest degree. Every inventor should be given incentives of this kind. As in the case of the director class of laborers, his reward should be made proportional to his success in achieving his ends. Similarly no limits should be placed upon the time that he should devote to invention and experiment, for it is to the interest of all concerned that those men upon whom the advance of human society depends should put as much of their time as possible into efforts to that end. Their capacity for benefiting society is greater than that of other men, and that capacity should not, by society, be permitted to go to waste. Moreover no work is pleasanter and more inspiring than theirs, particularly when relieved of the drudgery of detail, the minor manipulation of experiment, and in inciting them to work with zeal and persistence, society would but increase the stimulus afforded by their natural inclinations. Governmental activity in developing the arts is but an extension of governmental activity in applying them to production. Just as the nation should support and control vast industries whose sole object is the production of commodities; so it should support and control a vast industry whose sole object is the production of improvements in the means of producing those commodities.

It is obvious, however, that a governmental system of organized and co-operating laboratories should not be a substitute for, but an addition to, such as are carried on by private individuals and institutions. Neither private nor public monopoly of knowledge is desirable, because knowledge is something which is increased by division. In the transfer of knowledge, the gain

of one is not the loss of another, as in the case of wealth. No man or nation can lose knowledge by giving it to others, and no man or nation can have too much of it.

Closely affiliated with the department of industrial improvement should be a body composed of trained technologists and statisticians, which may be called the *National Board of Improvement*. Its function should be the control of the reserve portion of the improvement fund (fund b) of all industries. Before the directors of an industry could undertake any great enlargement or improvement involving a heavy drain on the improvement fund it would be necessary to obtain the approval of the board of improvement, or of a local board selected by it. This would tend to insure all industries against excessive or unwise expenditure as a result of the zeal of the director class to reduce the producing time of commodities.

The national board of improvement should be in general charge of advancing the industry of the nation. Besides controlling the expansion of manufacturing industries, it should superintend the exploration of the country by experts with a view to developing its mineral and agricultural resources in conformity with a systematic and comprehensive policy of development, with a view to the interests of posterity. The extension of railroads, the erection of irrigation works, and the improvement of navigation on scientific and maturely considered principles, should be left in its hands. In this way the haphazard, chaotic, wasteful, unrelated, unorganized and unsystematic development of private and conflicting interests would be done away with, and the resources of the country preserved for the benefit of its inhabitants, instead of being dissipated for the benefit of a few land-grabbers and capitalists. Organization should take the place of disorganization in the preparatory development of the country, as in every other branch of industry.

The organization of invention, embodying the principles of the co-operation and division of labor would produce results in the modes of improving the arts as great as it has in the mode of producing commodities. By organizing the manufacture of shoes, for example, one man to-day can turn out fifty or a hundred times the product that he could two generations ago. By similarly organizing the manufacture of improvements in the arts, those improvements will be turned out at an equally accelerated rate. When it is so plain that the emancipation of men from poverty and toil depends upon this improvement,

can common sense do less than undertake the means of accomplishing it?

Section (7) As a considerable portion of the ills of life are those resulting from the anticipation of evil, means of insuring the security of the future have always been sought by prudent men and communities. One of the chief objects of the institution of property is to attain such security, and the various forms of insurance are provisions against future contingencies which operate to promote tranquillity of mind. As all human beings have a greater or less prospect of reaching old age, and outliving their capacity for systematic production, means which will secure to this period of life peaceful existence without labor are highly desirable. In a number of modern states — notably in Germany — the government has assumed the function of providing this security to laborers, and it is a function which all governments should undertake. There are various forms of old age insurance, but they are all alike in principle, and when most of the laborers in a state are employed by the state itself, the application of the system is particularly simple. It should consist in withholding from each wage-earner a certain small percentage of his monthly wage, and placing it to his credit; the fund thus accumulated to be paid back to him when incapacitated from age, or to his heirs, should he not survive so long. Such a system would insure the country against all pauperism not resulting from defective mind or body, and each man could enjoy life as it passed without fear of the future, knowing that from his own industry a fund was accumulating which would secure his old age, and of which he could avail himself without the humiliating knowledge that he was dependent upon the community. This is a subject already well understood, and requires no extended treatment here. Its relation to utility is obvious. Not less obvious is the expediency of providing in a similar manner against sickness, accident, or other calamity, and such insurance the government should provide. Whether it should be made compulsory or not may be open to debate — but the probabilities are that it should be.

Section (8) The educational system of the United States and of most, if not all, nations is local in character and varies from place to place within the nation. In all countries, not archaic in political practice, education is provided by the community, the theory being that as education is vital to the interests of the community it should be provided by the community and not left in private hands. If experience proves the education thus

provided by local communities to be adequate it may perhaps be left to them, but in a thoroughly organized condition of society it is probable that a national system of education will be found preferable. It would be independent of local enterprise or local competence, and the nation would be justified in undertaking such a task, because in the absence of adequate education no nation can hope to attain the primary end of utility—a self-supporting community. To the attainment of this end, of course, any means is justifiable, and all obstacles to its attainment may justly be removed by deliberate acts of the state itself.

Very briefly I shall attempt to outline the scope of a national system of education which will embody the principles enunciated in Chapter 6,¹ not attempting to enter into details or methods of organization, but confining attention to fundamentals.

Assuming then that every community is provided with facilities for education, school-houses, equipment, teachers, etc., adequate to its population—what essential changes in present modes of education should be introduced? They may be divided into changes of quantity and of kind.

As to quantity there are three alternatives open in the future. (1) The nation can provide less education than at present. (2) The same amount of education as at present. (3) More education than at present. I believe it safe to assert that experience has shown that nothing is to be gained by less education, and that if there is to be gain, it must be by more. If education thus far has not accomplished all that might have been hoped, it is not because there is too much of it, but too little. The fact is that the things which it is important for the members of society to know cannot be quickly acquired. Knowledge of reading, writing, and arithmetic, is not sufficient for the average man. The primary schools are essentially means of imparting the notation of knowledge—the symbols or instruments of thought. Secondary schools should be provided wherein all members of society should be taught the use of those symbols in thinking. The youth of the nation should be taught how to apply them in all cases by systematic instruction in how to apply them in the most typical and important cases. Besides this, economic tastes should be deliberately cultivated, and the amount of education of both kinds should be as great as society can afford. And society cannot afford to pursue any parsimon-

¹ Of The Economy of Happiness.

ious policy in regard to education. Reckoned even in money cost ignorance is costly, while if its cost be reckoned in happiness it is ruinous. In the present condition of per capita wealth, every child in the country should have not less than an amount of schooling equivalent to a high-school course. This would be an expensive operation, and might require the withdrawal of some labor now expended in the development and dissipation of natural resources; but though an expensive policy it would be an economical one. Economy does not consist in spending little money—it consists in obtaining the equivalent of what money is spent—be it much or little. When by advance in the arts the per capita wealth increases there is no reason why every youth—male and female—in every civilized country, should not obtain an education superior to that provided by colleges of the present day.

In asserting that every child in modern communities should receive an amount of schooling at least equivalent to that now received in a high school course I do not mean to imply that as much time need be consumed as at present. The same amount of information and training could be obtained with far less consumption of time. There is no reasonable excuse for keeping children in school a specified number of hours each day, independent of what they accomplish. This tends to make dullards of them by encouraging a drowsy, indifferent, diffused, condition of mind, inconsistent with that concentration which is essential to vigorous thought. Hence even if successful in mere acquisition of information the finished product of this system too often becomes

“The bookful blockhead ignorantly read,
With loads of learned lumber in his head.”

The same principle applicable to industry is applicable to education. Self-interest should be made to aid, instead of to oppose, the inculcation of knowledge. Definite tasks should be assigned each scholar each day, and when performed to the satisfaction of the teacher, he should be permitted his freedom. Perhaps a system of this kind would involve some inconveniences to the teacher, but it would cultivate quickness and concentration of mind in the scholar and provide an immediate incentive to application. As things are at present a student in any school below the college grade is compelled to dilly-dally in the school-room a certain number of hours each day whether he be the brightest or the dullest scholar there. It makes no

difference what he does or does not do, he must be in school the same length of time. Hence his task becomes a bore — he drones through with it, and his capacity for mental concentration diminishes, because habits of mental diffusion are encouraged by the educational system. A premium should be put upon concentration, and none would be more available or tend more to convert study into a pleasure than to make the hours of study an inverse function of accomplishment, just as in industry, the pantoeratic system makes the hours of labor an inverse function of production.

This might not be possible with the very lowest grade schools, where the perpetual presence of a teacher is necessary, but in those where written tests are possible such a system would not be difficult to devise. Suppose, for example, the first hour of each school day was devoted to written tests of the lessons assigned the day before; the understanding being that the school hours of the following day would be an inverse function of the success achieved in these examinations. The result would be that the brightest scholars would remain in school perhaps not more than two hours a day, while the duller would remain longer and receive the more exclusive attention of the teachers. This is just as it should be. The present system of holding all scholars down to, or near, the rate of advance possible to the dullest in the same number of hours of work, is nonsensical. The incentive to concentrated and alert effort by such a system would be vastly greater than that afforded by a weekly chrono, and it would lengthen the hours of play — a great desideratum with children of all ages. To read and mark so many written tests every day would perhaps be more work than could be expected of a teacher, but it would not require a teacher to do it. A corps of assistants consisting of more advanced students could divide the work between them at a trifling cost to each. The total result of such a system, modified perhaps to meet particular exigencies, would be a vast saving of time and labor, and would involve just as much or more acquisition of information and much better mental training. It is not my intention, however, to discuss pedagogical methods, and the suggestion here given is mentioned incidentally, merely as an example of the application of the pantoeratic principle of utilizing self-interest as a motive power.

To specify anything about amount of education without specification as to kind can afford little useful information. No amount of education of some kinds would be of any use to men.

The Chinese system of education is adequate as to quantity, but is of a useless kind, consisting principally of memorizing the works of ancient writers. It is a mere training in tradition and tends to little more than mental ossification. A system of education essential to a self-supporting modern community should consist of two kinds—*academic* and *technical*. The first everyone should have, and it is desirable that all men should have more or less of the second also.

The first function of academic education is to cultivate economic tastes, the love of the beautiful in nature and art, a taste for history, literature, and other fine arts, and the capacity to express thought and emotion in language. The second function is to supply such information as is of universal interest—the knowledge of conventional symbols involved in reading and writing, geography, history, mathematics, the elements of physics and biology and the laws of health. These two functions are recognized to-day. Their relation to utility requires no explanation. An increase in the quantity of such studies, together with the abolition of Greek and Latin in public schools, except as electives, could easily be made to bring these offices of education up to a standard sufficient for the purposes of an adequate system. The third, and not the least important, function of academic education is the study of common sense, and this might well take the place of the study of the dead languages in the high school. The study of languages, other than the vernacular, is a waste of time unless it is thorough, and it is never thorough in any school below the college grade—excepting of course in schools devoted to languages exclusively. Common sense is a subject of universal application and universal interest, and its principles should be universally known, instead of universally unknown as at present. As heretofore shown, a knowledge of common sense includes a knowledge of (1) The nature of intelligibility, including the principles of the universal symbolic mechanism of thought, in the absence of which, reasoning can not advance beyond the stage achieved by an intelligent animal. (2) The nature of truth, including the principles of logic; the modes by which valid are distinguished from invalid expectations or beliefs. (3) The nature of usefulness, including the principles of morals; the mode of distinguishing degrees in the utility of acts. This knowledge does not arise spontaneously in every mind, as some persons appear to believe. If it did, disagreement between the judgments of men would be a rare occurrence. It requires to be deliberately

taught — nor is it easy to acquire. As already shown, common sense is a universal guide in common affairs, but in other affairs it is usually abandoned. To prevent this its principles should be known. Common sense may be considered a branch of technology; in truth it is its foundation, and because of this it should be included in an academic instead of confined to a technical education. The principles of logic are the foundation of pure science; the principles of morals of applied science; and without observing the principles of meaning, neither kind of science would exist at all.

Dogmas should not be taught in schools. The dogmatic infection arising from family traditions is bad enough. Hence no criterion of truth or of utility, not dependent upon the universal structure of the mind should be recognized in public instruction. Logic and utilitarianism as herein expounded are, however, founded upon the structure of mind and are independent of the previous history of *any* mind. The fitness of teaching the principles of logic in public schools would perhaps be conceded; but about the principles of morals there would be disagreement. No system of morals is taught in any public school, and yet it is clear that nothing is more important than a knowledge of the principles of morals. A system of morals should be taught in the public schools, but it should not be a dogmatic system; it should not be the system of the Baptists, or the Catholics, or the Jews, or the *laissez faire* economists, or the Mohammedans, or any other system whose criteria are dependent in any degree upon the accidents of history. The utilitarian system of morals is not a dogmatic system, but is a branch of common sense. And yet it cannot be denied that there would be widespread opposition to the teaching of this system in the public schools — not because it is dogmatic, but because it is *not* dogmatic. A little examination, however, would show the opposition to be rather verbal than real.

That the utilitarian system of morals is founded upon real and vital distinctions in experience would not be denied by any person with mental capacity enough to comprehend it. Nor would there be opposition to expressing these distinctions so long as such expression was confined to verbal symbols like "surplus of happiness," "utility," etc. But should the words "right" and "wrong" be employed, opposition would develop at once. These modes of spelling are consecrated to dogmatic purposes, and should they be given any definite meaning of universal interest, and that meaning taught in the public schools,

it would give much offense. It is probable therefore that, so far as public instruction goes, these terms, for a while at least, would have to be left in their present state of equivocality and uselessness, expressing nothing of importance to mankind, and yet appearing to do so. Nevertheless the distinction which we have expressed by these opposed terms could perhaps be brought out in public instruction by changing the spelling of the words. The meanings we have expressed by the words *conscientious* and *unconscientious* might, for example, be expressed by the words *aequum* and *inaequum*, and those for *right* and *wrong* by *bonum* and *malum* respectively. Certainly it is useful for all men to clearly apprehend the vital distinctions in experience which these words are designed to express, and so long as they are clearly apprehended, the sound or spelling of the words employed to express them is of slight consequence. We might, if we pleased, employ the expressions *x* and *not x*, and *y* and *not y* for this purpose, and I should have pursued such a policy in this work, were it not that thought and the symbols of thought are so intimately related in the minds of men, that to employ a symbol of unfamiliar sound would have been equivalent to failure in achieving familiarity of sense. Perhaps by some such device as suggested a complete code of common sense could be taught in public schools. The methods employed should be identical with those used in teaching mathematics. The principles and rules should first be explained. Examples, using abstract symbols should then be worked out by the student to familiarize him with the abstract application of the principles, and lastly examples of concrete application, particularly political application, should be worked out, to familiarize him with the concrete application. This is precisely the method employed in teaching algebra, which is a special branch of logic, and were a demand created, graded text books of common sense would be written through which the theory and practice of common sense could be made familiar to every person of competent understanding.

A people so trained would be capable of self-government in a degree unknown at the present time. They would be dogma and demagogue proof. They could not be led like sheep to the sacrifice, betrayed by their own ignorance into the hands of selfish tyrants or unselfish fools. They could no longer be deceived by the mere sound of words, whether used by the dishonest demagogue, deliberately meaningless, or the political mystic — *well* meaning but *unmeaning*. With common sense

once thoroughly mastered by a whole people the road to happiness would be very easy. It is ignorance of common sense which has held, and still holds, the world in bondage. While this ignorance persists it cannot be free, for it cannot adapt its means to its ends.

Moreover an educated populace would not easily lose its equilibrium. Appeals to its passions and prejudices would have slight chance of success, and in such a society the occupation of the agitator would be gone. Mob-rule is, if anything, more intolerable than autocratic rule, and it is a danger from which capitalism is never free. The only way to abolish the possibility of mob-rule is to abolish the materials out of which mobs are made, and the universality of education and of opportunity under pantocracy would accomplish precisely such a result. Men are what their inheritance and education make them; and if there are classes in the community who are, or may become, a menace to the stability of organized government, it is because the prevailing social system sets in operation causes which produce them. Repression cannot forever free us from the danger of anarchy, but the abolition of ignorance and poverty can.

Of technical education little need be said, except that the nation should provide trade schools and schools of technology wherein the practice of the industrial arts should be taught. All men could not become thoroughly trained engineers, but all could become proficient in one or more trades and fit to play their part efficiently in the industrial mechanism. Certificates from the technical schools should be accepted as guarantees of competence by the various industrial departments of government, and the kind of position a man inexperienced in actual production would be fitted to apply for, would depend upon the kind and amount of technical education he was able and willing to secure. The more universal and thorough technical education, the greater the number of skilled mechanics and inventors per thousand of the population would be developed, and the greater the number of such, the more rapidly would the arts improve under their direction. The technical schools would thus be feeders, not alone of the commodity producing industries, but of the invention producing industry, and would augment the efficiency of both. Incidentally the widespread study of science required in technical education would develop the most economical of tastes — the love of truth — of which modern science is the product. Next to the love of usefulness this is the loftiest and most satisfying of passions, and its gratification reacts

beneficently upon the whole community. The encouragement of such an intellectual passion by the organization of research and invention, together with the diffusion of scientific education by an organized system of technical schools, would develop a nation of investigators and technologists whose knowledge and control of the forces of nature would rapidly emancipate the world. We have the same reason for expecting such a result to follow the adoption of pantocracy as we have, in general, for expecting effect to follow cause.

Some of the suggestions made in this section are doubtless too radical to be taken seriously at the present time, but as I am concerned neither with radicalism nor conservatism, but with common sense, I give them for what they are worth. At the present day the suggestion that all human beings should be taught the difference between right and wrong, for example, may sound radical but in the future it will probably appear conservative.

Having thus described in outline the system of pantocracy, let us now, following the same course as in Chapter 2, examine the presumable effect of such a system upon each of the elements of happiness; at the same time comparing them with the effects of the competitive system. In thus testing the mechanism of pantocracy it should be remarked that to compare it with a perfect mechanism — one which admitted of no criticism, theoretical or practical, would be idle. I do not claim that the mechanism of pantocracy is defectless, but I do claim that it is less defective than any of its alternatives. To compare it with its antithesis, the competitive system, will sufficiently indicate its status as compared with the related systems which we have discussed.

First: How does pantocracy compare with competition in its effects upon the first element of happiness — the quality of the sentient agent? In Chapter 2 we have shown that competition, if its ideals are realized, tends, through inheritance, to deteriorate the human breed by means of the survival of the incompetent, and that its principal educative tendency is toward the development of craft, dishonesty, and general egotism.

In contrast to these, what effects would pantocracy presumably produce? Pantocracy claims to be a means of curing poverty — at any rate it will either cure it or it will not. Should it fail as completely as competition to cure it — an absurd supposition — race deterioration would go on as under competition,

but it would not be accelerated. On the other hand, should it succeed in curing poverty it would thereby suspend the operation of the law of the survival of the incompetent by bringing competent and incompetent into the prosperous, educated, slow breeding, class; i. e., it would cause the prudential restraint upon propagation to operate upon all natural classes of the population instead of upon the naturally competent alone. This would open the way to a practical means of improving the human breed by some such method as that proposed by Galton on page 206.¹ It would be premature to discuss at this point the possible modes of stimulating artificial selection among human beings as a means of improving the breed. To cure poverty is to suspend the Law of Malthus, and it cannot be suspended without curing poverty. Moreover until that law is suspended, no efficient mode of improving the human breed can be suggested; but once the indefinite increase of population can be controlled, the most potent of all instruments for increasing the happiness of the world is placed within reach of humanity—the possibility of improving the sentient agent itself—an agent at present wretchedly adapted to its end—for man is not only weak, stupid, and egotistic, but he is thousands of times more sensitive to pain than to pleasure—all of which is precisely the reverse of what an efficient happiness producing mechanism should be. Pantocracy offers the opportunity of changing such conditions, and of conferring upon posterity the unequalled blessing of an increasing superiority of parentage—a heritage greater than wealth or power—or even knowledge. Such would be the effect of pantocracy upon the factor of inheritance.

As to education it would but extend and emphasize the socialistic practice of public education already so well begun. Much money is now expended by the state in education, but not nearly enough. Realizing that the development of the human mind and character is indefinitely more important than the development of the natural resources of a country, particularly at this stage of human progress, pantocracy would, by the necessary taxation, deliberately divert money, that is labor, which under capitalism is employed in development of the latter kind, to development of the former kind.

Second: Under pantocracy the factor of adjustability during production ought to be higher than under competition. It is

¹ Of The Economy of Happiness

true the work would be more intensive — while the men worked they would work faster — but it would not be the hopeless treadmill work of the present system. There would be an incentive to it — it would be like an interesting game, for the duration of labor would be an inverse function of the speed of work. There would probably be no dawdling, but this would be a small loss, even assuming dawdling to be a source of pleasure, since the less dawdling the more play — the more hours of unhampered consumption. Moreover there would be hope in work under pantocracy; not the kind of hope which partakes little of expectation, but expectant hope, since each year, each month even, would see the conditions of industry improve — there would be no fear of discharge, no insecurity of employment to dread — each year would see an increase in the wages of the workmen, depending directly upon the rate of improvement in the arts and upon their own capacity to rise. Every wage-earner would have opportunity to reach the director class, independent of his social connections, since the more capable he showed himself, the more would it be to the interest of appointing and confirming power alike, to elevate him to a position of responsibility. Thus hope would replace despondency, and all men, whether of exceptional talents or not, could anticipate secure, peaceful and continually improving, conditions of employment. Moreover congenialty of employment would in most cases be assured through the use of preference numbers in assigning positions through the labor exchange; and in those industries in which the work was inevitably uncongenial, there would be compensation in increased wages. Thus under pantocracy, wage-earners would have something better to look forward to during their work than sleeping well at night. They would have something to live for, and they would work willingly, knowing that the more willingly and efficiently they worked the more would life be worth living, for themselves and for others; whereas under the chaos of competition, rapid and efficient labor leads to no shortening of hours, and merely hastens the inevitable day of overproduction and crisis, when, as a penalty of work only too well done, the laborer finds himself out of employment and reduced to want. No wonder the labor organizations under the unadjusted conditions of supply and demand prevalent under competition sometimes seek to limit production. It is simply a question of self-defense — a means of postponing the ever impending industrial crisis inseparable from the production-madness of capitalism.

Adjustability during consumption is likewise promoted by pantocracy. Under competition the desire for wealth can be gratified by only a small proportion of the population; with the great majority it must remain ungratified; and the conditions of its attainment under that system are such that many, if not most, of those who attain it are no better satisfied than those who remain poor. Thus the only useful purpose of wealth is defeated in both cases. Pantocracy, however, solves the problem by making happiness independent of wealth, or rather of any quantity of wealth greater than is accessible to everyone in the community, not defective in faculty. It provides that any great accumulation of wealth is impossible, but it insures happiness without such accumulation. Under no possible system can everyone in a community be wealthy, but under a common-sense system all can be happy — and if happy they have no need of wealth. By bringing all able adult males into the working class, and then, by the substitution of machinery for men, converting the working class into a leisure class, society is completely emancipated; and as independence and happiness is to be had without wealth, money-lust and its attendant ills will disappear. The desires of the people will be such as may be fulfilled under the conditions by which they find themselves surrounded. Success under competition means the accumulation of wealth, which is, as we have pointed out, no more than the acquisition of means by which one set of men are enabled to avail themselves of the labor of another set. Under competition, in other words, the success of one man is at the cost of the failure of other men, and the greater the success of one, the greater the failure of others — this is the *essence of competition*. Under pantocracy, on the other hand, things are so devised that the only means by which an individual can attain success is by benefiting society — hence the success of one means the success of all, and the greater the success of one, the greater the success of all — this is the *essence of pantocracy*. There is just as much room at the top under pantocracy as under competition, but as most men cannot reach the top, means must be provided for being happy even at the bottom if the ends of utility are to be met, and these means pantocracy seeks by practical and definite devices to provide.

The nervous strain and anxiety inseparable from life under the uncertainty of the competitive system would, under pantocracy, be replaced by a justified tranquility of mind due to ample insurance against sickness, old age, or other source of inca-

capacity in an institution of practically perfect security — the government itself. Moreover the danger to health involved in long hours, in unsanitary places of occupation, in the congestion and vice inseparable from great manufacturing centres under competition, in the ignorance and carelessness of the submerged and spawning millions which are the normal products of capitalism would, under pantocracy, disappear with the causes which produce them. The labors of the national medical laboratories, established for the sole purpose of diminishing and finally abolishing disease, would augment the efficacy of all these improved conditions, and in the end, the co-operative efforts of science would do away with ill health, as with all the other ills to which mortality is subject.

Third: As to the effect of pantocracy on natural resources, we shall, as with competition, postpone specific consideration of the subject until we have examined the effect of our system upon the efficiency of consumption, and quantity of population.

Fourth: Comparison of the effect of competition with that of pantocracy in promoting the use of machinery in the arts is of particular importance in our inquiry. This is deemed by its advocates the strongest point in the system of capitalistic competition, its strength arising from the stimulus afforded capitalists by the promise of profit to improve the arts and save the labor of men, thus providing the means of saving the expenditure required for their wages. This undoubted advantage, however, we discovered to be offset by certain disadvantages. (1) The same stimulus which induces improvement in the arts of production, induces improvement in the arts of adulteration, substitution and misrepresentation. (2) The practice of throwing men out of employment through the introduction of machinery, leaving them without employment for varying periods, and re-employing them under conditions no more advantageous as to hours of labor than before, prevents the improvement in the economy of consumption which ought to accompany improvement in the economy of production, besides leading to over-production, crises, and chaos. Pantocracy, on the other hand, retains all the advantages of competition, replacing the effective stimulus of profit by the no less effective stimulus of conditional compensation, at the same time eliminating its disadvantages by taking away temptation to adulteration, substitution, and misrepresentation, and utilizing machinery, not to deprive men of employment, but to save them labor, not to discharge them into a condition of non-production, but to permit them to dis-

charge themselves from understimulated into overstimulated industries whenever the activities of industry require it, at the same time providing a channel whereby the change may be made quickly, easily, and conformably to the taste of the producer. Under capitalism a decrease in the operating force of an industry where a decrease is called for, is accomplished by the wretchedly uneconomic policy of forcing one set of workmen into a non-producing and underconsuming condition and throwing all the labor upon the remainder. Instead of this foolish policy, pantocracy divides the labor among all the workmen and permits the resulting decrease of wages to cause the surplus labor power to flow spontaneously to industries where an increase of operating force is called for. Moreover by fixed and uniform rules the hours of labor are reduced as the reduction in the producing time of commodities permits, and by the device embodied in the industrial coefficient the price of commodities is lowered without the discharge of a single wage-earner; producer and consumer thus sharing immediately in the benefit arising from improvement in the arts — and as the industrial coefficient, which determines in what ratio they shall share in said benefit, is fixed by the people themselves, no cause of complaint can arise from this source. Hence economy of consumption increases simultaneously with economy of production, and as demand and supply are adjusted by the department of output regulation, overproduction, or underconsumption, and consequently crises, cannot occur.

If it be objected that conditional compensation can never be so effective a stimulus as profit, since profit is so much greater in amount, we may reply that the degree of stimulus does not depend upon *absolute*, but upon *relative* increase of compensation. To a director whose salary is \$5,000 per year, an increase of \$1,000 a year for every per cent by which the average producing time of commodities is reduced, is as effective as an increase in dividends of \$1,000,000 a year would be to a capitalist whose dividends were already \$5,000,000. These enormous profits are rare; they practically always go to men who have little or nothing to do with the actual work of production, or even of organization; and they are generally the reward of ingenious or dishonest speculation rather than of any improvement in the arts. To permit these vast sums to be withdrawn from the compensation of the wage earners would defeat the ends of justice. No such withdrawals are required, and the profits which Mill and other economists have had in mind as

effective stimulants are of no such dimensions. It is probable that conditional compensation, amounting in all to not more than one per cent on the capital invested in an industry, would provide more stimulus to improvement in the arts than the present profits — varying from nothing or less than nothing to three hundred per cent on the investment. There is much discussion as to what a “fair rate” of profit is — a fair rate according to the dogmatic standard is, of course, a customary rate. The doctrine of utility enables us to comprehend this matter more clearly. The lowest rate of conditional compensation which will keenly stimulate directors to reduce the producing time of commodities by substituting machinery for men is a fair rate — any lower rate is unfair because it will sensibly diminish the rate of improvement in the arts which society has a right to expect — any higher rate is unfair because it will produce inequality of distribution in wealth without any compensating advantage.

Besides the stimulus to improvement in the arts and organization of industry provided by conditional compensation, pantocracy increases many times the efficiency of the means of accomplishing such improvements by the organization of invention, and technical education. Thus the one advantage of competition over socialism (and that a temporary one) is by pantocracy, adopted, augmented, purified from its accompanying disadvantages, and made permanent, by the application of the ordinary methods of science in technology.

One of the greatest gains in the mechanism of production which would be accomplished by the conversion of all socialized industries into public monopolies would be the co-ordination of effort effected. The lack of such co-ordination is the cause of the vast waste of labor under competition. The partial organization of industry under private monopoly has done something toward abolishing this source of productive inefficiency. The complete organization of industry under public monopoly would do very much more. The present work of the world could thus be accomplished in less than half the time now required, and under a pantocratic system this saving of labor could be reflected directly in a corresponding shortening of the working day. To appreciate the possibilities from this source of improvement in the machinery of production, the twenty-second chapter of Edward Bellamy's “Looking Backward” should be read.

Fifth: By its effect upon the interests of all classes of laborers,

pantocracy would not only make more effective the handling of the methods of production, but it would solve the labor problem; for the interests of the laborer and of the director of labor would be identical. The only way in which the directors could acquire additional compensation would be to shorten the hours of labor, while leaving nominal wages stationary; and to shorten the hours of labor means, by the principle we have enunciated, to lower the price of commodities; this taking place in all industries means raising the real wages of every one in the community. Hence the interests of director, wage-earner, and consumer being identical, the cause which has given rise to the labor problem would no longer exist. Lock-outs could not occur, for it would be in no one's power to discharge wage-earners without charges of wilful incompetence. Strikes would not occur, for against whom would an operating force strike? They would have to strike against a nation the industrial relations of which were in every part identical—they could not strike for lower hours, for they already work the minimum necessary to supply the demand—nor for higher wages, since these are fixed by law according to definite principles, and not by the caprice of an employer. The general rate of wages of an industry would be raised only as that industry became undersupplied—hence dissatisfaction with the wages in a given industry would automatically raise the wages therein, since the wage earners would prefer other industries, and thus induce a condition of undersupply. The transactions of all industries would be a matter of public record, there would be no secrecy as at present, there would be no profits eating up the wages of labor, and the principles governing the relation of wage earners to their employer—the nation—would be the same in all industries. Under such circumstances the unanimous verdict of public opinion would alone prevent strikes, assuming any set of men ingenious enough to imagine a cause for them, and even should a strike occur, it would be immediately broken unless the whole nation struck against itself, since striking would be voluntary discharge, and would be treated like any other case thereof—the wage earners required would be obtained through the labor exchange.

The limitation of production would be against the interest of both director and wage earner, lowering the conditional compensation of the first, and lengthening the hours of labor of the second—this would be enough to prevent it. It would be to the interest of every man to work with zeal and enthusiasm,

since the more efficiently he worked when he did work, the shorter would his hours be. For the same reason it would be to the interest of all to get the best men into places of responsibility. Similarly wage earner and director alike would be interested in handling the materials of production economically, and of minimizing the deterioration of plant, since every expense would, by raising the price of the commodity produced, tend to the understimulation of the industry and the consequent fall of wages. Thus as a means of increasing the efficiency of production through stimulus of skill and interest in the use of machinery, pantocracy is immeasurably superior to competition.

Applying now the auxiliary criterion of the adaptive principle another marked advantage is disclosed. Under capitalism, public utilities are placed in the control of persons whose interests are exactly opposed to those of the public. The great multitude are, and must always be, both producers and consumers. As producers it is to their interest to have their working day shortened, and their real wages increased. As consumers it is to their interest to have prices fall, and to obtain the best products possible for the price paid. The interests of capitalists are exactly the reverse. It is to *their* interest to lengthen the working day of their employees and to reduce their wages — it is to *their* interest to obtain the highest prices they can from all consumers, and to give them the poorest products possible for the price paid — for by all these means their profit will be increased. Under such conditions it is to be expected that capitalists will be forever oppressing both producer and consumer, and the expectation is not disappointed, for this is precisely what they do and always will do while human nature remains what it is. A community so stupid as to make the interests of those who control the desiderata upon which it depends for its happiness diametrically opposed to its own must expect to be oppressed — it puts a premium upon oppression, and it cannot escape the consequences of the law of human nature which it has invoked. It utilizes the adaptive principle to oppose, instead of to achieve, the end of utility. After production has become thoroughly socialized, society at last perceives its mistake — it sees that vested interests and public interests are antagonistic, and clumsily attempts to remedy matters — not by abolishing the antagonism directly — but by attempting to nullify the effect of the positive adaptive principle already in operation, by superimposing upon it the effect of the

negative adaptive principle. It first makes it to the interest of capitalists to oppress both producer and consumer; and then threatens to punish them if they do so. This is regulated capitalism — it is the pseudo-socialism which the dominant school of politicians propose as a remedy for existing evils. On the other hand, pantocracy abolishes the primary antagonism of interest, and substitutes for it an identity, using the positive adaptive principle to attain the end of utility, thereby adapting the social mechanism to human nature instead of leaving it hopelessly unadapted, as at present.

Sixth: As to the distribution of wealth — pantocracy provides for substantial equality by doing away with the chief means provided by the capitalistic, and every other variety of competition, whereby inequality is attained. It will be noticed, however, that pantocracy does not seek absolute equality in the distribution of wealth. Successful directors, that is, directors who have been instrumental in permanently decreasing the hours of labor and increasing the real wages of a community, for example, could accumulate considerable fortunes through the conditional compensation received for their service to the community. They could not become multi-millionaires, but their fortunes might become from 10 to 100 times as great as that of the average member of the community. Besides this, pantocracy provides for higher wages for skilled and experienced workers than for unskilled and inexperienced. This perhaps may be deemed a fault in the system, and were it devoid of compensating advantages, such a departure from equality would be a fault in any system. But the equal distribution of wealth is a means — not an end, and if, as a means, it does not attain the end of utility as successfully as some other specifiable means, then it should be abandoned in favor of that other means. The proposition that wealth should be equally distributed is true as a general, but not as a universal, proposition. This is why in constructing the pantocratic mechanism, I have departed, in some degree, from means of completely equalizing wealth. It is important to efficiency of production that skilled workmen should be developed to fulfil certain productive functions. The acquisition of skill, however, requires time and trouble. Hence unless there is some incentive to do so, men will not take the trouble and time required to develop it. The higher price of skilled labor under pantocracy therefore, is simply compensation for the hours of labor — that is of life — spent in developing the skill required to make men of more service to the commu-

nity; and the inequality of wage involved is required by the general, though not universal, rule that the compensation for any given quantum of labor should be proportional to its labor cost. Reasons of a similar kind justify the inequality of wealth involved in the institution of conditional compensation. By the stimulus it affords to improvement in the arts the community will gain in happiness far more than it will lose through the departure from equality involved; and this is sufficient for the utilitarian. Knowing what end he seeks, he can adapt his means to attain it, unconfounded by confusion of a proximate with an ultimate end.

Seventh: The means adopted by pantocracy of progressively increasing the indicative ratio as the arts improve have already been explained and their effect on this element of happiness is obvious. The theory of utility demands an increasing indicative ratio, and pantocracy provides definite means for supplying it. The effect of increasing the hours of leisure and at the same time increasing the real wages of all producers by the fall in the price of desiderata is to bring the whole population into the condition of an emancipated middle class, and this condition is that at which consumption at the point of maximum efficiency will occur. There would, under such circumstances, be no consumers in the zone of either under or overconsumption; each average family would be self-sufficient, and the whole population self-supporting. Once this emancipated condition is obtained, however, it is probable that the actual indicative ratio would spontaneously diminish, because for the first time men would be brought into the condition where they would have not only the taste for pleasant forms of labor, but the education and freedom from unpleasant forms necessary to gratify it. Hence art, literature, music, and science, would be pursued, not by the few, but by the many. Not by one per cent, but by ninety-nine per cent of the population. As the necessity for consuming life in systematic and unpleasant labor in the "useful arts" diminished by the substitution of machinery for men, opportunity for consuming it in pleasant labor in the fine arts and the pursuit of the humanities would increase. Thus the avocation, instead of the vocation, would occupy the principal place in the life of each individual, spontaneous would replace compulsory labor, and the inversion of the indicative ratio would indicate a gain, instead of a loss, in the economy of happiness. Such at any rate would be the presumable result of the combined industrial and educative systems involved in pantocracy,

In vivid contrast to this common sense procedure consider that of capitalism. Instead of using labor-saving devices to increase the leisure of the producer and thus emancipate mankind from labor, it seeks to make the indicative ratio a function of endurance only, and to make men work as long as they did when their labor was not nearly so productive. Even for the shortening of the working day already obtained labor has had to struggle mightily, and were it not for the activity of labor unions, men would now be working twelve and fourteen hours a day—as they still do where competition is unrestricted. Mill, in his *Principles of Political Economy* says: “It is questionable if all the mechanical inventions yet made have lightened the day’s toil of any human being.” Such a statement is not true to-day—thanks to the activity of competition suppressing agencies—but what a commentary it is on the practomania of the capitalistic age. With the vast strides in industry of the last century or two the productive power of the American laborer is to-day, on the average, probably a hundred times greater than in colonial times—and yet his working day is only a little shorter. Of course it would be unwise to reduce the working day in the same proportion as the producing time is diminished—this would prevent increase in the per capita rate of consumption—but surely when the producing time has been diminished a hundred fold the working day might be cut down at least three-quarters, and yet provide for a vast increase in the rate of consumption per capita. Had this been done in the past, the laborer of to-day would not require to work more than four hours per day at the utmost, and yet live twenty times as well as his forefathers of pre-revolutionary days. Thus does capitalism throw away the great opportunity offered by socialized production.

Eighth: In considering the effect that the adoption of a system of pantocracy would have upon the eighth element of happiness—the quantity of the population, its contrast to competition is marked. Competition insures perpetual poverty, restricts the prudential restraint upon propagation to the successful classes, and thus limits population only by starvation, deteriorating the race and wasting the resources of nature by making them support an unhappy population. The extinction of the human race would thus achieve a better object than competition.

We have made the claim that the adoption of a pantocratic system would lead to the abolition of poverty and have given

reasons in support of that claim, but whether this claim is just or not, it is certainly not too much to say that if pantocracy will not cure poverty then nothing will. Poverty is simply a name for a low rate of consumption per capita. If it is to be cured at all it must be by adopting such means that (1) The production per capita per unit of time will be made to approach as near as possible to a maximum, and that (2) The wealth thus produced shall be well distributed.

If focussing all the power represented in the stimulus of enlightened self-interest, and all the knowledge and ingenuity furnished by organized scientific research and co-operative invention upon this single object cannot accomplish the result, then by what means *can* it be accomplished? Certainly not by letting everything alone. Drifting can not cure poverty. If it could, it would have done so long ago, for mankind since its first advent on the earth, has done little else than drift. If through the operation of the law of increasing returns the tendency to increase the production per capita per unit of time can be made to offset the tendency of the law of diminishing returns to decrease it, then poverty can be cured. Otherwise it cannot be cured. Now, pantocracy stimulates the operation of the law of increasing returns in a degree impossible under any other system. Its whole construction is deliberately designed to stimulate it. Hence we say if pantocracy, or some variation of it embodying the same principles, cannot cure poverty then no system can. Pantocracy is primarily a means of applying science to the cure of poverty as the most pressing and universal ill of mankind, and as Lubbock says in this connection, "we must choose between science and suffering." There is no other alternative.

But once poverty is cured — and enlightenment substituted for ignorance by the diversion of human effort from the dissipation of natural resources to the development of man, consequences of transcendent import inevitably follow. The causes which now operate to restrict propagation in the well-to-do classes will operate to restrict it in all classes, since all classes will be well-to-do — the Law of Malthus will be suspended and deterioration of the breed checked in the manner noticed under section one. The eighth element of happiness can only be controlled by increasing the efficiency of consumption, and if uncontrolled, the population will increase until it reaches a position of natural equilibrium. At this point its rate of production of misery approaches a maximum.

A pantoeratic system will, of course, have the effect of diminishing the resources of nature — any policy other than the extinction of humanity must have that effect; but in the dissipation thereof, and as a result of it, happiness will be produced instead of unhappiness, as under competition. There will be something instead of less than nothing to show for the resources dissipated. Instead of utilizing the increased means of subsistence derived from improvement in the arts to increase the mere numbers of an underconsuming population, pantoeracy would utilize them to increase the consumption per capita until the average member of the community was consuming at the point of maximum efficiency, or as near that point as possible. Thenceforth, increase in the population instead of being checked by starvation would be controlled by the prudence of the emancipated community itself, and maintained at such a rate as to keep the average member of the community consuming at the point of maximum efficiency. Thus the production-madness, inseparable from capitalism, which wastes alike the lives of the present generation and the substance of their posterity, would be replaced by the sanity of common sense. Labor would be recognized for what it is — a means to an end, and not an end in itself — and the end to which labor is, or ought to be, the means would be recognized no less specifically. That end is not to develop and diminish nature's resources with maximum speed, but to convert the potentiality of happiness resident in said resources into actual happiness with maximum efficiency. These two contrasted views of the object of labor represent the difference between the ideals of the commercial and of the utilitarian schools of political economy — they represent the difference between practomania and common sense.

Thus if we test pantoeracy by the same criteria whereby we tested competition, viz., its effect upon each of the elements of happiness separately, we discover that the former stands every test while the latter stands none. Between them is all the difference between justice and injustice. Pantoeracy is an adapted, competition an unadapted, means of attaining the end of utility, and a moment's consideration will serve to banish all surprise at this result. Both competition and pantoeracy are neither more nor less than social mechanisms, to be deliberately employed by society to attain its end — viz. happiness. Competition is a mechanism which, speaking figuratively, nature employs to attain her end — adaptability to survive — an object which has no particular relation to the object of society, except

that survival is a necessary element in both. Now no one possessing common sense would expect a mechanism designed to produce one specified result to be adapted incidentally to produce another one totally different from the first. No one would expect a nail making mechanism to be adapted to the manufacture of washing soda. No more would any one with common sense expect a mechanism designed to attain the end of nature to be adapted to attain the end of man — and it is not so adapted, as the tests we have applied demonstrate. Pantocracy, on the other hand, is a mechanism deliberately designed to produce that end, designed by the same methods of common sense that would be employed in designing a mechanism for the manufacture of nails or of washing soda. Hence it is only to be expected that it will be successful in meeting the very tests which have served as a guide to its construction. But while we should have reason to expect pantocracy to be a system adapted to attain the end of society — it would be a great mistake to suppose it to be the only one, though doubtless it embodies the essential elements of any successful system. There is more than one system for making sulphuric acid, though all systems require the presence of the elements essential to that acid, viz., hydrogen, oxygen, and sulphur. Other political systems differing in many details from pantocracy might be proposed, and were pantocracy once adopted the details of its operation might turn out to be quite distinct from those I have suggested or might suggest. Hence I have not attempted to specify details, except so far as was necessary to demonstrate that the system is practical and will operate in a definite manner while the properties of nature and of human nature remain what they are. There are several forms of mechanism whereby the energy latent in steam may be converted into mechanical motion, but all of them must take advantage of the properties of steam; and though several forms of mechanism may be proposed for converting the world's latent potentialities of happiness into actual happiness, all of them must take advantage of the properties of nature and of human nature in order to achieve success, and every social mechanism should be judged — just as a steam engine should be judged — strictly according to its adaptability to attain its end.

Once more let me emphasize the dilemma in which society finds itself to-day. It finds that its activities are not self-supporting; that more unhappiness than happiness is produced by humanity; that the present system is a failure while human

nature retains its properties. In this situation three alternatives and only three are open. (1) Human nature may be changed. (2) The system may be changed. (3) Both may be changed. There is a prevalent school of moralists, of whom Tolstoy is the type, who seek the first way out of the dilemma. They claim that the trouble with the present situation is that men themselves are at fault—that human nature must be altered before society can produce a surplus of happiness, and they propose to change human nature by *telling* it to change. If they are correct, the situation is indeed hopeless. The method of changing human nature they propose is not adapted to its end. Preaching will do no more in the future than it has done in the past. Human nature has not changed much during historic times, though its customs have, and if it is to be radically changed, changes will be necessary in that part of the social system which affects inheritance and education, for it is by these influences and these alone that human nature can be changed. But to adopt such changes would be to select the third way out of the dilemma, since it would be changing human nature by first changing the social system. It is obvious that it is by this route that pantocracy seeks a way out of the present unhappy situation. The reaction of the present system upon human nature results in misery. To change human nature is hopeless—at least immediately—hence our only alternative, if we would escape misery, is to change the system—and it is by a change in the social system that every advance in the past has been made. The changes from religious intolerance to religious tolerance, from slavery to free labor, from aristocracy to democracy, have all been changes in the social system which have left human nature intact, merely changing its customs. Selfishness remains the dominant characteristic of organic beings, and it cannot be ignored in man. Pantocracy recognizes this, and instead of employing the great power of self interest to defeat the end of utility, as competition does, it employs it to accomplish that end. It seeks not to destroy selfishness by telling men to be good—that would be futile, but to divert it from competitive into anti-competitive channels. What good does it do to tell men to be good and they will be happy? Does any one seriously believe that propounding this platitude will make men good? No, the proper way is to make them happy, and then they will be good. Although to abolish self-interest is impossible, to change its mode of application to the social mechanism is not. Should we attach a dozen horses to a mired vehicle,

and then let each pull in the direction in which he felt inclined, we should not accomplish much, but with precisely the same power we could pull the load out of the mire by making the horses all pull in one direction. In such a situation co-operation will accomplish what competition will not, and in hauling society out of the slough in which it is gradually sinking the same methods must be employed. To produce happiness, co-operation is required — not the mere co-operation of good-will, but organized co-operation, amounting to a change in the social system. A convenient form of that organization I have already explained, and to the provisions therein for accomplishing the change desirable in human nature I need not again revert.

It is a common claim that socialism cannot succeed because it is unadapted to human nature. Such a criticism applies with greater force to competition than to socialism. It is because competition as a means to happiness is so utterly unadapted to human nature that it is, and always has been, a failure. The only reason why the failure of competition is not more generally recognized is that men, having no test by which to distinguish success from failure, cannot tell the difference between the two even when they see it. Not knowing what society is, or ought to be, endeavoring to accomplish, they, of course, are unable to tell whether it is accomplished or not. Hence they mistake mere human activity, the movement of persons and things from one place to another on the earth's surface, for success. They gauge success by the activity of industry — by the mere motion of material bodies. They are in precisely the position of one who, entering a factory of the purpose of which he is ignorant, mistakes the motion of the countershafting for the production of output. He cannot tell whether or not the factory is accomplishing its purpose, because he does not know what its purpose is. It is futile for men to attempt the guidance of public policy who are ignorant of the direction in which public policy should lead. The output of a nation in bushels of grain, tons of pig iron, or coal, or steel rails, can tell us little or nothing about a nation's success, since, though these products may be *necessary*, they are not *sufficient*, conditions of happiness. And yet it is of such products that politicians perpetually prate. In this connection the commentary of Mill upon the folly of the mercantilists, who confused money with wealth, is peculiarly appropriate. He says:

“It often happens that the universal belief of one age of mankind—a belief from which no one *was*, nor without an extraordinary effort of genius and courage, *could* at that time be free—becomes to a subsequent age so palpable an absurdity, that the only difficulty then is to imagine how such a thing can ever have appeared credible. It has so happened with the doctrine that money is synonymous with wealth. The conceit seems too preposterous to be thought of as a serious opinion. It looks like one of the crude fancies of childhood, instantly corrected by a word from any grown person. But let no one feel confident that he would have escaped the delusion if he had lived at the time when it prevailed. All the associations engendered by common life, and by the ordinary course of business, concurred in promoting it. So long as those associations were the only medium through which the subject was looked at, what we now think so gross an absurdity seemed a truism. Once questioned, indeed, it was doomed; but no one was likely to think of questioning it whose mind had not become familiar with certain modes of stating and of contemplating economical phenomena, which have only found their way into the general understanding through the influence of Adam Smith and of his expositors.”¹

Oh, ingenious Mill—do you remember what the pot called the kettle? In this quotation, if the word “wealth” is substituted for the word “money” and the word “happiness” for the word “wealth,” we shall have a commentary whose striking application to the present system is incapable of happier expression. Is it any more absurd to mistake money for wealth than to mistake wealth for happiness? Incredible as to a subsequent age it will appear, those who guide the policy of modern states make this very mistake, apparently unconscious that they are but mercantilists who have changed the form of their folly. It was not surprising that after the adoption of a system of exchange by means of money that the medium of exchange should, by the worthy predecessors of modern economists, be mistaken for something having ultimate intrinsic value, and it was perhaps inevitable that between this vulgar error and the explicit recognition of happiness as alone possessing such a quality, an intermediate delusion should be cherished—the delusion that wealth has ultimate intrinsic value. Since the laws of the evolution of human thought required this step Adam Smith did the world a service in taking it, but it is calamitous that men thus deluded should be selected to guide the policy of nations, particularly as “all the associations engendered by

¹ Political Economy, Chap. 1.

common life, and by the ordinary course of business" concur in rendering them as blissfully oblivious of their preposterous situation as were the mercantile theorists of theirs. To be sure, happiness is recognized to-day as an incidental desideratum, as wealth was similarly recognized previous to the publication of the "Wealth of Nations," but incidental recognition will not do in the one case any more than in the other. Happiness must be recognized explicitly, as a definite product of the activity of society, expressible in definite units—a product having at any given time a definite magnitude, expressible by a definite intensity into a definite time interval, and increasable only by increase of that intensity or that time interval, or both—a product requiring cultivation by organized and directed effort—effort as organized and directed as that of a shoemaker in turning out his shoes. We cannot too often insist that the only units in which the success or failure of society may be estimated are such as express quantity of happiness or unhappiness, and until we have determined the relation that wealth bears to happiness, the output of wealth can give us no more clue to the output of happiness than the weight of precious metal possessed by a state can give to its wealth. Could the people of our day and country learn this one lesson it would be worth all their other political knowledge combined, and they *will* learn it when common sense displaces common nonsense.

It is the duty, and it should be the delight, of the economists of our time to purge their science of the archaic dogmas of Adam Smith, and to found it directly upon the foundation of ethics itself—namely, utility—the only sound foundation for any applied science. In so doing they will have accomplished for economics what Copernicus accomplished for astronomy—they will have replaced the geocentric system of commercialism with the heliocentric system of utilitarianism—they will have fixed the centre around which revolves the stupendous system of human effort and human interest—not in the dead world of wealth, but in the living sun of happiness.

CHAPTER V

THE NEXT STEP

To any proposal for substituting an uncustomary for a customary policy in the affairs of society the first objection, of course, will proceed from the ever prevailing conservatism of mankind — that ubiquitous form of fatalism which confounds inaction with prudence through misapprehension of the nature of a use-judgment. Assuming the law of causation, it is obvious that if with any given act of a man or a nation the same natural causes are combined, the effect of the given act will always be the same; and we may assume that if the man or the nation is careful not to alter his or its acts, then he or it may be assured that the effects thereof will, at any rate, not be worse in the future than they have been in the past. If the same natural causes are always combined with the same modes of human activity then conservatism may be caution. The difficulty is that they are not. By suspending change in their modes of activity men do not suspend change in the modes of activity of nature. The inaction of men does not involve the inaction of nature, and it must not be forgotten that human nature is a part of nature, and as subject to the law of causation as any other part. The alleged attempt of the ostrich to escape danger by hiding its head in the sand is a mental operation similar to the one we are criticizing. The ostrich apparently thinks that by suspending its own visual powers the visual powers of all creation will thereby be suspended, and similarly the conservative thinks that by suspending his own activity he will thereby suspend the activities of the rest of creation. His caution is that of the ostrich. Nature's policies are usually accelerative and, as we have seen, they are usually maleficiently accelerative. Hence man can counteract such acceleration only by changing his policies to meet it. He must be radical in order to be cautious. Such caution is by the incautious conservative deemed incaution, and he consistently protests against it. If these protests prevail and radical action is postponed too long, calamity frequently follows, and this the conservative

attributes to radicalism instead of to its real cause — conservatism. Thus Archbishop Whately justly remarks:

“The mass of mankind are, in the serious concerns of life, wedded to what is established and customary; and when they make rash changes, this may often be explained by the too long *postponement* of the requisite changes; which allows (as in the case of the Reformation) evils to reach an intolerable height, before any remedy is thought of. And even then, the remedy is often so violently resisted by many, as to drive others into dangerous extremes. And when this occurs, we are triumphantly told that experience shows what mischievous excesses are *caused* by once beginning to innovate. ‘I told you that if once you began to repair your house, you would have to pull it all down.’ ‘Yes; but you told me wrong; for if I had begun sooner, the replacing of a few tiles might have sufficed. The mischief was, not in taking down the first stone, but in letting it stand too long.’”¹

Revolutions are the result of conservatism. The English Revolution was caused by the conservatism of the House of Stuart, the American Revolution by the conservatism of the House of Hanover, and the French Revolution by the conservatism of the Bourbons. The way to avoid revolution is through radicalism; but although cautious policies are almost always radical, radical policies are not necessarily cautious. Obviously it is easy to suggest thousands of harmful radical policies. Now in the preceding chapter I have outlined a national policy, adoptable by any state which has attained a condition of civilization equivalent to that of Western Europe. So far as I am aware, only four general policies are proposed as alternatives. (1) Natural competition: (2) Artificial competition: (3) Pseudo-socialism: (4) Socialism: and the first is hardly a possible alternative in the United States at the present stage of its development. Pantocracy is more radical than any of these; that is, it departs more from prevailing policies. To the man whose judgment has no taint of fatalism, however, this will make no difference. All he will ask is: Is it or is it not, more useful than any of its alternatives? Is its end that of utility, and is it or is it not, better adapted than other suggested policies to that end? I have attempted, by noting its effect upon each of the elements of happiness, to show that it is. Were politics judged by the standards employed in science it would be difficult to doubt that the attempt had been successful; but with the

¹ Elements of Logic.

political standards at present prevailing there is a wide chasm between the establishment of a reasonable presumption and the production of conviction, since wherever dogma prevails, conviction is not a function of reasonableness but of priority, and the suspension of this law of human cerebration is not to be expected in one department of knowledge more than in another. It has beset the early stages of every science from mathematics to medicine, and politics will be no exception to these.

It must, of course, be admitted that the only presumption thus far established in favor of the policy proposed is an *apriori* one, and presumptions established *apriori* should not be depended upon when *aposteriori* evidence is obtainable. The question is then, can *aposteriori* evidence of the operation of a pantocratic system of the character desired be obtained, and if so, how? To answer this question we have but to mark the procedure followed in those arts where the method of common sense already prevails—where science has already been applied. Suppose, for example, a cautious cotton manufacturer should have submitted to his attention the design of a mechanism which promised *apriori* to be an improvement upon the prevailing method of cotton manufacturing. What would he do? Would he reject the scheme at once on the ground that it was not a customary mechanism and therefore useless? No; he might pursue such a policy if he were merely a conservative manufacturer, but not if he were a cautious one. Would he, on the other hand, immediately dismantle his whole plant and re-erect it equipped throughout with machinery identical with that called for in the design submitted to him? No; a cautious man would not pursue this policy unless the *apriori* evidence of success was overwhelming. He would do what every experienced manufacturer, whether of cotton or anything else, would do—he would try it on a small scale, approximating as closely as possible the conditions to be met on a large scale. That is, he would experiment, and from the *aposteriori* evidence thus furnished would judge of the wisdom of installing the proposed mechanism on a large scale. This simple and safe procedure is the one adopted in all branches of applied technology, and it should be adopted in politics.

In proceeding toward any given goal we must proceed by steps, but it is important that the steps should be in the direction of the goal. At any given stage of progress there is always a next step which will lead more directly in the desired direction than any other, and if common sense is taken as our guide, we

may usually distinguish it. The next step in any progression is always the most important step at the moment it is to be taken, for if we make no mistake in each successive step as we are called upon to take it, we need not worry about the sum of the steps. Now we have ascertained what the goal of society ought to be — the maximum output of happiness — we have examined the several proposed routes whereby modern states, proceeding from the stage they have already attained, may seek that goal. They are: through competition, natural or artificial: through pseudo-socialism: through socialism: through pantocracy. We have submitted strong evidence to show that of these routes, competition leads away from the goal, that pseudo-socialism either leads to private monopoly, a route which everyone acknowledges leads away from the goal, or into socialism; that socialism leads toward the goal, but that pantocracy leads more directly to the goal than any of its alternatives. This much being ascertained the next step becomes clear — the *apriori* evidence here submitted should be supplemented by *aposteriori* evidence. Pantocracy should be tried on a small scale, the conditions of operation on a large scale being approximated as closely as possible. In each of the several states which have reached the stage where this step is the next one to be taken the precise mode of taking it would have to be adapted to the conditions there prevailing. I shall not attempt the discussion of these conditions in any other state than that of the United States of America, but the principles involved are of course adaptable to any other nation.

Should the United States as a nation elect to experiment with the industrial application of pantocracy on a small scale it is obvious that it could be done without any alteration of her present relations with other nations; but should she attempt to extend the system it is equally obvious that the policy of international exchange of men and of commodities could easily be such as to interfere with, if not to upset, the whole system. The industrial reorganization of the country would involve a reorganization of its relations with other countries. Now it is important for our purpose to be able to see clearly, not only how pantocracy might be tried on a small scale in the United States, but to see no less clearly how it might be indefinitely extended, should experiment justify its extension. This can only be done by first showing how the relations of this country with others can be adjusted so as to prevent interference with the objects of pantocracy; and in order to show this it will be necessary to

apply the principles of utility directly to the questions of immigration and of free trade and protection—to the international exchange of men and of commodities as it applies to America.

For the sake of clearness I shall first discuss these questions as if they were questions of patriotism alone. I shall make a provisional assumption that it is right to ignore the interests of all nations except our own. Afterwards I shall show that the policies proposed are those demanded by humanitarianism as well as patriotism. And first it should be remarked that the present policy of America is inconsistent with itself as a result of the dominance of capitalism. On the theory that the interests of Americans should be protected the United States adopts a policy of protection, protecting from foreign competition all products produced here with one exception—labor. It is to the interest of the capitalist to protect all products except labor—hence it is the policy of the United States to do so. Thus results the inconsistent policy of restricted trade in commodities but free trade in labor. The product of labor must pay an importation tariff, but immigration is free or practically so. It is not to the purpose to object that protection of commodities incidentally protects the labor that produces them. This is true, but were it the purpose of those who control the trade policy of the United States to protect labor they would do so by protecting it from immigration. It is not their purpose to do it and hence it is not done. The restriction of Chinese immigration is a sop thrown to the labor element which only serves to make the inconsistency of the present policy the more glaring. Our country is to-day as completely capitalist-ridden as India is caste-ridden, or as mediæval Europe was priest-ridden.

In Chapter 6 we have asserted that the most important problems of any country are those of race, and we have given there the reasons for so asserting. Hence the most important problems before the American people to-day are the negro problem, and the immigration problem, both of them involving the future of the race. The negro problem has been forced upon the present generation in America by the ignorance and selfishness of their ancestors. The country drifted into it, and consistently with the time honored theory of *laissez faire*, it is invited by enlightened publicists and politicians to drift out of it again. It is easier for a ship to drift on than off a lee shore, though *laissez faire* navigators may claim that it will not always be so. Perhaps they are right—at any rate they should receive the support of their doctrinal brethren, the economists. When it

becomes as easy to drift to windward as it is to drift to leeward, then we shall drift out of the negro problem, but probably not before. It is an evil that will not "cure itself." I shall not attempt the discussion of the negro problem in this work. It requires separate treatment and should the occasion arise I may return to it. It may be remarked, however, that the policy of drift which permitted the immigration of the negro is practically the same to-day as it always has been. Whether it will give us other race problems is a question I shall not discuss, but if it does not it will not be to the credit of the nation's foresight. Men are taught through dear bought experience, but apparently dear bought experience cannot teach nations. It is bad enough to have to pass through the experience, but it is worse to learn nothing from it. Let us examine the immigration problem as a problem in simple common sense and see if a definite policy is not suggested by it.

The question of immigration, as it applies to the United States, may most conveniently be discussed in two parts. (1) The effect of immigration upon the quality of the population of America. (2) The effect of immigration upon its quantity.

And first as to quality. There are two current delusions which must be removed before this question can be intelligently understood. The first is that a race can be improved by education. The second is that a blend of several races produces a race superior to any of the elements of the blend. It has already been shown in Chapter 6¹ that as acquired characters are not inheritable the racial characteristics of immigrants cannot be changed either for better or worse by education. Hence I need not further consider the first delusion at this point. As to the second delusion—for it is a delusion—it apparently arises from the well-known fact that the repeated breeding together of consanguineous individuals frequently—though not always—results in deterioration, usually physical and sometimes mental. Opposed to this close-breeding or in-breeding, as it is called, is cross-breeding, which results from the mating of individuals far removed from consanguinity. Cross-breeding of distinct varieties or races gives rise to mongrels or hybrids, and among breeders periodic cross-breeding is often employed to prevent local deterioration from in-breeding. Now if the American race were in any danger of deterioration from in-breeding the immigration of distinct races would be a good thing, but it is

¹ Of The Economy of Happiness.

in no such danger. Deterioration from in-breeding, whether among animals or men is a local phenomenon — it only occurs in small communities in which for many generations little or no intermarriage with outside communities has taken place. There are quite a number of such communities in New England where everyone is a cousin to everyone else, and in some of them there are signs of sporadic deterioration. Where there is no circulation of the population, in-breeding is a threatening evil, but with the improved facilities of communication of our day stagnant communities, already rare, will become rarer, and were we as secure from other sources of race deterioration as we are from this one we should have no cause for complaint. If the United States with a population of 80,000,000 requires immigration from other continents to save it from the ills of in-breeding, then the world requires immigration from other planets to save it from the same ills.

But besides being a means of preventing deterioration from in-breeding, cross-breeding is utilized by breeders to improve races, and those who do not know just how it is utilized to that end may have acquired and spread the prevailing delusion that to blend races necessarily improves them. Those familiar with the facts, of course, know better. What cross-breeding does accomplish is an increase of variability. Now the more variable a species the more effectively can artificial selection be employed in improving it; hence crossing is employed by breeders to obtain the variations from which to select. If they obtain the variations and then fail to make any selection they have accomplished nothing whatever. In other words, cross-breeding can only aid in the improvement of a race when it is combined with selection — otherwise it is useless. Hence the blending of races caused by immigration may produce a more variable race, but it affords no more presumption of improvement than of deterioration, because the only real instrument of race improvement — selection — is not employed. If, as many quick judging authors of our day assume, cross-bred or mongrel races are the best — then half breeds should always be superior to either of the races from which they spring. If this be so excellent results should be obtained from crossing Chinese, Negroes and Malays with the Caucasian race, though observation cannot be said to confirm such a claim.

The real facts about the cross-breeding of different races, so far as they relate to the immigration problem, may be summarized thus: If two races of men or other organisms — a

superior race A and an inferior race B of practically equal numbers are blended without selection the resulting race will probably, though not certainly, be intermediate between them in characteristics. That a race superior to A or inferior to B *might* be obtained by this means cannot be denied, since we are ignorant of the causes of variation; but so far as I am aware no specific case of either kind has been recorded. The chances against it in any given case are very great. Whether the race resulting from the cross of A and B would, as a race, be just half way between them, would depend upon whether the two parent races were equally pre-potent. Unless we have information about the relative pre-potence of the races, that is, their relative power to transmit their characteristics, the assumption that the mongrel race will be half way between the parent races will be more probable than any other equally specific assumption, but that it will be superior to the inferior race and inferior to the superior race we may safely assume. Of course, if the races are unequal in number the mongrel race will tend to approximate more closely in characteristics to the race which is most numerous. The effect of crossing two races is well illustrated in the breeding of mulattoes. As a race, mulattoes are intermediate in color between the parent races, the white and the black. The more white blood they have in them the whiter they are, the more black blood the blacker they are, as a rule. It would have been very surprising had the crossing of a white and a black race produced a mongrel race blacker than the black race or whiter than the white one. Now what is true of color is, in general, true of all other characteristics of organisms, physical and mental—they will tend, on the average, to be intermediate between those of the parents. This is not true of man alone, but of all organisms, and is thoroughly recognized by biologists. As regards any given characteristic or aggregate of characteristics in respect to which two races differ, one race must be the superior of the other, since otherwise they would not differ. Now the chance of getting a race superior to the superior race from crossing two such races is the same as getting a race whiter than the white race from crossing the white and black races, i. e., it is very small indeed. The principle thus expounded as holding true of a cross between two races is equally applicable to crosses between more than two.

Having disposed of the current delusions on this subject, we may apply this organic law to the solution of the immigration problem, and if we care to make the comparison we shall find

that we have applied neither more nor less than the simple rule of common sense which every farmer applies to the breeding of his horses or corn or wheat.

There are certain qualities desirable in the American race affectable by inheritance. The most essential are health, intelligence, altruism and will. They are qualities which every person would wish to inherit from his parents and transmit to his offspring. Considering these qualities in the aggregate the American race, as at present constituted, possesses them, on the average, in a certain definite degree. Now, on the average, the immigrants at present coming to our shores in such numbers are, as regards this aggregate of qualities, either (1) Superior to the American race, (2) Just equal to it, or (3) Inferior to it. There is no fourth alternative.

(1) If evidence that they are a superior race is adducible then, on the score of quality, there can be no criticism of immigration; indeed, the more of it the better, and the sooner the old race is replaced by the new, as is at present occurring, the more fortunate it will be for the future of America and the world. Such evidence, however, has never been adduced and probably is not adducible. It is generally acknowledged that the American race is one of unusual capacity; that so far as intelligence and will is concerned at least, it takes high rank, and if this be true the chance that the average of a random immigration is its superior would not be great. Statistics on this vital matter are entirely wanting, nor would those relating to the pauperism or literacy of the immigrant class compared with the natives be of any service in forming a judgment. Acquired characters being uninheritable the chance of generating a superior race from a community of paupers and illiterates is as great as from a community of the rich and educated. The characteristics observable in any man or aggregate of men are due to inheritance and education combined, and those due to education must first be eliminated before we may judge of those due to inheritance. Hence to compare the congenital or permanent qualities of two races we should compare representative aggregates thereof which have been subjected to the same amount and kind of education. Statistics of crime, literacy, and capacity will then be of value, but not otherwise; just as in comparing two kinds of seed-corn we must compare them when sown in the same kind of soil and subjected to the same influences of cultivation — otherwise we shall not be comparing the permanently transmissible qualities

of the seed, but merely these qualities as temporarily modified by cultivation. It is only when one race is very much superior to another that a marked discrepancy of education cannot disguise the fact. Individuals and communities of unusual superiority are recognizable under any circumstances if subjected to careful inspection, but such inspection of our present class of immigrants has not revealed any unmistakable signs of superiority. We may then regard it as quite certain that the immigrant class have not, by this means, been shown to be the superiors of those at present inhabiting America.

(2) The probability that the two races are exact equals is very remote indeed. It would be practically impossible that any two races whatever should be identical with regard to any qualities whatever. Hence this alternative need not be discussed.

(3) The probability that our immigrants are, on the average, the inferiors of the people at present inhabiting America is considerable, and were it necessary, evidence tending to establish such a presumption might be presented. It is not necessary, however—hence we need not stop to discuss it. Failure to adduce reasons for believing the incoming races superior to our own is sufficient to answer the question whose answer we seek. Simple common sense is all that is required. When a prudent farmer has a good and well proved variety of cattle, he will not permit them to breed promiscuously with any that may come along. The possibility that his breed *might* not be deteriorated by such a blend would not be sufficient for him—he would want a probability, and a very strong one, against deterioration before he risked the permanent qualities of a breed already well above the average. Now the qualities of men are surely as important as those of cattle, and the prudence which every farmer exercises with respect to his herds should at least be equalled when the qualities of a human breed are in question. Is this asking too much of the intelligence and patriotism of our law-givers? As Robert Hunter says of the question of immigration:

“It is a question of babies and birth-rates, and whatever decision is made regarding immigration, it is perforce a decision concerning the kind of children that shall be born. The decision for Congress to make consciously and deliberately is simply whether or not it is better for the world that the children of native parents should be born instead of the children of foreign parents.

The making of the decision cannot be avoided. It is made now, although unconsciously, and it is a decision against the children of native parents. . . . This is the race-suicide, the annihilation of our native stock, which unlimited immigration forces upon us, none the less powerfully because it is gradually and stealthily done. The native stock of America, possessed of rare advantages, freed by its own efforts from oppression and the miseries of oppression, might have peopled the United States with the seventy millions which now inhabit it. It has not done so for the reason that 'we cannot welcome an indefinite number of immigrants to our shores without forbidding the existence of an indefinite number of children of native parents who might have been born.'"¹

The problem of the statesman, so far as it relates to the establishment of an efficient race, is, indeed, practically that of the farmer so far as it relates to the breeding of cattle or the selection of seed; but it is only in new countries like America and Australia that the conditions are such as to leave him much choice. It is in the power of the United States and Canada, for instance, to determine, in large measure, the character of the population which shall people the area of North America, and by becoming the ancestors of its future inhabitants, irrevocably determine the future character of the American race. Although a factor totally ignored by political economists as deserving no attention from those who control the policy of nations, the factor of race is the most vital with which a nation has to deal — it is the factor which must finally determine its destiny, for with an inferior population, an inefficient breed, no nation can do otherwise than decay; and if its decay involves the extinction of the race the sooner it decays the better. Acquired characters not being inheritable the characteristics of the race which first occupies America will — unless their fecundity becomes impaired — remain the characteristics of the American race forever. It is this which makes the matter so vital. Educational policies, financial policies, trade or tariff policies, if found wanting, may be altered; the ills which mistakes in judgment on such issues involve may be remedied by a change in policy; the evil is a temporary one only; but it is totally different with the policy of immigration, for it is by the control of immigration and by its intelligent restriction that the character of the American race is to be determined, so far as it is determinable at this stage in our history; and any mis-

¹ "Poverty," pp. 313, 314.

take in that policy now, can never be remedied by a change of policy in the future. Whatever ills are involved are irremediable ills — they are as permanent as the race itself. The present generation holds in its hands the fate of posterity, and by the policy it adopts the happiness of posterity will be, in great measure, determined. Never before in the history of the world has the opportunity been offered any state to deliberately construct a race, and as all the present unoccupied land areas are rapidly being populated it is probable that the opportunity will never be offered again. The knowledge of what means to adopt to attain the end, and the power to adopt those means are both available at the present time, and they never before have been available. Though in the past the power may have been available, the knowledge was not. That has only been acquired by relatively recent advances in the study of heredity. Nor are the means to be employed such as would be repugnant to the sentiment and customs of the community. The self-interest of a relatively few persons is opposed to their adoption. The responsibility is not a light one, nor can it be discharged by ignoring the evidence we have adduced or the presumptions established thereby.

Having thus considered the probable effect of immigration upon the quality of the American population, let us turn to the effect upon its quantity. We have shown that if there is one thing which nations need not fear it is a paucity of population. Without any outside aid, nature will rapidly remedy any scarcity of population, if it needs remedying. The Law of Malthus requires no aid to stimulate its operation, for practically every community is increasing in numbers in a geometrical progression toward natural equilibrium. The difficulty is, not how to increase the population, but how to keep it from increasing, and it is an ominous one. Adam Smith and his followers looked forward with dread to the condition of society at the period when it should have attained the so-called "stationary state"—the state of natural equilibrium; but they could offer no remedy and no hope; since the cause which perpetually impels society toward that state with ever increasing acceleration, was deemed by them an unalterable law of nature. As already pointed out, that cause is *competition*, resulting in industrial chaos, unequal distribution of wealth, and the consequent over-propagation of the poorer classes; and it is no more unalterable than the law of nature which decrees that animals shall not wear clothes. Clothes are now worn by

men in defiance of that "law" and the law of competition can be as successfully defied. Now immigration simply stimulates the operation of the Law of Malthus. The immigrants coming to us are poor and ignorant and hence are very fast breeding, as are all peoples in that condition. They crowd the cities, swamp the labor market, lower the standard of living, and render hopeless the task of increasing the rate of consumption per capita. To attempt taking the pressure of poverty off the population of America while leaving the channels of immigration open would simply cause an increased flow of population from foreign lands where such pressure is higher; for the law of equilibrium of populations in communication is similar to the law of equilibrium of liquids in communication; populations like liquids seek a common level—the lowest they can find. Poverty is certainly incurable with unrestricted immigration, and the continuance of the present policy in America simply means that within a century or two we shall be in the condition of India and China—the simplest calculation proves it. (See p. 49.)

This brings us to the question of the international exchange of commodities—the question of protection and free trade—a matter slight in consequence compared with that of immigration, but essential to a clear comprehension of just how pantocracy would operate if adopted as a national policy by the United States.

It is certain that with free trade in commodities it could not be made to operate any more successfully than with free trade in men. With commodities freely admitted into the United States from countries where pantocracy was not practised it is doubtful if any great success in the extension of that beneficent system would be possible. Perhaps this assertion may be deemed a confession of weakness in the pantocratic system. The dogmatic economist will be tempted to say: "If pantocracy cannot hold its own with the present system in full and free competition then it is the inferior of the present system, and is unworthy of adoption." This is the typical attitude of those afflicted with production-madness. It is a fact that, under the conditions named, pantocracy probably could not hold its own with capitalism in keeping down the money cost of commodities—though it would more than hold its own in keeping down their labor cost. To make perfectly clear, even to a professional economist, the mode by which free trade would interfere with a pantocratic system, or any other system designed to increase the economy of consumption, I shall discuss a specific case.

Suppose the pantocratic system had been applied to the production of a given commodity in the United States for a number of years, and by the automatic operation of that system the hours of labor of the operatives engaged in producing it had been reduced to four a day, the price having fallen in proportion. Let us assume the average wage of the operatives to be \$24.00 a week. Assuming free trade in that community the question is — could an enterprising capitalist located let us say in Europe, or in China, produce said commodity at a lower money cost than the American factories, and thus successfully compete with them. It is, of course, true that the national system of promoting invention under pantocracy would result in a much more perfect system of labor-saving machinery than any capitalist, by his unaided efforts, could develop. But to an enterprising capitalist this would prove no obstacle. He would simply keep himself informed concerning the machinery and methods of production employed here. In his plants in Europe he would duplicate said machinery and methods, and then employ men at an average wage let us say of \$12.00 a week, who would work twelve hours a day instead of four; that is, he would pay $16\frac{2}{3}$ cents per hour for his labor instead of \$1.00 as here, just one-sixth as much. Free competition, of course, would permit him to get this cheap labor without difficulty. To make three men working four hours per day do work which one man working twelve hours a day might do, is, to be sure, utterly repugnant to the dogmatic economist; he deems it an uneconomic proceeding. He thinks in this way because he has production-madness. To the utilitarian it appears quite economic, provided machinery has been so developed that an average of four hours of labor a day maintains a thoroughly self-supporting rate of consumption per capita. Any other policy would but lead to overproduction, and would be uneconomic however considered, because the object of utility is not the economic production of wealth, but the economic production of happiness. Production is for purposes of consumption, not consumption for purposes of production. It is uneconomic to waste the time of a happiness-producing mechanism in the production of anything but happiness so long as it is possible to devote its time to the manufacture of that commodity — for happiness may be considered as a sort of commodity of commodities. One minute unnecessarily employed in the production of anything else is just one minute wasted.

Now it is altogether probable that the well paid, ambitious,

and happy laborers of America could do more work in an hour than the ill paid and exhausted laborers of Europe could do in the same time, but they could not do *six times as much*, and hence they could not compete with said ill paid laborers. We often hear it said that well paid labor need not fear the competition of labor that is ill paid, because well paid labor is, in the end, the cheapest. It is cheapest in *miser*y — but not in *money*, and success in competition depends on low *money* cost — not low *labor* cost. Hence under a competitive system, poorly paid labor is generally the cheapest. Were it not so, capitalists would refuse to pay low wages, and he who charged most for his services would in every case be employed. It is unnecessary to remark that this condition of things is not to be discovered by much searching. Even in those exceptional industries where the skill of the workman is such a critical factor that highly paid labor can more than hold its own with cheap labor, little is gained by the community at large, since under conditions of free competition attempts to compete by parties employing cheap labor are continually made, and though in the end they may be unsuccessful they involve the perpetuation of those unhappy conditions of industry which it should be the object of society to avoid.

In short the notion with which free traders in this country attempt to deceive themselves and others viz.: that the use of improved machinery in America would prevent deterioration in the standard of living here, is a delusion. It would do so only so long as capitalists, American or foreign, were so stupid as not to perceive that the use of the same machinery in Europe, where cheap labor is available, would yield a greater margin of profit than here where it is not. Well paid labor and improved machinery may compete with ill paid labor and antiquated machinery, but where cheap labor is superimposed upon improved machinery, the competition of well paid labor becomes impossible.

Now by the superimposition of labor at one-sixth the cost of that required in America upon the same machinery there employed the foreign competitor with pantoeracy, although he might not be successful in lowering his wage-fund to one-sixth that required in America, could probably lower it to one-quarter of that amount. This would enable him to undersell the American factories, and how could those factories meet such competition except by discharging nearly two-thirds of their employees, cutting the wages of the remainder in half, and extending their

hours of labor from four to twelve; in other words, they would have to come down to the level of their competitors and lose all they had gained in economy of consumption. It might be that the cost of freightage would save them from coming quite to the level of their foreign competitors, or it might not, for the cost of freightage on the raw material might be such as to favor said competitors as much as that on the finished product opposed them. The absence of profit would also be in favor of the American producer, but the margin would be small at best and continually dwindling. To meet foreign competition the general lowering of wages, if such were required, would be of no consequence, since a general fall or rise of nominal wages does not affect real wages; but the discharge of men into the non-producing and non-consuming class, and the lengthening of the hours of labor would destroy the very economy of consumption which it is the object of pantocracy to promote, and the whole system would be thrown into the chaos inseparable from competition; for free trade is but free competition between nations — it is as destructive of the end of utility as that between individuals — and the policy of protection is an interference with it distinctly socialistic. It is a definite recognition of the beneficence of suppressed competition, and is a step in the right direction, a means of maintaining the economy of consumption in countries where it is not a minimum. Countries like China, where labor is the cheapest on earth, require no protection, but free trade as a policy of the United States would be calamitous even under our present system, and under pantocracy it would be impossible. The whole misunderstanding about free trade arises from mistaking wealth for happiness, and thinking in terms of *money cost* instead of in terms of *labor cost*. Thus arises the ridiculous notion that the cheapening of products is equally useful to a community whether it arises from exploitation of the *sentient* factor of production with an *increase* of labor cost, or of the *non-sentient* factor of production with a *decrease* thereof. To seek the elevation of the standard of living by the first method — to cheapen products by cheapening labor, is to emulate the dextrous feat of Baron Munchausen who pulled himself out of a bog by his boot-straps — and the ingenious economists who, by ignoring the distinction between the sentient and non-sentient factors of production, sanction this mode of rescuing society from the industrial slough in which it is mired, are entitled to the same meed of admiration which is due the not

less ingenious Munchausen. Both must be commended for their dexterity — of wit.

From the foregoing consideration of the questions of immigration and protection the immediate policy of the United States is plain. Immigration should not only be restricted — it should be prohibited. All immigrants of the laboring class who tend to swamp the labor market should be kept out as completely as the Chinese are now. An exclusion law operating for say ten years, and renewable at the end of that period, should be passed, and rigidly enforced. If any great harm were coming to the country from this policy it would be evident within ten years, but let it be distinctly understood that delay in the development and dissipation of nature's resources is not a harm, but a benefit, in a country whose economy of consumption is as wretched as that of the United States. What is the hurry about developing the resources of the country? They have existed here for a long time and they are not going to vanish spontaneously. The forests will not fly away — the ore deposits are not going to sink into the inaccessible bowels of the earth — the elements of the soil's fertility will not evaporate. Why not let them alone until they become assets of utility? They constitute potentialities of great happiness — why not wait until those potentialities can be realized? Why should we hasten to develop them now when only their potentialities of unhappiness can be realized? By postponing their development a few years until the economy of consumption in this country is improved we can reap from these resources a vast harvest of happiness. Why not husband them till then? Prohibition of immigration may lead to the husbandry of these resources, but this is just what is wanted. The object of utility is not merely to build towns — it is to build *happy* towns. It is not sufficient to make the country support a population — it must be a *happy* population, and any rate of happiness production less than that involving maximum efficiency is uneconomic.

Thus rendered consistent by the protection of labor, the general policy of protection should be continued, and as soon as the nation began the manufacture of any commodity under a public monopoly the importation of that commodity should be thenceforth prohibited altogether. Thus interference with the progress of the nation through the importation of commodities or of men would be prevented.

With such policies adopted, or definitely in view, the United States could enter upon experimentation with a pantocratic

system upon a small though conclusive scale; but a small scale of experiment would mean a large scale of production — for a small scale of production would not lead to conclusive results. Modern industry requires production on a large scale — and it derives its high economy therefrom, for only on a large scale can the division of labor and the extended use of machinery be introduced to advantage. The pantocratic system could be applied most easily and simply to commodity producing industries — hence to these it should be first applied. A few typical, extensively consumed, commodities should be selected, and experiment at first confined to these. Steel-making, meat-packing, coal-mining, cotton-growing, and perhaps lumbering, would be convenient and typical classes of industry to start with. Public monopoly would not be necessary at first, though perhaps in the case of coal mining it might be desirable even at first. The promptest mode of procedure would be to take one or more large plants of the first two named industries by right of eminent domain, paying for them as for any condemned property. Through the exercise of the same right, suitable tracts of coal-mining and cotton-raising land should be acquired. The tracts for lumbering have already been acquired — they are the forest reserves, and by the extension of the same principle, tracts for other public purposes could, and should, be reserved. Having acquired the appropriate properties the government should assign them to the management of a definite department of government, called, let us say, the *Department of Industry*, either created for the purpose, or organized as a bureau of some department already in existence. Having conducted such statistical inquiries as are required to establish the various items of expense, the initial producing times of the various commodities, etc., the department of industry should draw up definite plans of procedure, fix the scale of wages and of conditional compensation, and enter upon the several industrial operations specified — or others equally appropriate — on a large scale; the definite object being the reducing of hours of labor and the fall of prices by the introduction of improved machinery, social and material, and the practice of all economies of production other than the oppression of the sentient factor.

As these experimental applications of pantocracy would not simulate the consistent and fully grown system exactly certain allowances would have to be made, and certain expedients adopted, which would be unnecessary at a later stage. Thus the industrial coefficient should be arbitrarily fixed at a low value,

the bulk of the benefit of curtailment of the producing time accruing directly to the producer. The reasons for this are obvious. (1) Such a policy would more rapidly abolish the army of unemployed. (2) Were all industries conducted under a pantocratic system, then the fall in price of commodities incident thereto would be a fall in the price of most, or all, commodities. Hence if the industrial coefficient were the same in all industries, a large value thereof would be tolerable, since each producer would gain by the increase in the purchasing power of his wages what he failed to gain in the decrease of his hours of labor. But where only a few industries are practising pantocracy no such compensation to the producer is to be obtained. Hence the industrial coefficient should be low, and the bulk of the benefit of the system go to the producer. This would not materially interfere with the acquisition of the information which the experiment is designed to yield, since it is obvious that by such change in the industrial coefficient as the community might subsequently deem best the benefit of all economies of production could be distributed between producer and consumer in any desirable ratio.

Another difference between such a local and a general system of pantocracy would be the absence of any adequate substitute for the department of output regulation. This would be serious, and involve the loss of some of the main benefits of the system. Hence to test this part of the system it would be desirable to establish at least one public monopoly — say the coal mines — or perhaps the anthracite mines alone. With such an experiment almost every feature of the system could be thoroughly tested, and the conditions of general pantocracy simulated quite closely.

In those experiments involving competition with private competitors, however, many features besides that of conditional compensation could be tested sufficiently for guidance in their ultimate conversion into public monopolies. Thus the ordinary channels of distribution could be used, and each industry could have its own labor exchange — organized preferably under the national civil service bureau. Inspection of products would also be easy. Experimental laboratories, stimulated by conditional compensation, should, without fail, be organized in every experimental industry. Should it care to protect itself by patents it is probable that thus equipped, the government would soon outstrip all its competitors in lowering the price of commodities, even with the advantages in this respect which said competitors would

have in their liberty to oppress at will the sentient factor of production; since pantocracy would have in its favor compensating advantages more than equivalent thereto, such as freedom from labor troubles, enthusiasm, and zeal on the part of laborers and directors alike, and harmonious co-operation between them, a more rapid improvement in the machinery of industry, and the absence of any necessity to make a profit. Conditional compensation would not be comparable to profit, and would be no drain upon industry, first because it would only be slight compared with the amounts paid in normal dividends, and second because it would be proportional to, and conditional upon, improvements in the arts. If these advantages of pantocracy over private enterprise were not sufficient the industrial ratio could be increased until they became so. Thus even without any definite fiat government activity under pantocracy would, with little doubt, soon extend itself into public monopoly, because of the impossibility of successful competition by any private enterprise, and it would only need to fear foreign competition because of its cheap and indefinitely oppressible labor, and its power to adopt the machinery developed here without our consent. Of course the government might overcome this last difficulty, in some degree, by taking out foreign patents, but foreign patent laws could be changed at the will of foreign governments, and it would be cheaper and easier to forbid importation altogether, since it would accomplish precisely the same result in the end.

The system of pantocracy would require to be adapted to each industry by careful trial, because every industry has conditions peculiar to itself, and the mode of applying the principles of pantocracy could only be learned experimentally. In the case of most commodity-producing industries the mode of application would be practically the same for all; hence in such industries relatively little experimentation would be required, but to agricultural industries whose activities fluctuate with the seasons, and to transportation, the adaptation of the system would be less easy, and would probably involve some preliminary failure. The initial stage in all industries, however, should be careful and conclusive experimentation. This would thoroughly insure the community against calamity.

Assuming the preliminary experimentation to be over, what should be the next step? How should the transfer from capitalism to pantocracy, in the case of each industry, be accomplished? How should the means of production, now in the hands of private parties, be transferred to the people? Four modes of

accomplishing this may be suggested. (1) By confiscation. (2) By destructive competition. (3) By purchase. (4) By gradual sequestration. Let us examine the advantages of each of these modes.

(1) Confiscation is merely the expropriation of property by the state without compensation to the owner or owners thereof. It is a method familiar enough in time of war, but practically unknown at any other time. The American nation was founded upon such an act of confiscation, and by a similar act President Lincoln emancipated the slaves in 1863. It is, of course, unconstitutional under our system of government except as a war measure; few persons would sanction it, and any attempt by such a method to obtain control of the means of production would require a profound change of sentiment in the American people. It is hardly worth while therefore to discuss the matter or its morality, and we shall pass to more practical suggestions.

(2) Destructive competition is a method familiar in private industry and, as suggested on page 157 the government under a system of pantocracy would possess such advantages over private competitors that it could probably ruin them and acquire their property through bankruptcy proceedings. In order to do this, however, it might be necessary to increase the producing ratio more than is desirable. In opposition to the advantages of pantocracy private enterprise would have but one weapon — the oppression of its wage earners — and it would be a difficult weapon to wield with labor organized as it is to-day. Indeed this mode of acquiring private property is as undesirable between the government and private enterprise as it is between one private enterprise and another. It would be practically confiscation by competition, since the capitalist would be forced to part with his property without compensation, or at any rate, with slight compensation. It would involve, as it always involves, great hardships and unnecessary suffering, and any act or policy involving unnecessary suffering must be unjust. Yet most men would consider competitive confiscation a just mode of acquiring the property of private individuals — and why — simply because it is a customary mode, and wherever dogma prevails, custom determines justice. To ruin competitors by “fair” and free competition is a commonplace affair in business, and hence is sanctioned by current morality, which in this case, as in others, reverses common sense, justifying the end by the means instead of the means by the end. A better method than the slow and painful one of competitive confiscation is available.

(3) The method of acquisition by purchase is familiar and requires little comment. Applied to the acquisition of the means of production of the country it would almost of necessity take the form of bond issues. Title to the property to be taken would be transferred to the government by right of eminent domain — interest-bearing bonds of the value of said property would be issued in exchange, redeemable during a term of years — thirty, forty, fifty, or even more. At the end of the period, the bonds having been all redeemed, the property would belong to the government without further payment of interest. Such a method of purchase should be as constitutional in the case of great properties as it certainly is in the case of small properties. Nevertheless, it contains elements of injustice which will become apparent by discussion of the fourth alternative.

(4) Gradual sequestration might be of several kinds. I shall suggest two — either of which would presumably be preferable to the foregoing methods. These are (a) Acquisition by the issue of non-inheritable bonds, and (b) Acquisition by payment of diminishing interest.

(a) Acquisition by the issue of non-inheritable bonds may be explained as follows: Title to the property should be secured, as in the case of simple purchase, by right of eminent domain, interest-bearing bonds of the value of the property should be issued in exchange, but these should be non-redeemable, non-transferable, and on the death of the holder should become void, the property represented by them reverting to the government. Thus by the simple expedient of making bonds issued in payment for the means of production non-inheritable said means of production would become the property of the people without further expense than that involved in the payment of a low rate of interest on the value of the property during the lifetime of the original bondholders. This expense should be carried by fund (a) (p. 85) and would be continually dwindling as more and more of the bonds were rendered void by the death of their holders, the advantage of the diminishing expense fund accruing to the community by the resulting fall in the price of commodities.

I am well aware that the method of acquisition here proposed will be criticized. The charge will doubtless be made that it is merely confiscation in the guise of purchase, and that it is an invasion of the sacred and inalienable rights of property. It certainly is an invasion of the sacred and inalienable right of bequest of property, but as that right is as non-existent as any

other inalienable right of individuals no moral right whatever is invaded. The so-called right of bequest is a privilege which time has altered into a right, or alleged right, and when such privileges are invaded history shows that there is always much protest against the invasion of rights. It is the old story — the sanction of tradition is substituted for the sanction of justice. It must be admitted that the expedient proposed is uncustomary — it may even be unconstitutional — but it is not unjust. Let us look at the facts candidly. In substance they are as follows. Every particle of man-created capital in this country has been created by the labor of the people. Through the operation of the machinery of the capitalistic system, title to the capital so created has become vested in a small class of the people. This has been accomplished through the accumulation of surplus values. Now by the system of purchase through redeemable bonds what is asked of the people? Nothing more nor less than this: that they buy back the capital which they have themselves created from persons who, for the most part, had nothing whatever to do with its creation, and many of whom were not even born when it was created. This, we are told, is justice. But would Justice approve it? Clearly not. Very well then, it is not justice but injustice. Hence, it should not be tolerated by a just nation, nor advocated by a just man.

I believe a little candid consideration will convince any reasonable man that some such restriction upon the accumulation of wealth as the one proposed will become necessary if the liberty of the people is to endure. With the present facilities of accumulation the unrestricted privilege of bequest and inheritance simply means that, in two or three generations at the most practically all the wealth of the country will be in the hands of a few hundred families, or perhaps a few score families. The people will be practically slaves; they will be in the condition of the people of Attica at the accession of Solon — held in bondage by the money lenders. Solon freed his country by abrogating the "inalienable right" of the Athenian capitalists to hold their creditors in servitude, and there can be no doubt that the "inalienable right" of unrestricted bequest will have to be abrogated if the people of this country are to be anything better than bondsmen. A society like our own, divided into classes on the basis of wealth, is unstable. It is but a special case of a nation "half slave and half free," or rather nine-tenths slave and one-tenth free. Wealth is the foundation of power, and history proves that no class has ever possessed power without

using it to further its own ends. This can only mean that the inequality of wealth in a society where there is no restriction upon accumulation will become greater and greater until the masses either become permanent bondsmen, or revolt and re-establish equality by confiscation, and the process will repeat itself until some restriction is placed upon accumulation, for otherwise the establishment of equality is not permanent.

Thus the acquisition of the means of production by non-inheritable bonds would accomplish two useful objects at the same time. It would place the ownership of public utilities in the hands of the public, where alone they belong, and it would allay the congestion of wealth which menaces the life of the republic. Abrogation of the right to bequeath property in means of production, such as is here proposed, leaves intact, of course, the right to bequeath other kinds of property. It is private property in public utilities alone which the expedient proposed is designed to abolish.

(b) Acquisition by payment of diminishing interest is an alternative means of acquiring public utilities which would have some advantages over the preceding, and would perhaps be less disturbing to the business interests of the country during the period of transition. The nature of this means may be indicated by the following example: Suppose the purchasing price of a given plant to be A dollars. For the first three years the government would pay interest on A dollars; for the next three on ninety per cent of A dollars; for the following three on eighty per cent of A dollars, and so on. Carrying out this principle, title to the property would become completely vested in the government at the expiration of thirty years; the transition from private to public ownership being immediate so far as concerned operation, but gradual so far as concerned the division of profit. In the beginning profit, represented by interest on the full value of the property, would be given the original owners: at the end this would all accrue to the public in the form of diminished prices: in the intermediate stages it would be divided between the original owners and the public. By a device of this general character, or of that involved in the issue of non-inheritable bonds, the means of production could be gradually restored to the community which created them without any violent disturbance of private interests.

It should not be forgotten, however, that by whatever mode the acquisition of the public utilities of the United States might or may be accomplished it is not of necessity permanent. In

acquiring control of the industries in which their welfare is bound up the people will have done nothing irrevocable. They can always reverse their action if they conclude they have made a mistake. Many earnest persons believe that the cessation of individual ownership in the means of production would leave the people in a hopeless, ambitionless, and dejected condition — would deprive them of initiative and thrift. He who has carefully considered what has preceded in this work will, I believe, be unable to accept such a view. It is, indeed, diametrically opposed to the truth, and arises from the confusion of socialism in production with socialism in consumption. The present system it is which is destructive of ambition and initiative — not indeed completely so, but tending to confine these traits to a favored few. The great mass of the industrial army must always consist of laborers engaged in the execution — not in the direction of the tasks of the world, just as the great mass of an ordinary army must consist of privates — very few can be colonels and generals. Hence a system which would make mankind hopeful must hold out hope to the executive laborers — not alone the hope of rising into the directive class; this must in the very nature of things be delusive to the average man, and is indeed conspicuously so under the present system — but it must hold out the hope of happiness to the wage-earner *while he remains a wage-earner* — it must render him a joyous being whether or no he rises into the directing class. This, pantocracy is designed to accomplish, which capitalism is not. But if, under the former system, any particular acquisition of a public utility by the public should turn out to be a mistake, or seem to do so — if it should tend to diminish hope and stifle ambition — the people could readily reverse their action if they desired to; and this would be particularly easy provided they had established the essentially democratic principle of direct legislation. A referendum vote would suffice to put any public utility back into the hands of private capitalists. For example, suppose our people at the present time had power of direct legislation, and concluded that the public ownership of the Post Office was making them ambitionless and dejected. They could easily, by means of the referendum, direct the authorities to transfer the whole system to capitalists. This might be done in any one of a variety of ways. The government might agree to accept the bonds of a syndicate formed to conduct the post office business of the country, and experience proves that it would probably not be difficult to find a syndicate willing to serve the public in such a capacity. On

receipt of properly guaranteed bonds the post office property would be turned over to the syndicate, and they would proceed to conduct it in such a manner as would be most profitable to themselves, that is, by instituting the normal process of giving as little to, and getting as much from, the public as possible. In this way perhaps the ambition of the people might be revived, and their dejection turned into hope, and the same course could be pursued with any public utility which the nation might acquire under pantocracy. Thus the people would be fully guaranteed against the dismal and dejected conditions which certain unobservant theorists are convinced must inhere in freedom from capitalistic control of industry, and could proceed with the successive acquisition of the various utilities now in private hands with full consciousness that the old conditions could be re-established in any particular case, should a careful trial show such a course to be desirable.

The centralization so dreaded by political dogmatists is dangerous only under oligarchical conditions. Direct legislation would render it innocuous. The remedy for present evils is not less centralization combined with industrial oligarchy; it is more centralization combined with industrial democracy. We should substitute direct for indirect control of the people, by this means avoiding the dangers not only of capitalistic, but of bureaucratic, despotism.

We have thus outlined a policy suggested solely by the principles of utility which, if adopted, would tend to bring the United States as a nation into a condition of self-support, and make it the first nation in the history of the world to attain that condition. The beneficent effects of the policy would not be fully felt by the present generation, for the progress of science, though rapid, cannot undo the evil of a thousand generations of dogma in one of common sense; but if we will put ourselves in the place of our posterity we shall discover that in adopting the policy of common sense we have adopted the Golden Rule — we shall have done to our posterity as we would that our ancestors had done unto theirs. For, had we the power to choose, under what conditions would we desire to be brought into the world, and what conditions would we desire to find there? Would we desire ancestry of a superior or of an inferior race? Surely we would not desire an inferior ancestry. Very well then — if holding the fate of posterity in our hands we fail to make such provision as is supplied us by the current knowledge of heredity to insure to our posterity an undegenerate ancestry, we have

violated the Golden Rule, and have failed in our duty to the coming generations. Would we desire to be born into an overpopulated world the cream of whose resources had been dissipated by our ancestors, and take up the struggle for existence with nature and with man after the first had been rendered niggardly by "development" and the second desperate by want; or would we desire to find the population adapted to its means of support by a low birth rate instead of a high death rate; to find the resources of nature husbanded and rendered accessible by science, and the interests of men identical with, instead of opposed to, our own? There can be no doubt that the second of these alternatives would be selected by any sane man. Very well then—the Golden Rule requires that we adopt the means necessary to attain such ends, and common sense alone can distinguish them.

Let no man repeat the stale objection that, as this world is a school of adversity, it is good that men should be born to pain—that suffering and hardship are better than happiness and ease—if he is sincere, let him wear a hair shirt—that act will speak louder than many words. His consistent predecessor, the ascetic of the Middle Ages, thus proved his adherence to the moral code of unhappiness, and as much should be required of the modern ascetic before we accept his preaching as sincere. If this world is indeed a school of adversity—if those who preach the duty of unhappiness are sufficiently in the confidence of Omnipotence to know that it is His design that we be unhappy here, then why do they attempt to thwart that design by preaching and practising charity? Why do they labor to relieve the poor and unfortunate, and thus render less effective the moral discipline which it is the object of life to supply? If they practised what they preached they would seek to intensify, and not to relieve, the suffering of mankind. They do not practise what they preach because their heart is a better guide than their head, and the morality of their instincts repudiates the immorality of their theology. It is a triumph of common sense over sophistry. If once we accord men the right to charity we cannot withhold from them the right to justice; and were justice done, charity would be superfluous. The confusion of this whole matter would be abolished if he who preaches the glory of suffering and its power to develop character would but distinguish between self-sacrifice *with* an object, and self-sacrifice *without* an object; if he would but recognize that character is not an end, but a *means* to an end. The modern ascetic is **not**

a follower of Christ, for Christ was a utilitarian, and practised what He preached. His object was — not to cause men suffering, but to save them from it. He recognized that conscience must first be guided by right before the conduct of men can safely be guided by conscience. Had He been an intuitionist, adopting conscience as a guide, He might just as well have accepted the moral code He found, instead of erecting a new one; for if conscientiousness is all that is required of men it can be secured as well by adherence to one code of morals as to another. A man can be as conscientious about burning his fellow-man alive as about curing his sickness or relieving his poverty. Let all such confusion about the morality of suffering be repudiated once for all — pain is an unmitigated evil, and its causes are evils — sickness is an evil, selfishness is an evil, ignorance is an evil, poverty is an evil, only because they are causes of suffering, and pain is only to be deliberately sought, or deliberately tolerated, when it is a presumable means to an ultimate gain in happiness.

The policy herein suggested for the American nation has thus far been supported only on grounds of patriotism, and were custom our guide, such grounds would be sufficient. Few, if any, nations determine their policies by the presumable effects thereof upon other nations, but utility requires a broader morality than this. It requires the application of the Golden Rule as between one nation and another on the same ground that it requires the application of the same rule as between one generation and another. Therefore, we must justify our policy on humanitarian grounds as well as on patriotic grounds.

There is a school of patriotism more or less popular which teaches that a man owes to his country a duty which he owes to no other aggregate of the human race, and that he should render service to the constituted authorities thereof, whatever policies they may choose to pursue. The motto of this school is "My country, right or wrong." Had it been the motto of Washington and his compatriots the United States would still be a part of the British Empire. The particular aggregate of men which constitutes a nation is a matter of the merest accident. Since the first confederation of the thirteen colonies at the time of the American Revolution it has been a matter of debate whether the United States is one nation, or an aggregate of nations, as its name implies. At the time of the Civil War, the North held to the former view, the South to the latter, and those who contended that each state was sovereign and inde-

pendent and entitled to their first allegiance were as patriotic as those who contended for the opposite view. Indeed, the patriotism whose dictum is "My country, right or wrong" is but one degree of egotism, for if my country right or wrong, why not my state right or wrong, if my state right or wrong, why not my town right or wrong, if my town right or wrong, why not my neighborhood right or wrong, if my neighborhood right or wrong, why not my family right or wrong, if my family right or wrong, why not my great-uncle right or wrong, if my great-uncle right or wrong, why not *myself* right or wrong? If patriotism, why not phylotism, if phylotism, why not oeciotism, if oeciotism, why not *egotism*? It would seem as if he whose only reason for judging a nation worthy of service and support was because he happened to be a citizen thereof was guilty of the apotheosis of egotism. The utilitarian cannot sanction such a view; he has but one test, and judges of the value of a nation by the same standard as he judges of the value of everything else — from a toothpick to a code of morals — that nation is the best which contributes most to the happiness of humanity, and the ambition of the true patriot is to make his country occupy that proud position. Now I claim that the adoption of a pantocratic policy would make the United States in the future, what she has been in the past, the greatest contributor to the happiness of humanity of any nation on earth; and that, unless she abandons her present capitalistic system, and adopts a policy of consistent democracy, she will cease to be the greatest nation of the world, and other states, imitating her past instead of her present example, will supersede her in that position.

To justify the claim thus made it will be sufficient to expound the utilitarian theory of free trade as applied to nations like the United States. It is quite distinct from the *laissez faire* theory of free trade, and has an exactly opposite effect upon the happiness of humanity.

We have asserted that the United States, on assuming the production of any commodity, should prohibit the importation of that commodity into the country. This is certainly not much like free trade and the free trader would criticize it. He would argue thus: Nature has endowed different portions of the earth's surface with different resources of use to man. Some portions she has made favorable to one class of industries, other portions to another class: In certain portions, for example, she has placed rich deposits of iron ore, and in juxtaposition thereto the coal and limestone required in its reduction. In those por-

tions, therefore, the manufacture of pig iron, and steel ingots, and of articles manufactured therefrom, can be carried on with less labor than is required in parts of the earth's surface where the conditions of mining and smelting are less favorable. Similarly she has rendered certain other portions particularly well suited to the manufacture of porcelain, leather, wood-pulp, or other articles of commerce, and other portions she has adapted to the growth of cotton, or wheat, or potatoes, etc. Now it is obvious that articles of commerce can be produced with least labor in those portions of the earth which nature has adapted best to their production, and the free trader claims that free trade, through the free play of competition, will make industries gravitate to those parts of the earth which are thus best suited to their operation. Protection, on the other hand, by artificial interference with trade, really enriches nobody since, if a country is best adapted to the production of a given commodity, free trade will insure that it shall be produced there, whereas if it is not adapted, the attempt to produce the commodity is attended with more labor than would have been required had the country confined its efforts to producing products which by nature it was adapted to produce, and exchanging them for the given commodity with some country which was better adapted to produce it. I believe this to be a fair epitome of the argument for free trade. To those who have read what is remarked on this subject on pages 150 to 153 its fallacy will be obvious. The facilities afforded by nature constitute but one of the factors which enter into the labor cost or the money cost of commodities. By sufficient oppression of the sentient factor of production it is easy to compensate for very great differences in natural adaptability; hence success in competition, which is a function of money cost, affords no criterion by which we may judge of the relative natural advantages of two countries — it tells us nothing about relative labor cost. It is only when natural advantages are very decided that free importation into a country whose standard of living is high, is admissible. For example, it would be absurd for Canada to attempt to grow its own oranges. Even assuming its standard of living to be higher than that of the United States it would be cheaper in labor cost to import them from Florida or California than to attempt to grow them in hot houses, as the climate of Canada would require. It is worth observing that when free traders choose an example by which to emphasize the point of their doc-

trine they generally seem to select some agricultural product in whose production, climate is a critical factor.

Success in competition then affords no criterion by which to judge of the labor cost of producing a given commodity, but a method of thus judging may nevertheless be suggested. It should be the policy of the United States, on assuming the production of a given commodity (A) under pantocracy, not only to prohibit the importation of that commodity, but to freely proclaim its intention of abandoning said prohibition and said production in favor of any country which would meet the following conditions: (1) Adopt and maintain a pantocratic system of production, not necessarily identical in every detail with our own, but deliberately designed to increase the efficiency both of production and consumption. (2) Prove its ability to produce said commodity (A) at a less labor cost, by producing and delivering it in the United States at a less money cost than that required here, after bringing the wage earners engaged in its production there to the same level of consumption as those engaged in its production here—that is, to the same real wages and same hours of labor. This process I shall call the *equalization of the sentient factor of production*. (3) Provide a market for some other commodity or commodities whose labor cost here would, under the same system, be less than there; said market to be substantially as great as that provided by the United States for commodity (A). This policy embodies the *utilitarian theory of free trade*. It provides for the determination of the relative natural advantages of two or more nations in the production of any commodity by comparison of the relative money cost of that commodity in said nations, not under conditions of unequal economy of consumption, as is the case with ordinary free trade, but under conditions of *equal* economy. It provides that the low money cost of a commodity shall really represent the great natural advantages utilized in the production thereof, and not the low standard of living imposed upon the producers thereof. In addition to this it requires a market in exchange for that abandoned here, since otherwise the United States could export no commodities in exchange for those imported. This would result in an unfavorable balance of trade, and the final loss by the United States of all its gold, which, in the absence of a market for anything else, it would be forced to export in exchange for imports. Such a condition would involve inconvenience, but worse than this, it would involve the enforced migration of laborers who, deprived of their means of support here, would

be forced to seek it elsewhere. It is not common sense thus to force men to follow an industry out of a country. Industries should be the servants, not the masters, of men, and it is better to submit to a slightly increased labor cost than to force unwilling migration. The happiness involved is the only criterion in judging of this as of any policy. It is well to locate an industry where it is most favored by nature; but it is better to locate it where it will produce the most happiness, and in selecting the locality of any industry the second consideration should always prevail over the first — provided, of course, there is any conflict between them.

The mutual interchange of markets under utilitarian free trade would obviously be an advantage to both nations taking part therein, since the very conditions of exchange require that it shall be accomplished only when it involves a decrease in the labor cost of all the commodities concerned. The mode of effecting the exchange of markets should and could be made to exclude all disturbance in the labor market of both countries. Suppose, for example, upon careful examination by experts it is discovered that, under a pantocratic system, the labor cost of producing commodities A, B, and C, in the United States is less than that involved in their production in Germany under a similar system, and that the labor cost of commodities D, E, and F, is less in Germany than in the United States; the markets for said commodities being essentially the same. Unless the labor cost of transportation nullified these differences, Germany, by agreement with the United States would cease to produce commodities A, B, and C — the United States would cease to produce commodities D, E, and F — all restrictions upon the importation of these commodities being, of course, removed. In order not to disturb the labor market, however, the exchange of commodity markets should not be effected suddenly, but as the plants in Germany engaged in the production of commodities A, B, and C, were dismantled, those engaged in D, E, and F would be erected and the same labor, though not necessarily the same wage earners, formerly engaged in the production of A, B, and C, would, without interruption, proceed to engage in the production of D, E, and F. Similar operations would occur simultaneously in the United States. Besides this, such parts of the machinery for producing the respective commodities as were worth while transporting could be exchanged between the two countries, and thus the labor cost of re-erecting the plants in more favorable situations minimized. As the whole transaction

would be carried out deliberately and after thorough investigation by experts of its total effect upon both production and consumption, and as neither nation would have anything to gain by concealment or misrepresentation, nothing but good could result to both nations, and the exchange would be a mutual benefit. The contrast of such a sane and common sense mode of taking advantage of natural facilities with the destructive and chaotic method involved in the *laissez faire* policy of free trade, is too obvious to require comment. The latter attains its object only after the sentient factor of production has been oppressed to the point of exhaustion — the former requires as a condition of its consummation that means deliberately designed for the emancipation of the sentient factor shall be adopted before the exchange of markets shall occur. The United States, on account of its vast market and its extraordinary natural advantages, occupies a unique position. It is by nature adapted to play the part of the greatest nation on earth, because by the proper use of its natural advantages it can contribute more to the happiness of humanity than any other nation. Should it adopt the *laissez faire* policy of free trade it would simply employ its unique position to contribute to the unhappiness of humanity. Suppose it should adopt that policy, what would happen? Every industrial nation in the world under the capitalistic system would bend every effort to capture its vast markets; each would vie with the other, not only in introducing improvements in the arts, but in oppressing labor to the breaking point. The laboring population of industrial Europe and of the United States in competition therewith, would engage in a death struggle for commercial supremacy — the products of industry would be coined in agony — and year by year conditions would become worse as each nation tried to bankrupt its competitors; and what would be the end? Other things being equal, that nation would win whose population could be forced to the lowest level of living and the maximum misery per capita — it would probably win even from the nation possessing the greatest natural advantages, provided that nation were peopled by men who would not or could not live so cheaply and labor so long. Such a policy would but put a premium upon the oppression of labor, and while forcing down the standard of living in Europe, it would force it down in the United States as well. It would be an invitation to every industrial nation on earth to outdo its neighbor in oppressing the sentient factor of production.

On the other hand, what would be the effect should the United

States adopt a system of pantocracy, and at the same time its logical concomitant, the utilitarian policy of free trade. It would be an invitation issued to all the world to emancipate its people. That nation and that nation only whose policy was guided by the economy of happiness could hope to capture the markets of the United States, or to benefit by its great natural advantages. It would put a premium, not upon the oppression, but upon the uplifting, of wage earners, and would divert the ingenuity and effort of the directing class abroad, as well as at home, from expedients to defeat the demands and aspirations of the laboring class to expedients for so improving the arts of production as to accomplish the very object for which the laboring population are everywhere striving. While recognizing the fundamental truth at the foundation of the ordinary theory of free trade, pantocracy would employ that recognition to accomplish the end of utility. It would make the capture of our markets by foreign countries, as well as the capture of foreign markets by our own, depend upon success in the exploitation of the *non-sentient* instead of the *sentient* factor of production, by making the equalization of the sentient factor a condition thereof. It would freely recognize the importance of everywhere taking advantage of the bounty of nature, and for that very reason would insist that success in the capture of the world's markets, so far as the United States could affect the matter, should really be determined by the bounty of nature, and not by the misery of man. This is the true theory of reciprocity, for the exchange of markets under such conditions would bring benefit to all nations without bringing harm to any, and moreover it is but consistently carrying out the general policy of pantocracy of saving the sentient at the expense of the non-sentient factor of production; for to so readjust industry as to make more accessible to mankind the most available resources of nature is equivalent to increasing the availability of her resources by the improvement of machinery, and has a similar effect upon the economy of production.

Incidentally our exposition of the utilitarian theory of free trade shows why, in the pantocratic scheme expounded in Chapter 4, no provision was made for exploiting foreign markets. What is the use, under pantocracy, of producing a lot of articles we do not want, and then having to dispose of them abroad, in order to postpone (for it does not prevent) a crisis from overproduction? The United States can exercise no control over the tariff or other policies of foreign countries under the present

system, and an industry depending for its market upon foreign trade may be thrown out of gear at any time by a change in the policy of some foreign country. A foreign trade (unless under the conditions just expounded) would preclude the adaptation of the supply to the demand and would thus throw the pantocratic mechanism into disorder. Except as a means of obtaining articles, such as coffee and spices, which she does not attempt to produce at all, the United States has no more need of a trade with foreign countries than the earth has need of a trade with Mars. Products such as those mentioned, not producible in the United States, should be, as now, obtained by exchange for those produced here; and the trade in such commodities should be the only trade with countries too unenlightened to adopt a pantocratic system.

Success in imposing upon other countries the recognition and practice of the economy of happiness would have remote effects even more valuable to humanity than the immediate effect involved in the mutually advantageous exchange of markets. By raising the standard of living and of education abroad the same effect would be produced there as here, viz., suspension of the Law of Malthus. By the powerful effect of a pantocratic system upon the law of increasing returns the pressure of the population upon its means of subsistence and of happiness would be relieved — it would no longer be necessary for the inhabitants of foreign lands to seek relief from misery by exile. Emigration would cease because the necessity for it would disappear. Thus by its immigration and trade policy our country would not only insure its own posterity against over-population, but it would make relief from over-population in other countries the very means of that insurance. The unequal pressure of population is the cause of migration, and to permanently dispense with the necessity of migration the pressure must be equalized. The present immigration policy of the United States proposes to equalize it by *increasing the pressure here* — the proposed pantocratic policy would equalize it by *decreasing it abroad*. Of what use is it to give a few immigrants temporary relief from the burden of over-population only to produce finally the very conditions here from which they sought, and are seeking, to escape abroad. Their temporary relief only insures to their posterity and ours permanent impossibility of relief. If through improved facilities of communication the unoccupied areas of the earth are, in the next few generations, to be populated as densely as Europe or China, what is to become of the numberless

generations which are to follow? The time is rapidly approaching when relief from over-population cannot be obtained from migration unless we establish communication with the moon. The United States should not permit the transient effect of immigration upon the actual immigrants themselves to blind it to the permanent effect thereof upon posterity. The impulse to relieve the misery we see is a commendable one; but the misery we do not see is as real as that we see. We shall not live to witness the full measure of misery which posterity must pay for our present policy, but our failure to witness it will not reduce its poignancy one iota. The misery we relieve now by that policy is not as a drop in the bucket to that which will be caused by it hereafter. It may gratify our impulses to relieve the poor immigrant fleeing from the over-population of Europe, but what right have we to secure such gratification at the cost of the embittered lives of future generations? It is profoundly unjust thus to allow sentiment to dominate reason. It is the merest pathomania and no less dangerous than dogma.

Paralleling the argument for unrestricted immigration arising from short-sighted sentiment, there is another having its origin in religious dogma which, if consistently applied, would lead back to fatalism. Thus, it is often remarked that men should not meddle with the interests of posterity, because though those interests may be affected by their acts, the effects are not immediately observable, and such matters should be left to the care of God, the assumption being that God will attend to that which man neglects. This is perhaps the last concretely baneful religious dogma which survives in the western world. It is applied under various circumstances where no other pretext can be conveniently cited as justification for a prevailing custom. Of course it is never consistently applied, since if it is indeed safe to leave things to the care of God, one thing can be as safely left to His care as another, and neither men nor nations would need to take thought for the morrow, but could trust to Heaven for food, raiment, and protection from the elements. Labor could be dispensed with, and it could be said of men as of the lilies "They toil not neither do they spin," and yet are provided for by the Creator. How fallible man is enabled to distinguish those things which it is safe to leave to God from those which it is not, is a question which must be left to such persons as possess supernatural means of communication with the Author of the Universe. But this much is certain — if their counsel prevails and leads to the neglect of the immigration problem,

posterity must pay a mighty price for the ignorance of their ancestry. Experience teaches that there is no more reason to believe in the intervention of God to prevent the misery of posterity than to prevent the poverty, and crime, and dishonor, which we observe about us. To attempt to place the responsibility for human inaction upon God is a dismal piece of superstition. If the world is to be successful in the production of happiness, it must be through the voluntary acts of man, and God will not nullify his negligence in one department of conduct more than in another. The law of increasing population and its direct consequence, the law of increasing migration, cannot be counteracted by neglect. To attempt to follow the policy of drift in the future, as it has been followed in the past; to attempt to equalize the pressure of population upon subsistence by *increasing* its *final* pressure, instead of *decreasing* its *initial* pressure is hopeless, because it leaves the operation of the Law of Malthus intact. It will but hasten the day when the population of the earth attains *natural*, instead of *beneficent*, equilibrium. It will but reduce the whole world to a common level of misery, and

“Shut the gates of mercy on mankind.”

Besides its effect upon terrestrial over-population, the reciprocal exchange of markets under pantocracy would have an effect upon international amity and union only less beneficent, because as each great nation fell into its natural place as an international producer of those commodities which it was by nature best fitted to produce, the interdependence of nations would increase, and the incentive to international strife would disappear with the disappearance of the occasion therefor. With the extension of the organization of industry under pantocracy the departments of output regulation, distribution, etc., would become international instead of national, since not otherwise could the supply be adjusted to the demand. Instead of striving to outdo its fellow nations in the world's markets, each nation would strive to outdo its fellows in raising the level of its own happiness, for this would be the condition of capturing those markets. That is, the self-interest of each nation would become identical with the self-interest of all nations. This is obviously no more than the principle of pantocracy applied to the relations of nations. With such an international policy war would become extremely improbable since no nation seeks to wage war upon its own interests, and having once entered into the relations

of mutual interdependence implied in the utilitarian policy of free trade, the interests of the great nations of the earth would become identical, and any nation entering into war with its neighbors would, by that act, deprive itself of things essential to its life, or happiness, or both. Thus pantocracy would seek to attain universal peace by so adjusting the relations of nations as to make them have everything to lose and nothing to gain by war, and an essential part of its policy would consist in so directing education that not only would this be the case, but that everyone would know that it *was* the case, and would govern his conduct accordingly. As with individuals, so with nations, it would seek to divert the power of self-interest from destructive into constructive channels, since to abolish self-interest entirely is out of the question. Thus patriotism would become identical with humanitarianism, and the sentiment of Thomas Paine would become that of every patriot: "The world is my country and to do good is my religion."

This is but a recognition of the assertion made in Chapter 3¹ that the distribution of pleasure and pain in space or time is of no consequence. It matters not when or by whom these sensations are felt, whether now or a thousand years hence, whether by white man, black man, dog, toad, or worm; the form, size, or constitution of tissues of the sentient being concerned have nothing to do with the question. Intensity and duration are the only factors which may justly be considered. There is in the universe but one good and that is happiness, and there is but one evil and that is unhappiness: all things else are to be deemed good or evil only because of their relation to these through the law of causation. To contradict this assertion either leaves the words *good* and *evil* without any useful meaning, or it deprives them of all meaning whatever.

Here ceases our exposition of the economy of happiness. As a treatise on the technology of that subject it is primitive and incomplete, but as it is the first of its kind, perhaps no more can be expected of it. When contrasted with treatises of a future generation, I hope and I expect, that it will appear a poor and feeble thing. I believe, however, that, as a structure, it will stand. Its details doubtless will be profoundly modified and amplified, but its principles appear to be as eternal as the structure of the mind from which they are deduced. This convic-

¹ Of The Economy of Happiness.

tion may be a delusion. If so, the sooner it is overthrown the better, and none will be readier to assist in its overthrow than he who now sustains it. Science cannot live on delusions, whereas dogmatism cannot live on anything else, and if the present work is infected with dogma, let no method of disinfection known to the candid critic be spared.

But before the system herein submitted is judged, one point should be brought to a distinct focus in the critic's mind. Any criterion of criticism, whether applied to art or agriculture, to potatoes or politics, to mud-pies or morals, must be either intuitionistic or it must not. If it is, then the ultimate dictum of criticism can be no more than "I like it" or "I don't like it." With such a criterion there are no issues except between individual tastes, and to dispute about a right or a wrong — a better or a worse — whether in morals or anything else, is idle, since *de gustibus non est disputandum*. He who fails to clearly comprehend this truth is ignorant of the A B C of criticism. If, on the other hand, the criterion employed is not intuitionistic, it must be utilitarian, or founded on some other distinction in experience as independent of approval and disapproval as is the criterion of utility. As already shown, (p. 257)¹ such a distinction no one has ever deemed it worth while to seek, nor is any one likely to. Hence the criterion of utility is the only one by which any system may usefully be judged, and directed by that criterion the controversy of keen and discriminating criticism becomes the champagne of philosophy.

But of the many varieties of criticism by intuition there is one requiring neither discrimination nor keenness which may as well be anticipated, since no proposed innovation has ever escaped it and none ever will. I refer to that form of censure which labels all new proposals "impractical." Critics subject to this infirmity confound the impractical with the uncustomary. They assume that what they cannot conceive, the universe cannot realize. They limit the capacity of all human effort by their own. Every age has had critics of this calibre and none is commoner to-day than the political pessimist who complains that there is really no use in trying to do anything to the present situation except apply a few palliatives, warranted to disturb no respectable gentleman in the enjoyment of his immemorial privileges. They admit that the world progresses, but only at a rate, and in a direction, which they are peculiarly fitted to prescribe.

¹ Of The Economy of Happiness.

These critics, I am sure, will be able to tell "by intuition" that the proposals herein put forth are impractical. They are of the same class as those who, by the sound of the name, can tell that socialism is impractical. But can any presumption be established that the judgment of these men is such as to afford a safe guide to the conduct of society? Are their attainments and training of the character required, and do they approach the subject with an open mind? Have the distinctions and principles herein set forth been long familiar to their meditations, and are the doctrines founded upon them rejected by critics whose mature judgment has weighed them in the balance and found them wanting? By no means. The men who make "practicalness" the test of every proposed system are fitted neither by training nor judgment to apply that test. They consist of pedagogues whose highest ambition is to teach what they have been taught, editors dominated by the dogmas of a past generation, law-givers whose political philosophy is a mitigated anarchy, business men who mistake a knowledge of finance for omniscience. If their private cogitations have been centered long upon the technics of human happiness no one has ever suspected it. They are political mystics who use the terms *liberty*, *prosperity*, *patriotism*, *public welfare*, *justice*, as their metaphysical prototypes use the terms *substance*, *noumenon*, *thing-in-itself*, *ego* — not as signs of, but as substitutes for, ideas. As critics, they are of that common class

"Who now to sense, now nonsense leaning,
Mean not, but blunder round about a meaning."

It is scarcely possible that they can be practical — since if the word *practical* is to be employed in any useful meaning the practical man is one who adapts his means to his ends; hence in order that he who would adapt the means of society to its end may be practical, the first requisite is that he shall know *what that end is*; and this is just what no critic of the prevailing school of economy *does* know. Therefore, he cannot be practical. It may be that the dogmatic critic can show common sense to be "impractical," but in order to do so he must first emasculate his term.

Perhaps it may be deemed impractical — as it certainly is uncustomary — to begin a work on political philosophy with an analysis of common sense. Is it impractical because everyone understands the nature of common sense "by intuition," or because political philosophy requires no such foundation? If

everyone does understand common sense how is it that most of us discover that other people have an aggravating habit of departing from it; and if political philosophy is not to be founded on common sense, on what is it to be founded? Does the critic deem that a shallower foundation would be a surer one? Is superficiality a guarantee of security? There appears to be a popular idea that in such a "practical" thing as politics the superficial man is the safest, but that in engineering, or navigation, or medicine, he is not. Such a delusion is not derived from experience, though it is well adapted to furnish nations with experience sufficient to correct it. Those who are subject to this delusion are usually subject to another, viz., that the practical man is not a theorist. The doctrines of the economy of happiness therefore being theories, must be impractical, but they ignore the palpable fact that as opponents of those theories they are themselves theorists, since a political theory can be opposed only by advocating one of its alternatives. And advocates of any of the alternatives of pantocracy, except socialism, are not only theorists — not only advocates of a theory — but of a theory absurd *apriori* and *aposteriori* — not only wrong in principle, but a failure in practice. No political theory thus far put in operation has been anything but a failure — none has ever produced a permanent surplus of happiness — and none ever will until morality, political and personal, is recognized as within the domain of common sense. When that time comes, politics will take its place with applied mechanics, electricity, and chemistry, as a branch of technology, and will become as thoroughly revolutionized as were alchemy, astrology, and the other varieties of mysticism from which the sciences of to-day have been evolved.

It is a view very commonly held that, somehow or other, science will better the existing order of things — and so it will — but in so doing it will apply the methods it has always applied; it will proceed by definite steps in a definite direction. Science has already done more for humanity than the sum of all the other forces set in motion by human effort. In her achievements, to quote Archdeacon Farrar,

“ . . . there is not only beauty and wonder, but also beneficence and power. It is not only that she has revealed to us infinite space crowded with unnumbered worlds; infinite time peopled by unnumbered existences; infinite organisms hitherto invisible but full of delicate and iridescent loveliness but also that she has

been, as a great Archangel of Mercy, devoting herself to the service of man. She has labored, her votaries have labored, not to increase the power of despots, or to add to the magnificence of courts, but to extend human happiness, to economize human effort, to extinguish human pain. Where of old, men toiled, half blinded and half naked, in the mouth of the glowing furnace to mix the white-hot iron, she now substitutes the mechanical action of the viewless air. She has enlisted the sunbeam in her service to limn for us, with absolute fidelity, the faces of the friends we love. She has shown the poor miner how he may work in safety, even amid the explosive fire-damp of the mine. She has, by her anæsthetics, enabled the sufferer to be hushed and unconscious while the delicate hand of some skilled operator cuts a fragment from the nervous circle of the unquivering eye. She points not to pyramids built during weary centuries by the sweat of miserable nations, but to the lighthouse and the steamship, to the railroad and the telegraph. She has restored eyes to the blind and hearing to the deaf. She has lengthened life, she has minimized danger, she has controlled madness, she has trampled on disease."

And this is but the beginning — these are merely the incidental achievements of a power destined to convert the present material civilization into a moral one. If civilization is one-sided and materialistic it is only because science has not yet taken possession of her legitimate province — morality. When she does, the moral civilization of the future will have dawned, and the long night of dogma will be over. Mankind have always hoped for happiness, and they have hoped in vain. If they will but follow common sense their hope, by fulfilment, will be converted into expectation. Science will solve the problem which metaphysics and theology have tried but failed to solve, and unlike her predecessors she will not be satisfied to offer a pain-ridden world those empty substitutes for a solution —

"That keep the word of promise to our ear,
And break it to our hope."

Morality is the last citadel of the dynasty of dogma. That citadel once captured by common sense, truth will replace untruth, and right will replace wrong. Men will at last be free to seek the one eternal aspiration of the human heart, unappalled by the hideous idols of ignorance and asceticism, and unenthralled by the stolid custodians of imperial or sacerdotal authority, whose combined power has wrought the tragedy of history. Suffering will no longer be the portion of sentience, and the morality of happiness will rule the conscience and the conduct of mankind, world without end.

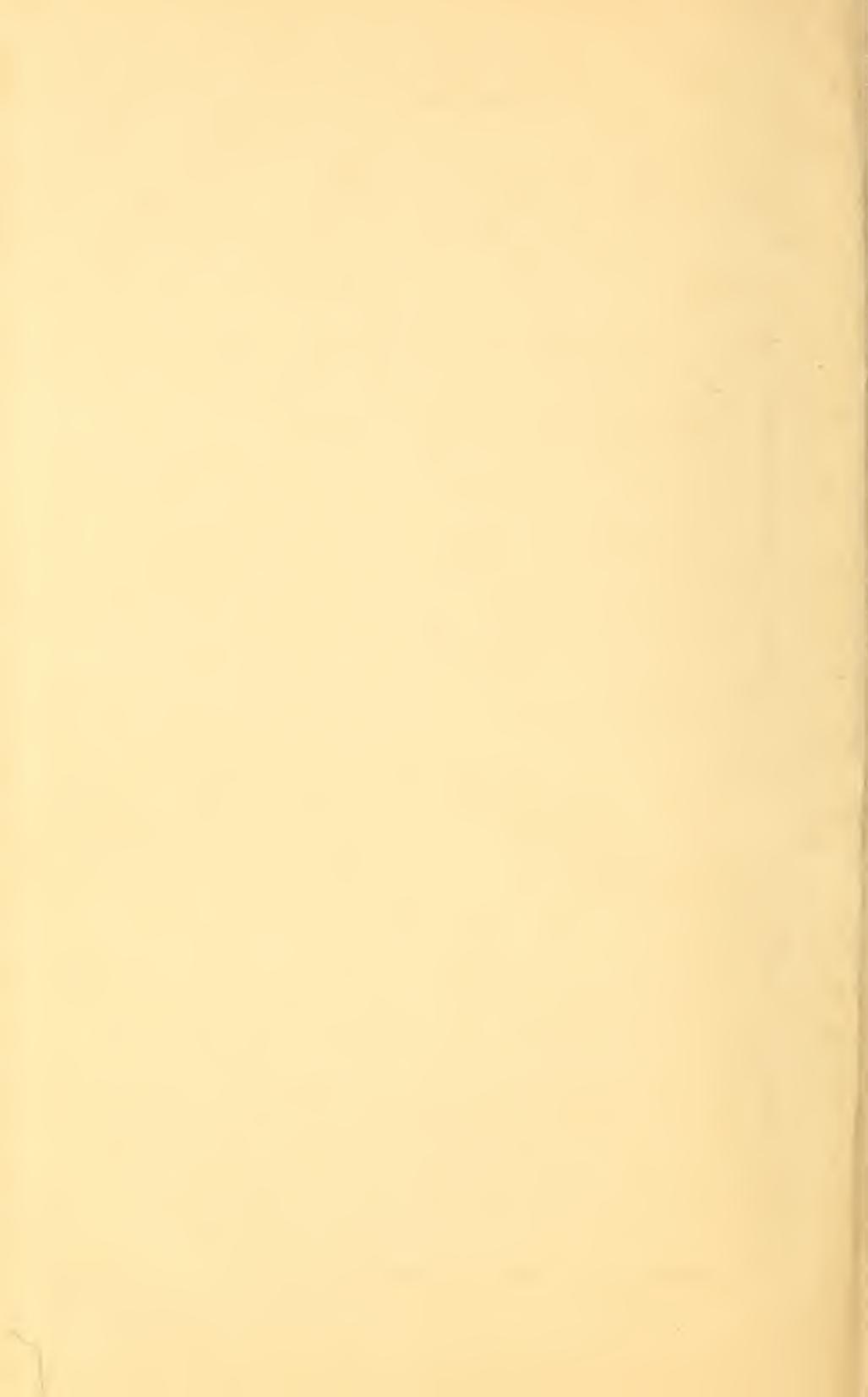
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THE
POLITICS OF UTILITY

By
JAMES MACKAYE

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