

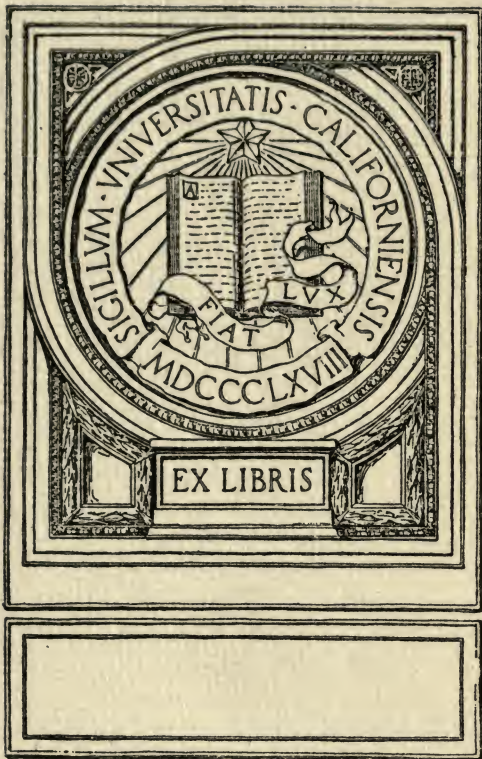
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THE NEW
SOCIALISM
RUSSELL



THE NEW SOCIALISM

BY

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THE
AMERICAN
BOOK

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N. J. P.

PREFACE

This little book, written with the purpose of presenting in a popular and readable form, ideas which have been treated more seriously elsewhere, is almost wholly descriptive of a form of social and industrial organization which the writer conceives to be in harmony with the principle of social justice elsewhere enunciated.

The problem of practical socialism is as old as civilization. In all centuries men have dreamed of a golden age in which all things would be made perfect, and have struggled to devise laws and systems under which men might cooperate in harmony, and all have sufficient for their needs. Yet, at the present day, the problem appears to be as little understood as in the beginning. From the time of Moses and Plato to that of the more modern Utopian imaginings which hold our interest for a passing day and are soon forgotten, philosophers have left but futile records of their speculations. Hence men have come to think of the problem as one which does not come within the sphere of exact science.

He who claims to have reached a solution of the problem must necessarily face an incredulous audience. Men will hesitate to believe that a problem so long unanswered, and apparently too complex for the application of any principle or theory, has been brought within the dominion of science, and that a way has been marked out for future reformers which will

PREFACE, Continued

eventually result in a system of industry and cooperation under which all men will be justly treated.

Yet why should men assume that there is any question which cannot be made the subject of scientific knowledge, any problem which cannot be understood? Nature has not made it impossible to establish social justice, much less impossible therefore to define it.

“True enough,” you may say, “but how are we to know when the correct answer has been given?” My answer is that you judge it by these standards:

That it harmonizes with the understood laws of progress and evolution.

That its realization is the logical outcome of a process of political and industrial change already begun.

That it involves no sudden or impossible change of human nature in order to become operative.

That it calls for no artificial or arbitrary adjustment of work or wages.

That it preserves the fullest liberty to the individual.

That it ensures to each the full value of his labour and equality of opportunity.

That it answers every objection which can be fairly made to any theory of industrial reorganization.

Finally, that it appeals to every sense of justice and fairness.



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The New Socialism

I

WHAT IS SOCIALISM ?

Socialism may be broadly defined as the conscious effort to realise the ideal of social justice. I know of no better definition than this, vague though it may appear. It is only by such a broad generality that we can include every phase of that great world movement which people have learned to think of as socialism. On one point, however, are socialists found to be in perfect agreement. Essentially socialism is a criticism of existing social and industrial institutions. All agree that there is and can be no such thing as justice under capitalism, and that the realization of the ideal of social justice can be accomplished only by the overthrow of the capitalist system.

Naturally, the first conception which men formed of a new social order was that of complete equality of its members, a simple theory which may be likened to man's first conception of the formation of the Earth, and naturally enough socialism still suggests to the average man the idea of equality, and idea which to the individualist means the cessation of that natural rivalry which makes for progress in mankind and which is to society what the law of gravity is to the physical universe.

The individualist will claim that as there exist inequalities among men so must there result inequalities in the results of their labours. That each should prosper according to his ability and application, is the essential truth of the individualistic philosophy.

But let us measure the inequalities which arise under our present day methods of production and distribution of wealth in the light of the individualist's own standards: To each according to his ability and application.

Here is a man who has become the possessor of a fortune of—let us say—one million dollars. Let us not question the methods by which such a fortune has been acquired, but let us assume that it is lawfully and rightfully his, and that he is entitled to every dollar of his fortune. Were he to spend it year by year he could, without himself working, draw upon the labour of others to the extent of twenty thousand dollars a year for fifty years.

But does he do so? By no means. So long as the capitalist system endures, the possession of wealth brings with it an advantage which enables some men to live without labour at the expense of those whose labour brings to them the merest livelihood; an advantage which cannot by any means be justified, even by the individualist's own philosophy.

The man who possesses a million dollars need never spend a single dollar of his accumulated wealth in order to live. Carefully invested at—say—five per cent, it will yield an annual income of fifty thousand dollars a year. No labour is necessary to procure this income. It comes to its owner without effort and regardless of his occupation. When he dies it will still

be paid to his heirs and in turn to their heirs, and so on from generation to generation, as long as the system lasts; and as long as it lasts some one must be robbed of the fruits of his toil in order that those who invest their savings may draw interest and dividends.

Here, then, we come face to face with the conditions which create socialism. Here we have discovered the great injustice of capitalism, against which socialism is the natural reaction, and which we can understand more fully by answering the question—What makes money multiply without labour?

To this question there can be but one answer. It is the private ownership of land and capital, which enables the few to monopolize the means and machinery of production and distribution.

Ownership of land enables one man to charge rent which another who uses the land must pay. The tenant does the work and the landlord shares the proceeds. Ownership of railways enables another set of men to make profits from those who use them. Ownership of factories, workshops, stores, steamships, docks, buildings and other things necessary to the carrying on of the world's business enables men to make profits from all those who depend upon their own labour as a means of living.

Ownership of the banks, with the exclusive right to issue money, enables another set of men to add interest to the charges already made by those who own and control the means of production and distribution.

Such is the system under which we live, and which many of us have come to regard as the highest possible type of civilization. In truth, when we look

more closely into it, it is but a modified form of slavery equally unjust and equally indefensible.

Therefore, whether we call ourselves socialists or individualists, we have every reason to condemn the present system and every reason for seeking a better means of distributing the fruits of production. Socialism is the desire to replace capitalism with something better, and the question to which the world is anxiously awaiting an answer is, What is this something to be?

To answer this question, in part at least, is the object in writing this little book.

That this answer is neither the orthodox answer of socialism, nor the half measures of orthodox reformers, may be gleaned from the fact that it is written by one who, although it may appear paradoxical, calls himself both a socialist and an individualist.

II

WHY ARE WE POOR ?

Of our entire population only fifteen per cent are wealthy.* Of the remaining eighty-five per cent, thirty-five per cent live from day to day upon wages and fifty per cent are very poor, and why? Is it because the earth is too poor to support its present population? Or is it because the efficiency of labour has so decreased in the past fifty years that men are today unable to produce all that they require for their support?

A little thought will show us that neither of these things is so. In many countries the crying need is for more people. They are not poor because of overpopulation. They are poor because of insufficient population. With the greater part of North America only sparsely settled, with the continents of Africa and South America not yet fully explored, with Australia and Canada calling for new settlers, with thousands and thousands of acres awaiting the coming of the ploughman, surely we cannot say that the earth is too poor to support its people.

Is it due to the inefficiency of labour? Then what of those great improvements of science and invention

* Other figures are given of distribution of wealth in the United States. Mr. Charles B. Spon in authority for the statement that the rich constitute 1 per cent of the population; well to do 10.9 per cent; poor 38.1 per cent; and very poor 50 per cent.

of which we have been boasting during the past half century! One thousand years ago, with such rude tools as were then in use, men were able to live and support an aristocracy of wealth and luxury. Yet with all the improvements which science has wrought in the methods of production, and with all the improvements in transportation, and business organization, we are still poor, miserably poor and often denied the right to apply our labour in order to produce sufficient to keep body and soul together.

What then is the reason for this if it is not that a few men have gathered unto themselves the ownership of an ever-increasing proportion of those things which we must use in order to live—land and the machinery of production. Three men, we are told, working with machinery, can produce all the flour that a thousand men ordinarily consume in a year. To cover the total cost of bread served over the counter, including baking, milling, growing the wheat and transporting it to market, the estimate is that “ten men working one year serve bread to one thousand.” That is to say, one man can supply himself with bread by applying his labour with modern machinery one hundredth part of a year, or about three days a year. Yet with land waiting to be ploughed, and men eager for work, thousands of persons are today on the brink of starvation, and the only explanation to be found is in the enormous profits of those who own the lands, railways, mills, bakeries, etc., through which the wheat must pass on its way from the farm to the consumer.

Year by year the earnings of these industries continue to increase. Year by year the growth of population adds to the value of the monopoly, and year by

year the capitalists continue their process of tightening their grip of ownership, and increasing their dominion over the masses of the people who own only their labour, and what it can earn in the open market. Year by year they go on merging one industry into another, each new combination being accompanied by a flood of new securities, upon which the people must pay interest, and year by year the cost of living continues to increase, discontent continues to grow, and people ask why they are poor.

To form an accurate estimate of the wealth which accumulates in the form of rent, interest and profits is obviously an impossible task. No statistics are sufficiently comprehensive or sufficiently accurate to enable us to do this. One authority estimates it at half the total annual production, but at the rate at which capitalization has increased during the past ten years it is doubtful if this estimate is anywhere near the mark. The fact, however, is plain: The few men who own the means of production are growing enormously rich; the many who have only their labour to sell, and whose labour has built the mills and the railways, the factories and the workshops, ploughed the land and reaped the harvest, are poor, even unto the brink of starvation.

III

AND FOR THIS, WHAT REMEDY ?

Must it endure for ever, or must there come a time when changes are inevitable? Shall it be changed by a series of peaceful reforms, or shall it end in revolution?

No thoughtful person will for a moment assume that present conditions are to continue indefinitely. They must either be made better or allowed to grow worse. If they are to be made better then they are to be changed by a series of peaceful reforms. If they are to be allowed to grow worse, then the inevitable consequence is revolution.

Few indeed are the people who are not in favour of some reform, yet each in his mind has set the bounds beyond which this process must not pass. One man would have us regulate the trusts, another would have us own them. Still another would be satisfied with a reduction of the tariff. One man would have state control of railways, another advocates state ownership. One man will draw the line at public ownership of public utilities, while yet another declares out and out for socialism. Each in his turn sets bounds to progress of reform; none realize that no such bounds can ever be set until every form of injustice has vanished and until unearned increments are things of the past.

Those who take the view that things are growing worse, and not better, have much to support their position. Day by day the number of small producers grows less; day by day the strength of large combines and large aggregations of capital becomes greater; day by day the number of persons who live by wages increases, and day by day the number of employers grows less. Day by day the power of the trusts grows greater, and day by day the cost of living increases, and were it not that our eyes are being blinded to another and equally important set of facts the conclusion would be that revolution was inevitable.

Those who reason thus, however, have forgotten the voice of the common people. They have forgotten the man who is trying to have the tariff reduced; they have forgotten the man who says we must regulate the trusts; they have forgotten the man who says we must own our railways, and they have forgotten the man who says we must own the trusts and the means of production, and operate them for the common good; they have forgotten the labour party of Great Britain and its present influence upon the politics of the present day; they have forgotten the radical in the ranks of the liberal party; they have forgotten the four million social democrats in Germany; they have forgotten the birth of a socialist party in America and the insurgents in the older parties. In a word, they have forgotten the voice of the common people, which sooner or later must be heard and obeyed.

But then, what of the time when this voice will not only be heard by those who now rule, but when it shall rule by its own power and make its own laws! What of the time when men have seen the injustice of

capitalism, and have begun to seek a remedy for its ills! What of the time when men shall say that the ownership of these great industries and highways of trade must no longer remain in the hands of private companies and corporations! What of the time when men shall say that industry is no longer to be organized for the purpose of making profit, but for the purpose of supplying the people's wants! What of the time when men shall say that the function of issuing money is no longer to be monopolized by bankers for their private gain!

How then shall industry be organized that all men may receive justice, and the efficiency of the system be maintained? Here is the question to which time must find an answer. But need we in the meantime fear to proceed? Those who fear the consequences need only reflect that evolution will eventually find the correct answer to the riddle. The easiest way is the best, and the best at all times the easiest. Motion follows the line of least resistance in reform as in other things. Experience will guard us from that which is wrong, while that which is right will endure. Evolution will find the way, and to foretell its progress we have only to look to the changes which are now taking place.

IV

WHAT WE HAVE SO FAR LEARNED

Fifty years ago, men little thought of what is now generally known as state ownership. Today many countries own and operate their railways, telegraphs, telephones and other public utilities, while an inventory of the cities and towns which have made similar progress in the ownership and operation of street railways, gas works, electric light, water supply, and other enterprises, would make a long list which is constantly growing greater.

Every extension of state or municipal ownership is a curtailment of the powers of capitalism; every extension of the principle of public ownership is a step towards that complete ownership which must replace private monopoly in order that the abuses of capitalism may be entirely eliminated.

True, our progress so far has done but little to lighten the burden of labour, or to remedy the evils to which capitalism has given rise. It is but a mere beginning compared with that which remains to be done ere a better system is evolved, yet from these small beginnings we may learn a lesson which will be a guide to us in all future reforms.

In no case have we introduced communism. In no case could such a thing be possible. On the contrary, the state has gone on paying wages just as the companies which preceded it had paid them. True, the employees may have received better pay for short-

er hours of work, and in general their condition may have been improved, but in the main the practice has remained the same. Skilled labour is paid a higher wage than unskilled. Mental labour is paid higher than physical. Superintendents are paid better wages than craftsmen, and so on through the whole scale. By this we mean that wages have continued to be regulated by the law of demand and supply, which in the last analysis is the law that fixes these differences between the different grades of labour.

Though the greater number of our people today live by wages, there exists no arbitrary law either of state or industry whereby such differences are determined. A natural law takes care of that, and with that law we have no quarrel. The hod-carrier does not abuse the mason, nor the navy envy the mechanic. Each knows that when he has acquired the skill of his superior his chances will be the same, and each is sensible of the fact that such differences are founded upon differences in skill and capacity for work, and recognizes them as just.

Motion following the line of least resistance leaves this as the only practical solution of that portion of the problem. Any attempt to violate this law must meet and always has met with disaster. Communistic communities have always failed, and indeed always must fail, for the sufficient reason that human nature cannot long tolerate a violation of his law, which is to the social state what gravity is to the universe—the force which holds it together and enables men to cooperate in harmony.

It is at the other end of the process, however, that we may notice a difference between the methods of

the state and those of capitalism. Capitalists naturally seek to make their gains as large as possible, and for his reason prices are kept to the highest level. If it be a railway, freight and passenger rates are regulated by what the traffic will bear. Dividends are made as large as possible and the success of the undertaking is measured by these fleecings. Not so, however, is the case of the state. The state has no need for such earnings, and beyond paying actual expenses and providing for depreciation and improvements, need take nothing further from those who use its railway.

A case in point may be cited from New Zealand, this being one example of the many which might be quoted to illustrate the same point. The New Zealand Railways, which are owned by the state, earn three per cent upon their cost, which is necessary to pay the banks who have the monopoly of issuing money, and from which the government borrows, but beyond this amount all profits are eliminated by reductions in freight and passenger rates. Unlike the complicated freight schedules of privately owned railways, the rates are based upon a flat mileage system and are among the lowest in the world, despite the fact that the country is by no means as thickly settled as others, with which their rates may be compared.

Here, then, we have foreshadowed the means by which the injustices of capitalism are to be dealt with. There is to be no change in the methods of employment, and no interference with the law which regulates the differences of wages. There is to be a complete change in the methods of charges, and in the earning of profits and interest.

V

AND WHY NOT ?

Some socialists will contend that so long as the system of competition among labourers exists, wages must tend to the lowest level and the labourer will always be poor. Such a view, however, loses sight of the real causes of poverty. The injustices of the present system consist in the extortionate charges made by those who own the means of production upon those who have to use these as a means of living. Rents, interest and profits constitute the sum total of the robbery of labour by the capitalists. The socialist cries for the complete ownership of the land and the means of production, as a means of putting an end to this robbery. Why then should it not be sufficient to eliminate rents, interest and profits in order to establish justice in the distribution of wealth?

We may despair of making this point clear, however, until we can show a complete system of state ownership and operation in which this method is fully applied.

Therefore, let us assume that the state has become the sole owner of land and the machinery of production and distribution, from which capitalists now make profits and let us assume that instead of chartering banks to issue money on which they may charge interest, the government is to issue its own

money without interest; and having made this assumption, let us see what the resulting conditions will be.

In the first place it is to be noted that the state has become the sole employer of labour, since it owns all the railways, steamships, mines, factories, workshops, stores, teams, and in fact everything from which capitalists now make profits. It is the sole employer of cooperative labour, and since there are no longer stockholders or landlords, all men who labour cooperatively must find employment with the state. This means only an addition of about fifteen or twenty per cent of the entire population to the ranks of labour, consisting of capitalists who under this new system would be compelled to work, wherefore conditions of competition would not be seriously changed.

Competition among the workers will then have become universal. There will be none who do not compete, and since every office under the state is open to such competition, all will compete on equal terms; opportunities will be in all cases equal, and, under the free working of the natural law of supply and demand of labour, a fair and just graduation of labour will be maintained throughout.

But if conditions seem to be little different at this end of the process, such is not the case at the other. Industry is no longer taxed to provide interest, rents and profits for those who own land and capital. The state has no need for such enormous revenues as would thus accumulate were prices to remain as they are today. Prices must therefore be reduced throughout, and it is here that the great difference will occur between capitalism and socialism. The enormous profits now flowing into the hands of the capitalist class will

be distributed among the workers in the form of reductions on everything which they buy. Or, to put it more correctly, they will no longer be taken from the worker as they are today through the exorbitant prices which he has to pay, in order to produce profits and interest for the privileged class.

The ten men who supply a thousand other men with bread will not divide the capitalist's profit among themselves, but they will share in its division by forming a part of the one thousand men who will enjoy cheaper bread.

VI

AN IMAGINARY COMMUNITY

Let us suppose that our community consists of ten persons, A, B, C, D, E, F, G, H, I and J. A, B and C earn \$1.50 per day; D, E and F earn \$2.00 per day; G, H and I earn \$2.50 per day, and J earns \$3.00 per day, making in all \$20.00 for the day's work, or for the three hundred working days in the year \$6,000.00, which is the amount of their annual earning. Since there are to be no profits from their labour, no rents and no interest paid to any members, and since prices of their products are to be equal only to the cost of labour necessary to its production, the year's product will be sold for \$6,000, exactly equal to the amount which the workers have earned. They have a dollar with which to purchase every dollar's worth of their product, and each of the workers purchases exactly that proportion which his labour has produced as measured by his wages.

Now let us suppose that wages are cut in two: A, B and C get only 75c a day; D, E and F \$1.00 per day, and so on through the list. The annual earnings will then be \$3,000 instead of \$6,000, but the cost of production has been reduced by an equal amount. The goods formerly sold for \$6,000 will now be sold for \$3,000, and the proportion which each may purchase remains the same. There is no loss because of low wages, as long as low wages mean low prices.

We may multiply our imaginary community by any number we wish, and the law still holds good.

Let prices be measured exactly by the cost of production, or by the cost of all labour contributed towards production, and the law which determines the graduation of labour insures a fair and just distribution of wealth.

Here then we have found a perfectly natural law of distribution, self-adjusting and free from all arbitrary regulation.

But now let us see what becomes of our law of distribution under capitalism.

Let us assume the same community, with the addition of Mr. X, the capitalist, who owns the land and the machinery of production, and who therefore becomes the employer of labour. Mr. X pays out the same \$6,000 for labour which produces the same \$6,000 worth of goods, but to this he adds \$1,000 in unearned increments, rents, interest and profits, and offers it to the worker at prices which will bring him \$7,000 should it all be disposed of. A, B, C, D, E, F, G, H, I and J purchase proportionately to their earnings, but they cannot purchase all they produce, for the reason that they possess only \$6,000 in money, and their products are valued at \$7,000. One-seventh of their products therefore goes to the capitalist. Or, perhaps the truth would more nearly be told if we said one-half goes to Mr. X, for this is more nearly the proportion which, under our existing capitalistic system, goes to the few who own the means of production. But we must here note another evil which results from the inclusion of Mr. X in our scheme of industrial organization..

VII

OVER-PRODUCTION

If Mr. X were to add only \$1,000 to the cost of the annual production of wealth, and in turn spent this amount to satisfy his own wants, he might be tolerated with more complacency by the workers. But he is not satisfied with a moderate profit sufficient for his own support and, instead of adding \$1,000 to the cost of the annual production, he adds \$6,000 to it, and thereby hangs the tale of over-production and hard times.

Could Mr. X even consume all that his \$6,000 would buy, things might be trusted to proceed smoothly, though not justly. But he is unable to do this, and equally unwilling to do this. He prefers to hoard his money in order to reinvest it, and thus secure larger profits. Thus Mr. X becomes the disturbing element in this whole scheme. A, B, C, D, etc., have earned among them \$6,000, which is the cost of the year's production. Mr. X has added \$6,000 to this, making the fictitious value of \$12,000 for the commodities thus produced. Now, if Mr. X were to consume one-half of these goods well and good; the workers would purchase and consume the other half and there would be no surplus. But Mr. X does not purchase and consume \$6,000 worth of goods, he purchases only \$2,000 worth, retaining \$4,000 in profits for reinvestment and speculation. The workers purchase only \$6,000 worth

of goods, for this is all they have to spend. Thus \$4,000 worth of goods must be carried over to another year.

In the following year the same process is repeated, and a larger surplus carried forward. Either new markets must be found to which this surplus may be exported or production must cease for a time, until the surplus is consumed or destroyed. Over-production brings its inevitable consequences of industrial collapse and hard times. The workers are thrown out of employment, and while markets are over-stocked with goods of all descriptions, are destined to endure the hardships of deprivation and starvation until equilibrium has again been established. Meantime wise men write books to establish the coincidence of these periods with the occurrence of sun spots, or discourse knowingly of the want of thrift among those who are unable to tide over these periods of depression. The record of these periods of industrial depression is in itself sufficient indictment of the methods of Mr. X; with these, however, we shall not stop to deal. The reader will find a faithful and complete review in Prof. Hyndman's "Commercial Crises of the Nineteenth Century."

Our most important task is that of applying our system to modern industrial conditions, so, leaving further indictments of Mr. X to a future chapter, let us proceed.

VIII

THE FACTORY

Under the new order, factories will no longer be housed in unsightly, unsanitary and unsafe buildings, which under capitalism so often suffice to house the workers during the hours of labour. Instead of this we may expect to find buildings such as men would delight to work in, artistic, substantial, and well planned and tidily kept.

Under private management such things are not possible. Self interest is the first law of business. The pleasure which a man derives from his work is no object to those who think only of the profits. They cannot be made to consider the bodily comfort of those whom they employ, nor can they be made to consider the welfare of the community in which their unsightly structures are erected.

The state, however, has no such selfish motives to satisfy. Its interest is that of all its people. Hence we shall have, under the new order, a vastly better system of factories and work-shops, systematically planned with due regard to beauty as well as to the bodily comfort of the workers.

Nor need we assume that hours of labour and conditions of work will remain as at present. Undoubtedly shorter hours and more favourable conditions will prevail. Bands of cheerful and hopeful

workers will undoubtedly take the place of present anxious and careworn slaves of capitalism.

But this will lower the standard of efficiency, you may object. Yes, if you mean that men are not to be driven to their utmost. But why should they be? What is the end and object of work, if not to enhance human comfort and satisfy human wants? And why rob men of the pleasure which all healthy men take in their work when it is not over-irksome or too long continued. Why rob men at one end of the process in order that they may have a surfeit at the other? Under capitalism the answer is plain. The men who are robbed are not the same men who enjoy the surfeit. Under the new order such is not the case, hence the change.

For reasons assignable to the better conditions which in general will prevail as a result of a more equal distribution of wealth, child labour will disappear, while women workers will find sufficient light and healthful work for the employment of those who have not a sufficient occupation in their family and household duties.

The efficiency of the factory, however, need not be lowered beyond that which in some cases may be necessary to prevent sweating of the workers and excessive hours of labour. Each worker competes with his fellow, and, as under present conditions, the more expert and proficient will secure advancement.

Each factory will be under the management of a competent director responsible to a superior in the department of industry. His duties, however, unlike those of the manager responsible to a group of capitalists, are of an entirely different nature. He must em-

ploy all labour at rates fixed by the laws of competition—the best at the lowest wage. He must purchase all material required, shall we say again, at the lowest market price? or shall we say at the price which other producers have fixed as the actual cost?—just as he himself finally determines the selling price of his product, that is by adding together the cost of the material and labour required in its production, together with the proper percentage to cover depreciation and renewals of plant and machinery.

An efficient system of cost-accounting will be required to fix the price of each article produced, so that at the end of the year, when the entire product is passed over to the distributing department, the returns will be equal to the cost production, which will be practically the present-day cost less the amount which capitalism adds at every stage of production in interest and profits.

And now, having turned over the product of our factory to the distributing agency of the state, let us continue to trace its history from the worker to the consumer by applying our system to the railways.

IX

THE RAILWAYS

The Pennsylvania Railway system employs over one hundred thousand people. Its system of management and control works smoothly, and little difficulty is experienced in adjusting wages in conformity to the laws of demand and supply of labour. Unconscious though they may be of the fact, its managers have set their scale of wages in conformity to this law, which, without the arbitrary regulation of some superior governing body, fixes the graduation of wages from the highest to the lowest employee.

Under the new order it will do the same, excepting that managers and superintendents will be paid for serving the public and not for serving the company as now. They will be paid for their ability to make transportation cheap and not for their ability to make it dear. High salaries to officials who can successfully juggle freight rates or manipulate the stock market will of course cease. The worth of a man will become the measure of his wages.

Indeed, little change is necessary to bring the railways under the sway of the new system. Freight and passenger rates of course must be reduced in conformity to the general law of prices according to cost. Dividends must cease, and duplication of service be put a stop to.

In estimating the gain to be thus derived, we must remember always that present dividends are paid on capitalization, very often three and four times more than the value of the property. The two hundred and twenty thousand miles of railway in the United States are capitalized at about sixteen billions of dollars, or between two and three times the actual value of the property. The annual contribution in interest on bonds and dividends on stocks amounts to over \$600,000,000, but this by no means measures the full saving to be derived under the new order. The effect of high prices is to prevent people from buying and enjoying many things which they otherwise would purchase. The effect of high freight and passenger rates is to lessen the number of passengers and the amount of freight carried. Lower rates will mean a greater volume of business. A greater volume of business can in turn be carried at a smaller cost, hence at a still lower rate.

But a further saving is to be noted. It is a well known fact that the railways of Great Britain are for the most part competitors, or, should we say instead, that they duplicate one another to such an extent that they dare not compete lest competition should drive them all into bankruptcy?

The United States may be better off in this respect, and yet instances are not wanting to prove the enormous waste which every day goes on because of this very defect.

“Every day in the year, thirty-four passenger trains leave New York for Chicago and thirty-four passenger trains leave Chicago for New York. Of these thirty-four trains, observations extended over

many years show that as a rule about fifteen are well filled, four vary from a light to a moderate load and fifteen usually carry from three to ten passengers, have sometimes travelled with none and are never profitably filled. As a rule all their passengers could without difficulty be carried by the other nineteen trains." *

These fifteen unnecessary trains, according to calculation, involve a total daily expense of \$12,000, or \$3,180,000 a year. Here is but one sample of the waste which results from duplication. In the same way there is an estimated waste between Chicago and St. Paul-Minneapolis of \$3,314,000 a year, between Chicago and Kansas City of \$1,204,000, and between Chicago and Omaha of \$1,110,000 a year. Similar instances of duplication we are told exist between New York and Atlanta, New York and New Orleans, Chicago and California, and Chicago and Florida.

And why should this waste continue under a system of complete government ownership? It exists under capitalism because there is still rivalry between railway companies at terminal points, and because each is clamouring for a portion of the traffic between these great cities. Doubtless the same waste is to be found in the running of freight trains and in the needless expense and duplication of advertisements, which in all capitalistic undertakings form a large item of expense which the consumer must ultimately pay. Under the new order, a national system of railways would be properly planned and properly constructed with due regard to the needs of the country and without needless duplication. Important lines would be

* Charles Edward Russell in "Everybody's Magazine."

double-tracked and made safe. Employees would be better cared for and the charges reduced in all instances to the exact cost of the service performed. Here again the proper system of cost-accounting would be needed to determine the scale of charges. To the actual mileage cost must be added a percentage of the cost of depreciation of roadbed, rolling-stock and buildings, together with the proper percentage for management and superintendence, so that when our manufacturer turns his product over to the railway which is to carry it to the store in the city, he will know that to the cost which he has fixed, the railway will add only the actual cost of carrying it to market, and no more, and that with this added to the cost it will arrive at the store.

X

THE STORE

In the town in which I live there are at least twenty grocery stores supplying a population of some five thousand. Every morning these twenty stores start out at least twenty delivery wagons. These twenty wagons go criss-crossing about all day long, each having a few customers here and a few there in all parts of the town. A half dozen butchers add another half dozen wagons to the number in the same unsystematic hurry-scurry of the day's business. Another score of wagons go hither and thither with milk, bread, laundry, etc., and the whole lot go racing about in all directions, criss-crossing about in a manner which, if it were true of a colony of ants, would lead us to the conclusion that some evil spirit had infested the tribe and had robbed them of their wits. Yet these are not ants, they are men, and men who boast of the high state of efficiency of modern business methods. But this is but another bewildering feature of the methods of Mr. X—a feature which may be observed time and time again in every city and hamlet in the land.

It would not be puzzling to devise a better method than this for serving the daily wants of the city's population, and under the new order this foolish and wasteful duplication will certainly cease. In the first place, there will be no need of the twenty separate

stores with their twenty separate sets of books and customers, or their twenty staffs of clerks and twenty delivery wagons with their twenty drivers. One-third of this number of persons could undoubtedly do the work equally well. There will no longer be twenty show-windows with twenty sets of advertising matter, or twenty separate advertisements in the local newspapers. One big store will do all the work with one-quarter the effort and possibly less than one-quarter of the expense.

Let us assume that the town owns and operates this store which does the work of twenty grocers, five or six confectioners, one-half dozen butchers, five or six dry-goods merchants, a score of milkmen and numerous other smaller dealers, who have all merged into one great store, well planned and systematically managed; and let us note the numerous economics which will follow.

In the first place, since there is no competition there need be no extravagant system of advertising. All that the customer needs to know is the list of goods on hand and the price of each item, and this may be published from time to time as changes make revision necessary. This alone means a large saving to the customer.

Again, we must note the economy of better organization and more systematic methods in every branch of the work, book-keeping, management, employment of help, distribution and soliciting of business.

Apart from the immediate economy of better methods, other advantages are to be noted. The modern store, under the artful management of Mr.

X, must undergo a metamorphosis at least every three months. New styles must be introduced to catch new business, and woe unto the man who is unable to keep pace with these changes. Every store must make its display of new fall and spring styles, and throw into the scrap-heap its left-overs from the season before. Customers are lured by every possible device to buy new goods before old ones have been worn out. The latest thing in hats must be worn, in order to keep pace with your neighbor who has been to the store before you, to be fitted by some obsequious clerk who assures you that it is the very latest mode and the cost is—well, we had better not mention the price of the gaudy creations which last for their brief day only to be outshone by “the very latest and most up-to-date.”

And so it goes on throughout the whole list of things which we must wear in order to keep pace with the lively imaginations of those whose business it is to create new modes and mould new fashions. And what need of it? Under the new order a more rational dress will inevitably be evolved and we trust such sudden changes and foolish extremes may be avoided. And all this will cheapen and improve the quality of those things which we do need and will be able to get under a more rational system.

But the store under the management of Mr. X has an even more serious fault than this. Mr. X knows full well that it does not pay to make things too good in quality. Good things have the unhappy faculty of lasting altogether too long, which means a diminished number of sales. The sooner my boots wear out, the sooner I must return for a new pair,

and since boots which wear quickly cost less to produce than boots which wear slowly, it were certainly folly of which Mr. X is not guilty to have them made strong.

What is true of boots is true of many things. The patient housewife must examine every piece of fabric which she buys over the counter, in order to determine its worth. She goes into the store knowing that her interests and those of the merchant are diametrically opposed, and she must be ever elert, for she is playing the game with an opponent who loads the dice. But when Mr. X has been eliminated from the equation, a different result is possible. The clerk now becomes the servant of a master who owes his allegiance to the sovereign people; his duty is to know what he is selling and to sell what his customer is in need of. There is no longer the incentive to deceive the customer. Each piece of goods will be known and tried before handing it to the customer. Shoddy will give place to genuineness in all departments, and where it is to the interest of the dealer to serve the customer and not the capitalist, well-made commodities will replace the careless and fraudulent work of Mr. X, and we shall have an honest shop with honest goods and honest prices.

For now, having arrived at the store, the commodity which we have been tracing since it left the factory will be handed to the customer, stamped with its true history and brand, with the proper percentage added for storing and selling; for the store, like all other undertakings under the new order, will earn only sufficient to defray expenses, and its charges will be made accordingly.

XI

THE FARM

In a new and growing country the safest and surest way of growing rich is to buy land. Land is something which people must have and cannot do without. Sooner or later the coming of population will make it valuable; that is to say, it will make it possible for the owner to either demand an enhanced price for it, or to charge rent for it. No method of reaping wealth could be safer, and none surer than this, and this is one of the things which Mr. X is not likely to forget.

But how, under the new order, are we to administer our lands in such a way as to prevent this consequence? Obviously, the land must belong to the state, and under no circumstances must the state allow any portion of it to pass from its control.

Must the state charge rent for the land? Yes, answer the followers of Henry George, the state must appropriate its full rental value. But to this we are unable to agree, because it does not harmonize with our system, and so we reach the question: What shall we do with our farmers?

Before answering this, however, let us consider a little more in detail what we are doing with them now. In the first place, the speculator is making the farmer pay a good price for his farm whenever possible.

Next, the railway fleeces him with exorbitant freight charges, then the manufacturer bleeds him for his farm implements, and lastly the middleman who buys his crops and his cattle combine to keep his prices to the lowest limit. Finally, he is in debt. The money-lender who holds a mortgage on his farm is practically the owner of the property. Sooner or later our farmers will be in what in many countries they are now, simply tenants who pay rent. Or at least the proportion who own their farms will have become insignificant.

But the waste of capitalistic methods is not alone confined to industries of manufacturing and distributing. It is to be found as well on the farm. The small proprietors working independently are at a serious disadvantage. Each has his separate set of tools, ploughs, harrows, rakes, threshers, binders, etc. Each has his separate set of buildings, each his separate herd and flock, and each his multiplicity of duties, keeping him busy from early morn till late at night. Each sends his separate contribution to market; a little of this, a little of that, and not much of any one thing. One man has land suitable for grazing and not suitable for crops, another holds land which will grow good crops, but which must be given up to a large extent to grazing, and so it goes.

Let us see, now, if we cannot devise a better method. Mr. X has something to teach us even here. He has devised what is known as the Bonanza farm. This farm contains thousands of acres of land which are cultivated under the supervision of some competent expert agriculturist who knows how to get the most from his enterprise. These Bonanza farms, under

the management of Mr. X, are by no means attractive places. We are told that they support no families, no women, no children and no homes, because there is an abundance of cheap help to be had, and men with families are not needed.

But now picture what these Bonanza farms will be like under a better system. May they not be laid out as you would lay out a park, with orchards, pastures and woodlands artistically interspersed, roadways lined with trees, buildings of artistic design, and homes of comfortable and attractive houses, not run together in symmetrical alignment, but grouped with the skill of one who has been trained in the art of making things beautiful!

Will not this answer the requirements of our system? Each man will be employed according to his merit and paid accordingly, and, just as in the factory, the cost of production may be measured in wages paid out. Each man will be free to apply for the task which he finds most attractive. Division of labour becomes possible to an extent which is entirely absent from the individual farm. Hours of labour may be shortened and the farmer's family no longer obliged to join in the endless round of duties which on the individual farm require their entire attention. The farmer's wife will have leisure to her family. His children will have proper opportunities for education, for since with all other unearned increment, rent has been abolished, there will be sufficient of the world's good things for all to enjoy, and the farmer will not be the least among those to benefit by the change.

Failures of crops will no longer be his individual loss. Failure of markets will no longer rob him of

the fruits of his toil, but with his gains safe and certain, he may go forward to his daily task with a greater joy in his work than he can ever know under the system in which Mr. X is master.

XII

MONEY AND BANKS

To the man on the street, the source of the money which he uses in his every-day business remains for the most part an insoluble mystery. Ask him why it is that those little pieces of crisp paper are accepted everywhere as a sufficient payment for commodities which he purchases, and in all probability he will be unable to give any definite explanation. It is sufficient for him to know that they constitute money and will purchase anything for which he desires to spend them. Suggest to him that he has as much right as the banks or any company of individuals to print paper bills and circulate them, and that this would afford him an easy means of living, and in all probability you will find that he has some vague notion that each of these bits of paper is but the counterpart of a golden dollar which some day, somewhere, must be paid to the man who demands it.

Those who have been initiated into the methods of finance and banking, however, know that such is not the case, and that if everybody were to be seized suddenly with a desire to have gold instead of the paper currency issued by the banks, only about five per cent or seven per cent of the amount of paper could be replaced by gold. When this has been made clear to him, he may possibly be able to understand the gigantic monopoly which the banks enjoy. The govern-

ment grants them their charters on certain conditions, varying slightly in different countries, but always amounting to the same thing in the end. They are empowered to issue paper money secured to a small percentage by government bonds or a reserve of gold, from fifteen to twenty-five per cent being the general rule.

That is to say, the government issues bonds on which it undertakes to pay interest. The interest upon these bonds constitutes a tax upon the whole nation. The banks purchase these bonds and collect the interest, and with these as security proceed to issue paper money, which in turn is loaned to the people at a much higher rate of interest.

That is to say, by a legalized process, the banks are empowered to print slips of paper and pass them out at their wickets as real money to the people. Out of a little paper and printing the banks are made richer by millions and millions of dollars, just as a clever counterfeiter might be enriched by successfully passing his false notes. The money, or paper, costs the banks little or nothing to produce. Its value as currency is derived solely from the fact that it has been made legal by the government which sanctions its issue.

Here then is the solution of the mystery of money, a solution which discloses the gigantic monopoly which the banks enjoy at the expense of the common people, who must have money in order to carry on the business of every-day life.

But this is not the whole story of money. Let us look up the banks' statement of loans and deposits, and we will find that they exceed, by five to six times,

the amount of actual and paper money which the banks issue, and that the average rate of interest on loans is six per cent, while the average paid on deposits is somewhat less than one per cent. That is to say, the banks loan their supply of money to the people five or six times over, at six per cent, and borrow it back in the form of deposits, five or six times over, at an average of less than one per cent.

Thus, for example, A borrows \$100 from the bank in order to pay B an amount which is owing him. B immediately carries the money back to the bank and places it to his credit. The bank again loans the amount to C, who pays it over to D, who again deposits it in the bank. Again it is loaned to E and again deposited by F, and so on until it passes through the hands of G, H, I, J. and finally back to A. A, C, E, G, I, are all borrowers at six per cent, B, D, F, H, and J are depositors who receive one per cent. Thus a vast system of credit is built up, out of which the banks reap enormous profits, and which the slightest uneasiness of the business world may cause to crumble like a pack of cards. Under such conditions the wonder is, not that we have financial panics and money stringencies, but that the system endures even in the face of such calamities.

Banking is a most profitable business while everything goes well, but when people lose confidence and begin to withdraw their deposits failure is inevitable. The banks can satisfy only a portion of their customers. The remainder must lose, or, if the institution should survive, wait until confidence is restored, when the process of deposit and loan is again begun and business goes on in the usual way.

But why must we do business in this way? Simply because Mr. X says that it is the only sane and safe system of issuing money, and that any change would work ruin and disaster to the nation. Under the new order, without the sage advice of Mr. X we shall do differently. The people themselves, through their government, shall issue all the paper money required for the transaction of their affairs.

Let us return to our imaginary community, consisting of A, B, C, D, etc., and see how this will work out. At the beginning of the season, A, B, C, D, etc., are employed. When their wages become due, the government simply issues paper money sufficient to cover the amount. At the end of the year they have earned their \$6,000, which is the sum total of the wages paid to them. The government has issued \$6,000 in paper money, and, in return for this, has in its possession the \$6,000 of actual goods produced. That is to say, the government has issued a dollar in paper for every dollar's worth of value added to production. When the \$6,000 worth of goods have been sold to the workers, the \$6,000 of paper will have been paid back to the government, and at any period, either during production—for production and consumption must go on simultaneously—there is an exact balance between the money issued and the value of the goods standing to the government's credit.

But, now let us introduce Mr. X once more into our imaginary community and note the result. Mr. X owns the bank and has a monopoly of the power to issue money. When the government wants money to pay its men, it must borrow from Mr. X. Mr. X is generous with the government, much more so than

with you and me and other private citizens and companies. He lends to it at about three per cent interest, and this three per cent must be added to the cost of production in order that there may not be a deficit in the year's business. Thus it is passed on to the consumer who is taxed to support Mr. X, the banker.

An actual case will better illustrate this point. We have it in the New Zealand railways, which while following the general policy of earning no profits, are nevertheless taxed three per cent by the money-lenders to whom the government is indebted for loans sufficient to cover the cost of purchasing and constructing the lines.

But this brings us to another phase of our subject.

XIII

STOCKS AND BONDS

To raise money for government undertakings, the usual practice is to sell government bonds. The government legalizes the bank. The bank creates money and the government borrows the money and pays the bank interest, and so the people are taxed to enrich the shareholders of the banks. By a similar process, private companies secure money for their creation of new industries and the enlargement of old ones.

The creation of stocks and bonds enables the company to borrow the bank's money, which after passing through a number of hands is finally redeposited, to be again reloaned. But it is not always for the purpose of acquiring money that new stocks are issued. Bonds constitute a first mortgage on the property, and are generally within the actual cost of the investment. Stocks constitute a mortgage on the earning capacity of the property and consequently may exceed many times the actual value of the investment. It is generally accepted as the wiser policy to increase the amount of stock upon which dividends are to be paid, rather than to increase the rate of dividend, or in other words to capitalize the earning power of the enterprise.

This is conveniently done by amalgamating one

company with another, or by a reorganization of the existing company whereby two, three or any number of new shares are exchanged for one share of the stock of the old company. In this way the public is easily deceived concerning the real earnings of the company. In this way we are kept from knowing the extent to which we are robbed by our perplexing Mr. X.

Thus, the Steel Trust, with properties worth \$300,000,000, is capitalized at \$1,600,000,000, or over five times its actual value. Thus the seven per cent dividend paid on preferred stock would be about thirty-five or thirty-six per cent on the actual value of the property.

“About twenty years ago the right of way of the Northern Pacific Railway was worth \$50,000,000. It is now worth \$175,000,000.” At least these are the figures given by Mr. Charles Edward Russell, though I find, on turning to my stockbroker’s lists, that this railway is capitalized for \$191,365,500 in bonds and \$248,000,000 in stock, or a total of \$439,250,000. Possibly when Mr. Russell reads this he will be able to explain the seeming discrepancy, for he knows far more about such things than I do. What I do know, however, is that these great companies are nearly all of them capitalized far beyond the actual value of the property, and these few instances are among the many known cases, which in turn form a small proportion of the unknown cases of over-capitalization which, as Professor Huxley would say, “are sheltered under good opaque bricks and mortar.” On all this capitalization the common people, for whom the busi-

ness of the country is carried on, must pay interest and dividends.

But the question to which I have been leading up is this: What is to become of all these stocks and bonds when the common people decide to carry on the country's business themselves, without the aid of Mr. X? Are we to compensate these stockholders in full for the fictitious value of their stock? And if so, with what kind of money are we to liquidate the debt? Ere this little volume has been perused thus far, no doubt these questions will have already presented themselves to the minds of the thoughtful reader, and as the answer must solve the biggest riddle of our industrial system, the reader is cautioned to go slowly.

Let us keep in mind the idea of a perfect balance between money issued and work performed. If, under the new order, each dollar's worth of wealth created is to be represented by a dollar of paper money, then all the great highways of trade, and tools of production, must be represented by their actual value in dollars of paper money. If, under our new system, we were to create a new enterprise, such as would be represented in the building of a new railway, we must issue money, dollar for dollar as the work proceeds, until the entire undertaking is completed and paid for.

Does not this, then, answer the question of compensation? To accomplish the same end, we must purchase the machinery of production at its actual value.

The extreme socialist will say that we should confiscate these properties, and that these owners have already been paid over and over again in dividends and

profits which they have been enabled to filch from the common people. And, to a certain extent, he is perfectly correct. We, however, have not had sufficient forethought to provide ourselves with these things. and since we have allowed these conditions to arise, we must consider ourselves in some measure responsible, and perhaps may be some day satisfied, if we are able to purchase them even at their capitalized value.

The conservative, on the other hand, will be equally shocked at the idea of paying for something with nothing, which will probably express the idea which many will form of a proposal to acquire property by the issue of paper money.

But, let me remind my conservative friend that the paper money of the banks cannot be turned dollar for dollar into gold coin, and that the world's great system of credit is built up on a mere seven per cent of gold, which is all that could be paid out if simultaneously everybody were to demand gold payments; that iron, and steel, and copper, and brick, and mortar, and stone, and wood are just as good security upon which to issue paper money, as is the gold bullion which is shipped backwards and forwards between nations as credit fluctuates from one to the other. A real, live enterprise, such as a railway or a factory, forms just as safe a basis for the issue of credit money, as it does for the issue of stocks and bonds.

I have gone into this at some length because of its bearing upon the question of the transition from the old to the new order. To describe the conditions which will prevail under the new order, will be sufficient to dispel all doubts concerning the stability of

the people's money when it represents the people's property, for when the government is the sole employer of labour, sole vendor of commodities, and sole issuer of money, what possible calamity can ever make that money worthless?

The government's ability to give value dollar for dollar for the money which it issues should be a sufficient guarantee and one far more to be depended upon than that of the banks, which in times of commercial and financial crisis, have to suspend payment, and could not at any moment find value to cover their deposits.

What will happen is that stocks and bonds on which we now pay interest and dividends, will be replaced, at least to the value of the property which they represent, with credit money bearing no interest, every dollar of credit money being represented by a dollar in value of the property which it represents, and since this property in the hands of Mr. X is considered sufficient security for the issue of interest-bearing securities equal sometimes to several times their value, it is somewhat absurd to question the soundness of the government's issue of securities bearing no interest, to the actual value of the property.

XIV

DEMAND AND SUPPLY

How are we to maintain a proper balance between demand and supply of commodities, if prices are no longer to rise and fall according to scarcity of commodities; and between demand and supply of labour, under our new order? Were it not that we have a far better answer, we might reply by asking another question: How do we balance these factors under capitalism? To which the answer is that they are not balanced under capitalism and that it is this want of balance which constitutes one of the worst features of the present system.

We have already explained the cause of industrial depression by reference to our imaginary community. Here we propose to deal further with the actual facts as recorded by history.

Professor Hyndman, in the introduction to his admirable little work "Commercial Crises of the Nineteenth Century," says:

"It is certain, at any rate, that at no period prior to the growth of what is now known as the capitalistic system of production—the system of production, that is to say, of articles of social use for profit by free labourers who are paid wages—did difficulties arise in the trade or finance of any community from an actual superfluity of wealth which the members of that community needed in their daily life."

Such crises are known to have occurred in 1815,

1825, 1836, 1839, 1847, 1857, 1866, 1873, 1882, 1890, 1907, and in each of these periods of depression, following the commercial and industrial crises, the same conditions have prevailed—unemployment of labour, and hard times, in the midst of plenty. And as long as we endure the system of production for profit, just so long will we have financial panics, and periods of industrial depression.

But what of conditions under the new order? Have we not already seen that such crises will be impossible; that the creation of wealth being coincident with the creation of credit money, the workers will always possess sufficient wealth to purchase the wealth which they produce? As long as the total credit issue equals the total value of wealth produced that balance is maintained between production and consumption which is necessary to prevent over-production.

Men can only produce more than they wish to consume by accumulating more money than they wish to spend, and since, under the new order money will not multiply in the night or gather interest from investment, it will have no other value except in exchange, and must, therefore, ultimately be spent to purchase the commodities with which its creation was coincident.

Again, since each new creation of wealth, accompanied by a new creation of credit, increases the purchasing power of the workers to the extent necessary to cover the increase in production, it follows that, no matter how great or how small the number of workers may be, the balance is still maintained. There can, therefore, never be a deficiency in the demand for

labour, there can be no unemployment. Thus under our system there can never be over-production and there can never be unemployment.

But, some one will ask, how are you going to regulate the supply of articles which the people want, so that there will not be a surplus of one commodity, and a deficit of another? And how are you going to prevent the entire consumption of such commodities the supply of which is limited, as in the case of a shortage of crops?

True, it may seem that unless prices are to be increased in correspondence to scarcity, such things may be immediately consumed, leaving an entire scarcity at times when it is impossible to produce more.

It is this argument that political economists of the old school put forward in defending speculation. They hold that it a wise expedient to allow speculators to operate on the wheat market, that by so doing they may prevent hasty consumption in seasons in which the supply falls short.

A wise expedient no doubt, so long as none better is to be found, but must we admit that there is no better way of preventing famine than that which confines the famine to those of small means, increasing the price so that the poor can have none, and the wealthy purchase theirs at a price which makes some one else rich! Must we add to the calamity by increasing the profits of speculators, or shall we some day find a better and more just means of tiding over such periods?

In the first place let me point out that shortage of crops must increase the price to a certain extent. The same labour may be expended in cultivation in a bad year as in a good year, and the crop be valued ac-

cordingly. A small crop costing the same as a large crop, must necessarily be dearer per bushel.

In the next place, production under a national system enables us to know without difficulty the amount of each crop and the extent of the market. In times of shortage, therefore, the Government through its distributing agency would be able to restrict its sales in order to prevent famine or disastrous results. In the same manner the possession of reliable statistics would enable us at any time to prevent an inordinate over-production in any line of industry. But this point I can best elucidate with a quotation from my "Constructive Socialism."

"Though it is evident that under socialism a general over-production cannot occur, it is nevertheless plain that local over-production may occur. The results of such over-production as may thus occur will be manifest if we keep in mind the fact that the production of credit money is coincident with the production of wealth. If, for instance, more boots are produced than are required by society, the credit money thus created will produce an increased demand for other commodities. Labour must be transferred from one industry to the other in order to maintain the balance. The labour not required in boot-making will immediately be required in some other industry. Such occurrences need not necessarily be of a serious nature, for, when industry has all become concentrated under one management, proper statistics and information regarding production and consumption will be readily obtainable, so that production could always be regulated to suit demand, at least within a small margin, one way or the other."

XV

THE TWO METHODS

And now, having outlined briefly our system, having shown its application to the factory, the railway, the store and the bank, and having given briefly an outline of its general application, the reader may easily trace its application to other forms of industry and business. He can, with a little effort, trace the history of any commodity from its source until it arrives at the hands of the consumer.

Thus, the pen I am writing with was first dug out of the earth in the form of ore. The labour which dug it out will form a portion of its cost, so also there will be added a percentage for development work necessary to reach the ore and a percentage for depreciation of machinery and equipment of the mine from which it was taken.

The labour of those who melted it into pure metal, forms another infinitesimal portion of the cost, so also does the percentage chargeable to construction and maintenance of the smelter. Then there is the machinery and labour which rolls it into sheets, the labour and machinery which make it into a pen, the labour and machinery which carry it to the retailer, and lastly the labour of the clerk who places it in my hands and makes my change. All these form a portion

of the cost and in every instance the charge is simply for the value of labour contributed and no more.

Contrast this with the methods of capitalism, and it is easy to see where the great saving is effected.

The man who owns the mine makes the first profit on the ore, the man who supplies tools has a profit on these, the man who owns the smelter must have his profit, and his profit on the profit which the mine-owner has already added. The man who rolls it into sheets adds another profit, and a profit on both profits which have already been added, plus a percentage of the profits which some one else has made upon the machinery with which he works. The man who finally makes it into a pen has another profit and another profit on the profits, with a percentage of the profit which some one has made on the tools which he uses. Finally, the railways, which by the way have had several profits already in carrying ore, plates, etc., add another profit on its cost, plus a profit on the profits already added, and finally the wholesaler and the retailer add their set of profits, so that when the pen reaches the hand of the consumer its price is probably four parts profit and one part actual cost.

So, then, the reader may contrast the two systems, using his imagination to picture other differences which will arise as a result of the substitution of industry for the people, rather than industry for profits, which is the rule under capitalism.

Among the problems which will be solved either wholly or in part, directly or indirectly through the betterment of human conditions, are the following, some of which we have already dealt with and others

which we shall consider in detail in the remaining portion of the work:

Rents	Strikes and Lock-	Revolts
Interest	outs	Frauds
Profits	Long hours of work	High prices
Poverty	Child labour	Short measures
Landlordism	Neglect of children	Advertising
Overcrowding	War	Shoddy
The Slums	Tariff	Dishonesty in trade
Disease	Monopolies	Political corruption
Immorality	Trusts	Legislation for the
Crime	Panics	Interests
Intemperance	Industrial depres-	Control of legisla-
Unemployment	sion	tures by monied
Adulteration of food	Railway rates	interests
		Ignorance

XVI

THE HOME

And what of the home? Must we assume that the government is to take possession of all property and that the property which a man enjoys—his own home—is similarly to pass out of his possession? Not at all, for as we shall see, when we come to treat of property under its separate heading, no such thing is necessary. Must we assume that the state is to house its population in great institutions, and that children are to be brought up in a wholesale manner, in state-regulated institutions, which are to break up the homes and destroy the family? On the contrary, such a thing is neither necessary nor desirable, and to those who labour under the impression that socialism entails the destruction of the home, let me say that, whereas I know of not a few socialists who have made repeated efforts to efface this impression, I know of not a single one of any consequence who entertains it. Certainly no such idea is to form a part of "The New Socialism." For under the new order the family is to be restored and strengthened by conditions which will make family life not only possible but profitable. It is capitalism which is destroying the family as may, without effort, be proven.

I might open any one of half a dozen books in my library and find figures and details of the distressing

condition of the poor of our own times. I could find in a hundred places the harrowing details of life in the tenements which capitalism has furnished for the poor, but it is not my wish to do this. Rather would I present the brighter side, by picturing conditions under which the home may become what it ought to be, the scene of domestic happiness, freed from the awful spectre of poverty and want, which alone forms a sufficient indictment of capitalism.

It is capitalism which pays the working girl a wage upon which she is unable to live. It is capitalism which has taught the young man that it does not pay to marry. It is capitalism which makes it impossible for people to have families, and it is capitalism which breaks up the home with its enforced seasons of idleness, and the prohibitive cost of living. It is capitalism which drives women and children into the mills and factories when they ought to be in the schools, and in the homes.

Under the new order better conditions are inevitable. As will be made plain under another heading, there can be no such thing as unemployment. Each man may secure work, and for the wages which he earns will be able to support himself and his family. He will no longer be driven by high rents into the miserable tenements in which working people are now housed. In fact, there will be no such miserable apartments to be had. For when the state or the city has become sole owner of its lands, such structures will disappear, to be replaced by houses built by the city or state, or by houses which the workers shall construct for themselves, and in which their individuality may be expressed.

But why, even under the best conditions, should they be crowded into the close quarters of the city? Why should men and women be segregated into such crowded communities as now constitute what we know as our cities? Is it because land is scarce, or is it due to conditions which under the new order will disappear?

Is it not due to the fact that as the city grows the cost of land is enhanced to such an extent that the workers cannot afford to occupy more than a small portion of it? Is it not true that the attractive portions are reserved for the wealthy, the less attractive to be occupied by industrial establishments while the slums—the outworn districts, and outworn buildings of a former generation, are bequeathed to the worker, and to those for whom capitalism has provided no work, or, worse still, whom it has unfitted for work.

Eliminate Mr. X once more—the landlord and land speculator—and, presto! the scene is changed. The city will expand. There will be room for all, and enough for playgrounds and open parks and an abundance for homes.

But we have an even brighter picture to offer. Suburban life has its attractions even now, in spite of inadequate facilities for travel, and the excessive charges of railways and trolley companies. But when these also are owned by the people, and operated for the people, and when the profits which now make millionaires are divided among those who travel, may there not be sunshine and fresh air amid green fields and flowing brooks, even for the most humble worker in the city's great hive of industry?

With shortened hours of work there will be greater leisure for the worker. With better conditions and better housing, there will be healthier and happier children, and with proper institutions of learning which all may attend, there will be opportunity for all who have the ability or the desire to learn. Poverty will be replaced by abundance, vice will give place to virtue, and in place of the slum we shall have the home.

But our system would be accounted far from complete were we to fail to take into account that problem of all problems—the domestic servant.

XVII

THE DOMESTIC SERVANT

Of all the problems which have confronted modern civilization the one with which capitalism has made the least progress is that of domestic economy. Here we may find the least amount of cooperation and perhaps the greatest waste of effort.

When I arise in the chill of the early morning and look out over the housetops of the neighbouring village, and observe issuing from each tiny chimney a little wreath of smoke, it tells the whole story of domestic inefficiency. Beneath each of these little smoke wreaths is a stove, beside each stove the domestic drudge, each with her little separate fire and her separate pot of porridge.

A thousand fires for a thousand families, or an average perhaps of one fire to each five or six persons, or for a community of five thousand persons, one thousand stoves with one thousand fires, one thousand domestic drudges each with her pan of fried sausages and hot muffins. One thousand persons to cook breakfast for five thousand. What a story of inefficiency and waste is told by the smoke of those chimneys! And where is the solution to be found, if not in cooperation?

Five thousand breakfasts could be cooked with one-half the expense and one-quarter the labour, if

people could only find means of cooperating. And is this impossible, without breaking the domestic ties which keep the home together? Could we not find some means of cooking these five thousand breakfasts and serving them without resorting to that unattractive system of living in barracks like an army of soldiers.

Undoubtedly that is the simplest solution of the problem and the most economical, but must we ever be considering how to do things by the cheapest method, or are we to make a compromise between cheapness and comfort? If I prefer my own breakfast table to that of the common board at the barracks, must I, therefore, be a slave to the common cook stove, or may I not find some method by which I can have my breakfast cooked and delivered at my door ready for the table, or, failing that, may I not at least have my hot muffins at breakfast, and my roast beef and plum pudding at dinner? Must I have bread cooked at home because the baker will spoil his bread to make it light, and give short weight at a long price? Must it ever be that the baker will make cake with lard instead of butter, and pastry which I do not care to eat? Must the café always be a place where your meat is cooked without seasoning and without flavour, and where canned vegetables are served because they are cheap? Or are we to have some day a municipal bakery where the science of cooking is properly taught and practiced, and municipal restaurants where cookery is understood, and from which well cooked dinners may be sent to our homes, ready to serve, at a price which, for its cheapness, could not be equalled with the most rigid economy in the home?

In other words, may not the state become our domestic servant, for what need will there be for a cook when the housewife may go to her telephone at ten in the morning and order the dinner, meat, vegetables and pudding which at twelve o'clock will be served piping hot from the neat box in which it may be kept for hours? If these problems seem of minor importance they serve to illustrate the many details in which a better method will affect our daily lives.

Without Mr. X we may have pure food free from all manner of adulterations, properly prepared and at actual cost price. We shall have pure milk from well fed cows; pure butter made with care under the eye of an expert. We shall no longer be fooled by skilful advertising into buying things which have little value. We shall get full weight and there will no longer be the universal complaint of the high cost of living. It is the desire to make profits which alone accounts for all these things, and when there is no longer this incentive there will no longer exist the cause of the domestic problem.

XVIII

THE CITY

And if the home is to improve under the new order, what shall we say of the city, which is simply the larger home of the people? Not merely the home in which they sleep and eat, but the home in which they work, and of which their individual homes are merely a part.

Already we have noted some changes which must occur under the new order. The store, or rather myriads of little stores of every description, are to give place to a more efficient institution. The wasteful methods of distribution are to be replaced by a more rational system. The slum is to disappear and the tenement house of the capitalist landlord must give place to modern buildings which the city or state will erect and own. Speculation in land will no longer compel people to crowd together as heretofore, and the city will grow laterally instead of perpendicularly. Land is not so scarce that people must needs be crowded into a small area, and when the profits of the landlord and speculator are eliminated there will be room, not only for the city's population, but for open spaces and parks, broad streets and shaded avenues.

Transportation being no longer in the hands of the money-makers, rates will be greatly reduced; trains and teams will be more comfortable and more frequent. In a word, the people will be more easily

transferred from place to place. Thus suburban homes will become more general. The concentrating of places of business within a narrow radius being no longer necessary, another tendency to concentration of population will be removed.

National ownership of coal mines and water powers will also tend to cheapen transportation and household requirements, and, with such improvements as are already within the grasp of science, may there not come a time when electrical energy, supplied from the never failing streams and waterfalls, will greatly lighten the household burdens as well as cheapen the cost of power necessary for transportation and the lighting of the city! So that the great, smoking, dirty, dreary wastes of human habitations which we now know will be transformed into better cities, cleaner and more healthful, free from overcrowding and its consequent diseases! With better conditions and better employment, better wages and better provision, poverty and ignorance must disappear. Children will find room in which to enjoy the sunshine and fresh air which is necessary to their existence, and, being freed from the toil which destroys both body and mind, will grow into better men and women. With better schools and better conditions of work and play, we shall have a better race of working people.

So, in keeping with other improvements, the city will also improve. Better streets from which there will be no dust, factories from which there will issue no smoke, sewers to carry away all the waste, newspapers which will tell the truth, advertisements which will not lie, stores which give honest measure, trolleys which are not overcrowded, and fares which contain

no overcharges, banks which pay no interest and make no profits, abundance of electric energy and light at a small cost, tenants without landlords, all will combine to make a more cheerful and more contented people.

XIX

PROPERTY

It must not be supposed that ownership of property will be entirely prohibited under the new order, for such need not be the case. Ownership of property is to be restricted only in cases in which such ownership enables one man to make a profit from the labour of another. In fact ownership of the property is essential to the maintenance of justice and order. A man may own his home, and in fact everything which money will purchase, a yacht or automobile or a workshop if it is for his own use solely. No restrictions need be put upon property save those which are necessary to prevent the spoliation of one man by another. The principle of state ownership applies solely to the tools of cooperative industry, and these no man should own, since ownership gives him the power to make profits, and thus rob his fellow citizens.

Nor do we need to assume that all labour must be employed by the state. Here too, we may draw a distinction between labour cooperatively employed and labour which is performed independently. Thus the musician need not be a state employee. The hall in which he sings may belong to the state, or to the city, and he may hire this without paying a profit to the owner. His voice and his genius are his own individual possessions, and he has as much right to make his own price with his audience, as has the man who hires him-

self to the manager of a factory. He must compete with all others who can sing or play, and his audience are free to accept his terms or to reject them as they wish. In the same manner the author, or the orator, may employ his individual efforts. The author will publish his book without paying profits to people who own the machinery necessary to print and bind it. He may make his own price for his own work, and the public may buy, or not, as they choose. He is in competition with all others who write books, and is on the same footing as those who compete for a position in any branch of industry. The same principle may be applied to the work of the inventor, but since he has become the subject of much heated debate we reserve his case to be dealt with under a separate heading.

But here is a very different theory of property from any which has arisen under capitalism. Capitalism practically claims for any man ownership of anything he may possess, or acquire, not excluding even the earth itself. And property under capitalism means also the right to tax others for the privilege of using it. Under such a system, what need a man do more than own property, and in fact what more do many men do than draw rents, interest, and profits from the labour of others by virtue of such ownership?

The ancestors of the Duke of Sutherland shared in the land of England by right of conquest, and today his lineal descendant still lives in idleness and luxury by virtue of the property thus acquired.

Forty years ago the Dominion of Canada gave to the Canadian Pacific Railway Company vast areas of land, at that time unoccupied. Today their successors and assigns draw rents and profits from the posses-

sion and sale of that land, which has arisen to five and ten times the value at which it was held at the time it passed into their hands.

Today we realize that the ownership of a vast amount of property in land, and in the machinery of production and distribution, has passed into the hands of a few men who are using them more and more as means of extracting enormous profits from the people who use them. Yet wise men shake their heads and talk of the grave consequences which will follow if we question the rights of property.

But by what right do they assert their ownership to these things? Did their labour produce them? Not so, for they are too few in number to have produced, even with the most consummate skill, the one thousandth part of their holdings. They own them by virtue of having acquired them under the laws of capitalism, that is all. And if the laws of capitalism are unjust laws, then their ownership rests upon injustice and cannot last.

Labour constitutes the sole claim to property, and under the new order labour will constitute the sole right of ownership, and whether it be little or much, such ownership will be respected and upheld.

First of all we must uphold the right which each man has to property in his own strength and knowledge. We must recognize his right to work; and, secondly, we must uphold his right to all that his labour produces—the right which is persistently violated under capitalism.

XX

FREEDOM

Must we be hedged in with restrictions on every hand in order that our ideals may be realized, and our system be made workable, or are we to realize a wider and more wholesome freedom under the new order?

Must hours and conditions of labour be regulated to the minutest detail, and must the workers be martialled into well-drilled armies? Must they be allotted their various tasks and ordered hither and thither by any army of officials who are to conduct the business of production just as we now conduct the business of warfare? Are a man's children to be trained just as the state shall prescribe, so many for this trade, so many for that? Or is there to be even greater freedom of choice than under the rule of the capitalists?

Certain methods must be pursued in all industry. Hours of labour must be uniform for each factory and workshop, just as they now are, but this does not necessarily imply a stricter regulation of labour or a more strict discipline for the workers. In fact it will readily appear that a far more liberal policy may be adopted towards the workers.

Under the existing order, a man does not leave his position except under the most pressing circumstances. Once he has dropped from his niche in the industrial machinery, he finds his place filled by another, and immediately he becomes one of the great

army of the unemployed, who must await their turn, and eke out an existence until they can again find employment. Thus the worker becomes a slave to his job. He dare not leave, no matter how much he may need a rest or a holiday. He becomes a fixture in the industry, and with a living wage as his recompense, must remain at his post year in and year out, until at last, no longer able to hold his place among younger men, he is dropped out, to be heard of only by the charity organizations, or to be cared for by his children.

But what of his freedom under the new order? With better conditions and better wages he will be better able to afford a holiday, and, under a system in which is recognized a man's right to work, he need have no fear of unemployment. Thus, he may work when he wishes, remain idle if it pleases him, choose his occupation as he sees fit, and enjoy in every way greater freedom than he now has. The schools will furnish training for his children in whatever occupation they may choose. What a man earns becomes his own, and he may do with it whatever he pleases. He may spend his earnings in any way that pleases him. He may hoard them for his children, or spend them on luxuries for himself, as he sees fit. In one respect, and in one respect only is his freedom restricted beyond that which he now enjoys. He may not use his wealth to exact a profit from the labour of his fellow men, and this he will cease to wish for when, under a universal system of wages, he has an equal opportunity with his neighbor, and is placed on a basis of equality with all other citizens.

In a hundred other ways his freedom will be greater. His hours of work will be shorter, and his hours of leisure longer. Better wages (or that which is the same thing, cheaper living) will enable him to enjoy more of the world's good things; music, literature and art will be within his reach and, with leisure to enjoy these, together with healthful recreation, his freedom will gain for him a wider knowledge, greater understanding and a better enjoyment of life.

Liberty without money is much like a thirst without water, and he who boasts of the freedom of the present age, thinks little upon those who know only the shelter of some miserable habitation, and the routine of the factory, shut out forever from the great world limits, the slaves of capitalism, who, under the new order will be made free.

XXI

THE INVENTOR

What is to become of the inventor under this system of social cooperation? Such is the question which is so often asked, and upon which so much stress is laid that we must needs treat it under a heading of its own. One would suppose that without capitalism there could be no such thing as invention or discovery, and that immediately we ceased to pay rent, interest and profits, the whole process of science and invention must come to a full stop. On the contrary, we propose to show that under the new order a greater impetus will be given to both scientific research and invention. But first of all let us see how capitalism treats the inventor, and then we will be in a better position to judge of his status under a better system.

Does capitalism really encourage the inventor? or is it not true that his invention succeeds in face of difficulties which capitalism places in his way?

Imagine for a moment a man without means who is endeavoring to perfect an invention which requires a series of lengthy experiments to bring it to a state of perfection. Does the capitalist furnish him with means to carry these out? Not a bit of it. He must first find someone with whom he must share his knowledge, in order to secure the necessary help. He must sell half his invention in order to complete it, and

when he has completed it, does capitalism put it to actual test and prove its worth? Sometimes, perhaps, but as a rule the inventor must spend more time and more money in an endeavor to interest people for whom in the end the inventor will make a large profit. I have in mind the inventor of the Knight motor, who, after patenting his device, was unable to interest any one of the manufacturers of motors in America, and succeeded in introducing his motor into this country only after it had been taken up and put to actual use by an English firm. Did capitalism encourage him to persevere with his invention? Did capitalism aid him in any way in the time spent in perfecting it? Certainly not. Did anyone ever hear of a school of invention? Did anyone ever hear of actual aid being given to any persons gifted with inventive genius, or is it not commonplace knowledge that time after time the inventor has carried on his work in the face of the most formidable difficulties, facing even poverty and actual hunger in his endeavor to perfect some improvement, which in the end brought the largest part of the gain to persons possessing not brains, but money, and with whom he has been obliged to share his invention in order to get it on the market? Capitalism starves the inventor while he works, and steals his invention when, after years of toil he has made it complete. The boy who improves the machine with which he is working goes on at the same old wage. The capitalist who employs him reaps perhaps thousands of dollars from the improvement, and this same story is told time and time again. I know an inventor who sold a valuable patent for three hundred dollars. It was worth many thousands of dollars to the capitalist who

used it. How many capable men there are today anxious to enter the field of scientific research and invention, who needs must think first of their living and allow their ambition to wait!

What would you think of a school of research and invention free to anybody, and under the direction of the most able experts? And why not such a school? Would it not pay? Or do you object that it would be flooded with irresponsible cranks with all manner of foolish notions to exploit? There is no work which on the whole brings a greater return to humanity than that of the inventor, and the judicious encouragement of inventive genius would certainly be among the great improvements to be looked for under the new order.

But what of the inventor's profits? Do we propose to confiscate these for the benefit of the people who have no such genius? Not at all. The inventor will have the same status in the community as any other individual. He will own his labour and his knowledge, as completely as will the professor or the singer. He may sell his labour to the state at its highest market value, and whether he is employed directly as an expert in the field of mechanical improvement or works out his invention in the privacy of his own home, the rule is the same.

Owing to our haphazard method of scientific and mechanical progress we do not think of the labour of the inventor as having anything in common with the labour of other men. We think of the inventor as one who, through the possession of an insight bordering upon the supernatural, suddenly hits upon some great improvement which in no other way could have been thought of, while in truth he is simply a skilled

thinker using the knowledge and tools which others have put into his hands. He is simply a worker of exceptional skill and therefore of exceptional value, and as such he will be recognized under the new order. He will be an employee of the state just as all others are. He will find himself in competition with others in the same line of work and his wages will rise or fall according to the selfsame laws of demand and supply which regulate wages throughout the world. So much for the professional scientist and inventor, whose wages will no doubt be among the best.

But what of the man who by chance hits upon some ingenious device of great value? That there will be such, in spite of the improvement in methods of research, there can be little doubt, and here it may seem that the application of the law will fail. If, however, we remember that a man's labour is always his own, and that he has at all times a right to all that his labour can produce, we see that his invention is his own, and he can put what price he pleases upon it. That is to say, he makes the best bargain possible with the state that will use it. There can be no question of his right to a patent and there can be no question as to his right to fix his own price. Here then, we see that the inventor's rights are greater under socialism than they ever have been under capitalism. There is no one with whom he is compelled to share his knowledge in order to secure patent rights, and none with whom he will have to fight for his right, in the law courts, when once his right has been granted.

XXII

AND THE PUBLIC

Without the public which forms the great market for the product of all industry there would be little use for the inventor and little value to his inventions. As much as the public owes to the inventor, so much also does the inventor owe to the public. Under the new order these two parties will reap the full value of each new invention, which is not the case under the capitalistic system. Between the inventor and the public stands the capitalist, and greater even than that which he exacts from the inventor is that which he exacts from the public.

The history of invention during the past century is but the story of the most wonderful creation of labour-saving devices. In every branch of industry the same story is told. Some say that "the discoveries and inventions of the nineteenth century exceed in number and importance all the achievements of the kind in all the ages of the past." And yet even John Stuart Mill was in doubt as to whether these improvements had benefited the great masses of the people.

"Hitherto it is questionable if all the mechanical inventions yet made have lightened the day's toil of any human being. They have enabled a greater population to live the same life of drudgery and imprisonment and an increased number of manufacturers and others to make fortunes. They have increased the

comforts of the middle classes, but they have not yet begun to effect the changes in human destiny which it is their nature and their futurity to accomplish."

If this is a true statement of the facts, what a horrible indictment of capitalism is here disclosed! What the people should have gained in the decreased cost of living and shorter hours of toil, has gone to capital in the form of increased dividends and unearned increments. I can buy today, in certain parts of the country, a pair of stockings made from yarn spun by hand and knitted by hand, containing double the quantity of wool which the manufactured article usually contains, for one-half the price which I pay in the store for stockings made by the most modern machinery, tended by persons who earn less per day than the person who knits by hand. Who gets the difference which has been saved through the use of machinery, or must we suppose that it is cheaper to knit by hand than by machinery? Then, listen to this:

"What a comparison between the work of the virtuous Penelope and the weavers of a century ago and today! Then, with her wheel, and by walking to and fro from it as the yarn was drawn out and wound up, a maiden could spin twelve skeins of thread in ten hours, producing a thread a little more than ten miles in length, while the length of her walk to and fro was about five miles. Now our Penelope can attend to six or eight hundred spindles, each of which spins five thousand yards of thread a day, or, with eight hundred spindles, four million yards, or nearly twenty-one hundred miles of thread a day, while she need not walk at all."

So much for the spinning, and now, what of the knitting? "The social industry so quietly but slowly followed by the good old women in their chimney corners with their knitting needles, by which a woman might possibly knit a pair a day, was succeeded a quarter of a century ago by machines, twelve of which could be attended by a boy, which would knit and complete five thousand pairs a week."

After the reading of such fairy tales, or such as read like fairy tales to the ordinary man not acquainted with the use of manufacturing machinery, one would almost think that stockings would be too cheap to be worth patching. Yet in the household of the working man and indeed in that of the moderately well to do, the darning needle so far from having been banished, is still plied in the vain endeavor to keep the living expenses within the amount of the breadwinner's earnings.

In the process of screw-making, in 1840, twenty men and boys could make 20,000 screws a day. "Thirty-five years later two girls, tending two machines, were enabled to manufacture 240,000 screws a day. Since then the process has proceeded at an even greater rate."

"With modern foundry machinery, and a few beating engines, a small paper mill will now turn out as much paper daily as could be made by twelve mills a hundred years ago."

"To supply the present demand for printed matter with the implements of a hundred years ago it would be necessary to draw upon and exhaust the supply of labourers in nearly every other occupation. Printing would become the universal profession."

Those who would know more of these modern fairy tales of industry, are commended to read William D. Doolittle's contribution to "The Nineteenth Century" series, from which I have been quoting.

Mr. Doolittle has no purpose to serve other than to record faithfully the progress of invention during the nineteenth century, yet one who has some thought for the great social problems which are now compelling the attention of mankind cannot read such titles without stopping to ponder the ever-present question: Why does the cost of living continue to increase?

But we must turn to different authors for the answer to this question. It lies hidden within the pages of the stock brokers' lists, smothered amid watered stocks, stock bonuses and mergers, brought to light only here and there through the work of some tireless worker for the public good, and yet to those who have eyes to see and ears to hear, it is plainly visible in the plutocracy of great wealth which capitalism has produced.

XXIII

MORALS

Could anything be worse than the influence of capitalism on morals?

The clerk who hands you your goods over the counter may not be a dishonest person at heart, yet, in order to make sales, he must either resort to deliberate falsehood or at least refrain from telling all the truth. He is in competition with other clerks in other stores and his success depends upon the number of sales he can make. He knows more about the goods which he is selling than his customer does; he knows how much wool and how much shoddy each piece of cloth contains, yet he must pass it over to you with the assurance that it is "all wool." He would not dare to tell you the rate of profit that is made on any material, nor the exact composition of any article which he knows to be of an inferior quality, and, since inferior articles often bring the largest profits, there is the continued incentive to deceive.

The incentive which prompts the clerk to deceive becomes doubly strong in the case of the proprietor who profits directly through fraud and deception. He dare not try to sell goods of perfect quality at the price charged by competitors for inferior articles. Competition must be met in some manner, and with the constant temptation to substitute goods of inferior quality in order to enhance profits, is it any wonder

that we find it almost impossible to obtain goods of first quality even when we are willing to pay a large price for them? Goods guaranteed to be all wool, turn out, on examination, to be cotton with perhaps twenty-five per cent of wool, or no wool at all. And what is true in this case is true in many others, so true, indeed, that an army of inspectors, analysts, etc., are kept constantly busy in an endeavor to prevent fraud, short weight, adulteration of foods and sales of injurious proprietary medicines and foods, except where the interests involved are strong enough to prevent enforcement of laws, or successful enough in bribing inspectors.

If boots are made of good leather they will not wear out, and there will be fewer boots sold. Hence, they are not made strong. In the first place, it costs more to make good boots than poor ones; in the second place, the more boots purchased and consumed, the larger the volume of business and the larger the profit.

In how many instances do conditions favour the dishonest dealer? Methods employed by large corporations are not more conducive to morality than those of the small dealer. Through the whole fabric of business runs the same sinister influence, from the clerk withholding the truth from his customer to the financier who purchases the influence of senators; all are influenced by the same incentive to increase their profits by defrauding the public.

But there is an even greater influence for evil in the conditions which arise under a capitalistic system of production and distribution. I refer to that stoical indifference to the sufferings and deprivations of fellow beings. In the presence of poverty and suf-

fering, too widespread to be affected by individual effort, men become immured within the narrow limits of their own immediate interests and thus remain impassive in the midst of suffering which would otherwise move them to compassion and sympathy. Added to this is the positive influence of profits to be realized from the toil of their fellow-beings. But for the profits of trade there could be no such thing as child-labour. Because of these, persons of refinement and otherwise instinctively sympathetic and just, become the defenders of a system which enslaves millions of innocent children in exhausting and deadening toil, ruinous alike to health and morals. And where there is indifference in the case of child-labour, there is even greater indifference to conditions of adult labour. The average man in business hears of the millions in poverty without a shudder. Show him the enormous death rate among the children of the poor and he receives it with indifference, or discourses wisely about the law of survival. Tell him of the millions of able-bodied men without employment, and he thinks of it only as an indication of the stagnation of industry and trade. People who are shocked at the cruelty of a teamster who overloads his horses, or are moved to compassion by the sight of a lame or injured animal, are daily reminded of the sufferings of fellow-beings far beyond that endured by their dumb brethren, and hear of it without a murmur. Through our whole social fabric runs this influence, breeding hypocrisy beyond that of any other age of man. "Do unto others as you would that they should do unto you," is not a precept which can be applied in modern business methods. Nor does the Sermon on the Mount

harmonize in any appreciable degree with the moral principles upon which men base their actions during the six working days of the week. Yet men profess Christianity, and on Sunday give voice to sentiments and moral precepts which they have not the slightest intention of practising during the six days in which they go out, as men say, to fight the battle of life, a phrase at once suggestive of the methods of modern business.

If there be one who thinks this is an exaggeration of the conditions of modern business, let him go out into the world in an honest endeavour to follow out the religion of Jesus—to do justice, and to love mercy, to tell the whole truth always, to practice no deceptions, to give measure for measure in all his dealings, and I will venture to say that, in competition with others who observe only the commonly observed code of business, he will fail. Competition is war, and war means the suspension of the moral law. A Christian, faithful to his creed, would as easily succeed in business as a soldier on the field of battle who, when the enemy smote him, would turn the other cheek. Justice is for those who form the narrow circle of our friends, not for those whose hand is against ours in business. Pity and compassion are for those in whom we have a personal interest, not for those who make up that great abstract problem of poverty. Christianity is for our immediate family and friends, not for those countless millions whose wants give rise to trade which we must exploit to the utmost in order to be successful.

We must not overlook that moral degeneracy which results where countless thousands are left to the

deadening influence of toil and poverty. Can we expect a high moral standard from men and women who have known nothing but toil from their childhood, or from those still lower in the social scale for whom there is no work, or who have not even been taught to do the simplest things by which men can support themselves? The slum is not a school of morals even for those who have reached maturity, much less for the children who multiply in increasing numbers where the conditions of life are hardest; yet these whom we wholly neglect and leave to fester in their poverty, must needs profess Christianity, ere our good Christians, of the higher social scale, will soil their hands to help them. And those same persons, shocked by the unbelief of the present age, are equally shocked at any proposal for the betterment of conditions which make slaves of our children, prostitutes of our women and paupers of strong men whose only plea is, "Give us work and a fair day's pay."

And now, what of morals under the new order? Will our clerks and storekeepers deceive us regarding the quality of the goods we buy? Or will they not rather take a delight in telling us the truth and the whole truth about the goods which they offer for sale? Will manufacturers still be tempted to use shoddy in order to cheapen the cost of their goods and increase their gains, or will they take a pride in producing the best that skill and machinery can put together, honest goods and honest work, things made to wear and not to wear out? Can there be a doubt regarding the answer to these questions? Assuredly not. Under the new order when things would be made for use and not for profit there could be no such incentive to dis-

honesty as now exists. From the clerk who hands you your goods at the counter to the magnate who bribes the legislators, the transformation would be complete; the incentive would be reversed and the premium put upon honesty rather than on fraud and deception.

The wide-spread poverty and suffering, now the consequence of social conditions which individuals are powerless to mitigate, would no longer exist, hence men's higher instincts would no longer be dulled by these things and there would develop a keen sense of justice, further stimulated by the environment of a social order under which each would receive the just reward of his labour.

Eliminate the factors of poverty, child-labour, and the slum, give every man an equal chance to succeed and every women an equal chance with men. Take away the influence of degrading occupations and the employment of women in unsuitable vocations, and with a cleaner, healthier, more industrious, happier, better educated, more cultured people, we shall have also a far more moral people than can possibly exist under a system which places a premium upon dishonesty, destroying by affluence at one end of the scale and by poverty at the other.

XXIV

THE UNLOCKED WEALTH

What are we to say to those persons who persist in the idea that the world cannot support its whole population in comfort, and that a percentage must always be killed off through starvation; that the law of the survival of the fittest must work its merciless destruction of the unfit among civilized people as it does among animals and savages! Truly, such a theory must be revolting even to those who hold it, and surely even they should welcome its refutation.

It would hardly be necessary for us here to repeat the denial of this theory, were it not that by so doing we can elucidate another point in the argument for the new socialism.

The law of survival, properly interpreted and applied, means just this, that individuals of the most worth shall receive the most benefits, and its perfect application is the consummation which we seek in the new socialism—that each shall be rewarded according to his merits. Now we must admit that even the most humble worker who is capable of applying his labour is entitled to some reward. We cannot compel men to work without acknowledging their claim to what they produce, so that the question becomes this: Can a man, by the simplest application of physical labour under modern methods of production, produce sufficient to keep him and his family in a state of bodily comfort? Let us see.

When the Pilgrim Fathers landed upon the shores of America they brought with them only sufficient to carry them through a single season. Yet with very little help from other persons, and with the rudest kind of implements, they succeeded in making their living, and their descendants have succeeded in building up a wealthy nation. Did it require superior knowledge and skill to make a living in that primitive settlement on the shores of New England, or was it not by the most primitive methods of applying labour that these first settlers survived and made their way? Imagine the amount of bodily labour then necessary to produce a crop of wool, to spin it into yarn and to weave it into rough cloth with which they clothed themselves, and then turn to our Penelopes of modern industry! The one girl working six or eight hundred spindles and spinning twenty-one hundred miles of thread a day, is not necessarily superior either mentally or physically to the Penelope of our New England settlement. Does she not produce sufficient to keep not only herself but others in not merely rude comfort but in comparative luxury?

What then of the cry that the world is unable to support its population? Has it grow too small to contain them all? Has the population grown so great that there is not sufficient land to which they can apply their labour? Or is it not simply that men are shut out or driven out of profitable occupations, and driven into unprofitable ones?

The man who is starving in a great city cannot reach the idle land of the country, and cannot work it when he does reach it, without paying rent or purchase money to the man who owns it. The man who

profits by investing money in the wild lands of western Canada little thinks that he is simply locking up the land and the wealth which it might produce, for the time being, and that his profit from the speculation by no means measures the loss which others must sustain from having its wealth locked against those who might use it. In like manner the profits of those who own industries by no means measures the loss to people who otherwise would make greater use of them.

Take away rent from land and abolish unearned increments and you not only save the rents and profits of those who now own it, but you throw open the land to cultivation and greater use; you unlock the portals to vast fields of wealth which may be used for the common people who work for their living.

Take away interest and profits from those who own our railways and industries of production and distribution, and you not only save these profits to the people, but you unlock these industries and open them to greater use.

Take away rents, interest and profits from those who now own land and capital, and you not only return to the common people half of all they produce, but you double their production of wealth.

Bring into use all the land that is now idle, all the machinery, railways, mines and industries whose production is now limited by high prices, and there will be such a flood of new wealth as will make even the humblest artizan well to do as compared with his present lot.

Then add to this the improvements which must result in methods of application of labour, in the de-

velopment of new sources of power, and in better economy in the use of the present sources of power, and possibly you may be able to partially realize the latent power of unlocked wealth.

XXV

ORGANIZATION

What a tremendous undertaking it will be to organize all these different branches of industry! True enough, if it were not also true that the greater part of it has already been done. What is a trust but the very organization which we require for that particular branch of industry. One might suppose when listening to the objections raised by persons of the good, sound conservative stamp, that an entirely new organization would be required and that an entirely new set of men would have to be found to conduct the nation's affairs. Where are you going to find men of ability to fill all the positions of trust which will be created under your new system? We answer this question by asking, where do we find them now? Few persons seem to remember that the same skill and ability are available for use under a socialist form of government, as exist under a capitalistic form of government. The same managers, directors, and subordinates will cooperate in conducting our railway systems. The same skilled men will be available in other branches of industry and the same methods of organization may be continued with such changes as will be required to bring industry under the direct control of the government.

The trust needs only to be made perfect by the addition of such minor competitors as have not yet

been conquered and brought to bay by its methods. When thus made perfect, and its management made responsible to the government, this much of our organization is complete.

Organization, however, is to a large extent lacking in modern business methods. Wherever we have competition we have lack of organization, and lack of organization means waste of time and effort.

The fruitless efforts of thousands of commercial travellers, and solicitors of business, who spend their time in trying to capture trade from one another, together with the extravagant campaigns of advertising indulged in by every business which has not been formed into a trust, are a sufficient example of this. But these are not all. Far beneath the surface there are other forms of waste and extravagance of which the public dare not be told. We read of a prominent business man who says: "If people generally knew how stupidly and wastefully much of the large business is carried on, we should become objects of ridicule," and of another who says of the life-insurance business: "It would not be safe to have it known how extravagantly things are managed or to what sorry shifts we are driven."

But we do know of some of the evils resulting from want of organization. One of them is the useless duplication of industries engaged in the same trade, in some instances reaching as high as four or five times the capacity required to supply the market.

The whiskey trust, when first formed, was able to close sixty-five of its seventy-seven distilleries and still supply the market with the remaining twelve which were kept running. The capacity of the plants owned

by the sugar trust is said to be four times the domestic demand in 1900.

From these few examples we may infer the same truth regarding many industries which have not yet been merged into trusts. In fact we need not go further than the corner grocery for an example of the waste which results in this way. What is required in such industries is simply the same sort of organization which others have undergone when merged into trusts. The trusts are not the most wasteful or most difficult industries with which we have to deal. The corner grocery is the worst, and with this we have dealt in a former chapter at some length.

Organization is among the important advantages to be derived from our system of state ownership and management of industry. And, as we propose to show as we proceed, the organization which will result under the new order will not merely remedy the evils arising from want of organization, but will remedy also many of those which today are common to the most highly organized industries.

XXVI

GOVERNMENT

Will it be possible to elect and maintain a government capable of honestly and efficiently carrying on the enormous volume of business which it will be called upon to assume? Can we have perfection in any system without perfection in government, and until we have perfection in government will it be possible to carry out the reforms necessary to the complete change from capitalism to socialism? These are the questions which no doubt have been forming themselves in the minds of my readers and to which I owe them an answer.

In the first place, let me say that no government can be perfect, or indeed in any measure approach perfection under a capitalistic system, and that only as we approach perfection in our economic system can we approach perfection in our system of government. Capitalism will rule in the political world just as long as capitalism rules in the economic world, and as its influence is destroyed in the industrial world it will become inoperative in the political field.

The railway companies of Switzerland do not exert an influence over legislation as they do in the United States, neither do they subscribe to election funds of political parties, nor corrupt legislators in order to prevent the passing of legislation against their interests. And this is not due to any superiority on

the part of the Swiss people or to the incorruptible nature of Swiss legislators; it is explained by the simple and all-sufficient reason that there are no railway companies in Switzerland. Its railways are government-owned, and herein lies the secret of successful government. Take away the influence of the railway companies, the trusts, the coal-barons and every capitalist who lives by privileges, which the government should and must eventually cease to grant, and good government becomes possible.

Another point which may be illustrated with equal simplicity is that the greater the number of things which a government does for the people, the more completely it touches every phase of their lives, the greater the people's interest and the more effective will be their influence upon the government.

Under capitalism, we delegate the making of the most important laws to private firms and corporations,—the laws of finance and the laws of business,—for the most important laws are those which intimately affect our daily lives—the laws by which prices are fixed, the laws by which the interest on money is determined, the laws which determine the number of men who can be employed and the number that must remain idle. These are the laws which most intimately and most vitally affect our daily lives, and under capitalism these are left to private enterprise. The trusts, and the banks, and the railways, and the store-keepers, and the manufacturers, and the jobbers, and the wholesalers, and the speculators are the persons who make the most important laws today. Those made by our government are inconsiderable compared with those made by the capitalists, and as long as

people are content to believe that these laws are not within the proper sphere of government, we cannot expect an independent public interest in the affairs of the government.

But what of the time when the government makes all the laws? What of the time when government fixes the price of flour and bread, and meat and eggs, and oil and sugar, and dry goods and freight, and rent, and all the various articles of trade and manufacture? Do you think we would permit a corrupt and dishonest government to survive? Not a year nor a month, for under the new order the people will rule as only the people can rule when the law-making power is all in the hands of its government.

XXVII

AND LEGISLATION

Without companies, industrial corporations and private owners of industry and land, legislation would be far different from what it is at the present time. Without the corrupters of public life who are ever seeking laws to aid their purpose, or seeking to evade or annul laws enacted for their restriction and regulation, parliament would be a different institution.

Statutes relating to the ownership of land, to titles, rents and sales, would no longer be of use. Statutes regulating hours of labour and conditions of work, would no longer have to be enforced upon reluctant manufacturers and employers. Statutes dealing with notes, bills-of-exchange, money and banking would also be obsolete and their enforcement no longer necessary. Statutes and laws passed to regulate combinations of capitalists and monopoly, together with the machinery of administration necessary to their enforcement, would also be unnecessary. Statutes aimed against adulterations and impurities, together with the administrative machinery by which they are enforced, inspectors, analysts, chemists, courts of laws, etc., would be no longer required.

Litigation resulting from the universal warfare of capitalists one with another, and with the state and the people, together with the immense expenditure of time and money employed in fighting these battles be-

fore courts of law, would also be a thing of the past. And without all these, with their corrupting influence both upon private and public life, parliaments and governments would be entirely different institutions.

As time goes on, and as more and more the functions of government are extended by the acquisition of productive industries, there will be an increase in the administrative function of government and a decrease in the legislative function, until eventually, government will have become the great administrative heart of industry and commerce, the one great business institution of the nation. Legislation will become more and more unnecessary. Laws for the conduct of private life will remain, and the machinery by which they are enforced will last as long as there is need for them. But with better conditions and a lessened amount of crime, a wider sense of justice and fair play in private life, which must result from a just system of business and public relations, even these will grow less and less useful, so that in time we shall have a government and a business system subject to the one universal law of production according to cost, and wages according to the laws of competition. Here is the great guiding principle in conformity to which law and order and justice are possible in every branch of industry and in every phase of human activity.

Under capitalism we ask a company or corporation to carry on our business for us, to make our boots or to control our food supply, or to run our railways. We make no definite bargain with them but trust to such measures of legislation as we can devise to secure at least a tolerable service. We make it to their advantage to rob us, to cheat us and even to poison us.

We put a high premium on their dishonesty and then attempt to secure an honest deal by the appointment and maintenance of an army of inspectors, lawyers, detectives and officers of the law, supported by reams and reams of legislation. They fight us in the enactment of law and in its enforcement. They corrupt our legislators, our courts and our officers, yet when we propose to do away with private enterprise, to discontinue the system which is responsible for this corruption, up goes the cry of corruption. Governments are too corrupt to undertake the responsibility and management of industry, and we are asked how it will be possible to secure an honest administration of so large a volume of business when, with the limited work now done by our governments, there is an overwhelming amount of dishonesty and corruption.

XXVIII

TRANSITION

How is the transition from the present state of capitalistic production to that of socialistic production to be accomplished?

The answer to this is that it is being accomplished day by day, and that the process is one which has been going on with more or less regularity since the beginning of capitalism.

Herbert Spencer, the greatest philosopher of the nineteenth century, mistaken only in trying to cover too great a field of scientific research, and nowhere more greatly mistaken than in his interpretation of the progress of modern methods of government, deplored the fact that "the buying and working of telegraphs by the state is made a reason for urging that the state should buy and own railways, supplying children with food for their minds by public agency is being followed in some cases by supplying food for their bodies. . . . The numerous socialistic changes made by Act of Parliament joined with the numerous others presently to be made, will by and by be all merged in state socialism, swallowed in the vast wave which they have little by little raised."

Spencer's conclusions have been greatly strengthened by events which have transpired since the date of the essay from which I am quoting and to which with a seeming fatalism he has given the title, "The

Coming Slavery," because, as he argues, "All socialism involves slavery."

Had Spencer even then known of the progress of New Zealand, or could he have known the extent of that progress today, coupled with that made by Germany, Switzerland and even England, well might he have regarded the progress of state socialism as inevitable.

What more is necessary for the complete transformation of present-day society than a continuance of that progress by the very same methods, slowly, as in the past, if it is deemed expedient, or with greater rapidity when people come to understand the process of change and the results to be ultimately obtained.

This idea will not find support among socialists of the old school. Public ownership and state socialism are alike to them discountenanced, and will be until they find themselves in the seats of government confronted with the problems of transition and organization. Then and then only will they realize that there is no other way possible than just that which has been followed all along. Then and then only will they realize that there is but one practical way to regulate wages and that is through the working of the natural law of demand and supply, and that the wages system substantially as it is operative today among state-owned industries as well as others must be continued in order to maintain any semblance of justice and order in the matter of distribution. Then and then only will they realize that the one and only method of abolishing interest, rent and profits is not to earn them, and that the real and just price of every commodity is its actual labour cost.

Then and then only will they be compelled to adopt a logical and sensible programme of reform, such as they repudiate in the earlier stages of their success, but which, as their strength increases, becomes more and more a necessary part of their propaganda.

What course then shall we follow in the matter of transition, if not the orderly and peaceful course of purchase? Compensation no doubt will be made for every industry acquired. Compensation as has been elsewhere shown may be justified to the amount of the physical valuation of the property acquired. But even should compensation exceed this, there can be no great calamity following in consequence. Compensation no doubt there will be, and in the earlier stages compensation will be met with borrowed money from the banks. Government bonds will be created on which for some time we will be compelled to pay interest, but which eventually will be retired by the direct issue of money by the state.

Imagine a community in which productive industry had become fully nationalized through the issue of government bonds. Here we would have a co-operative society in which each, with the exception of bondholders, would live by the just and fair wages of labour, in which there would be the distinct line between the workers and the parasites. The bondholders enjoying the interest on their bonds would live at the expense of those who worked, and all because it had not occurred to anyone that government paper money was just as valuable as that issued by the banks and money-lenders.

Should such a state ever be reached the folly of our present system of money would be completely

demonstrated and, when once the hollow fraud of this part of our system is made known to the common people, its fate is sealed.

XXIX

CONCLUSION

Why have I called this the New Socialism? Is it not simply an application of the principles laid down years ago by the founders of the socialistic movement? To those who are acquainted with the literature of socialism no answer is necessary, yet a brief statement of the doctrines of the older socialism, contrasted with the philosophy of the new socialism, as sketched in this little book, may be of interest.

The old socialism sought to establish justice by means of a sudden revolution.

The new socialism clings to the theory of evolution.

The old socialism would raise wages.

The new socialism would reduce prices.

The old socialism would destroy competition among workmen, believing it to be the means whereby wages are kept down to the minimum.

The new socialism would preserve competition among workmen, believing it to be a most important and necessary factor to progress, and the only means by which a just and flexible graduation of wages can be secured.

The old socialism would utilize the profits now accruing to capitalists to raise wages.

The new socialism would eliminate profits by reducing prices of commodities to equal the exact labour cost.

The old socialism would have no part in the public ownership movement, believing that it means exploitation of workmen by the state, which is little better than exploitation by private owners.

The new socialism would support with all its strength the public ownership movement, believing that by such means the burdens of rent, interest and profits may be materially reduced, and that by so doing they are hastening the time when such extortions will entirely disappear.

The old socialism looked solely to revolution as a means of establishing a social state under which justice might prevail.

The new socialism would promote a series of peaceful and orderly reforms, believing that the revolution which will bring about the desired end is one which began when the first slave was set free and will continue until the last unearned dollar is paid into the hands of idle men.

Would you suppose, therefore, that the new socialism would be accepted as a step in advance of the old, that it would be hailed as a more rational solution of the all-important problem, and that the philosophy of the older leaders would be readily abandoned? Unfortunately this is not so. The cause of truth always suffers from the orthodoxy of belief which surrounds the teachings of men who have become leaders of men. Socialists should be the last of all persons to become so blinded by older doctrine as to be unable to accept new truths. Yet experience has taught me that among socialists there exists an orthodoxy of opinion quite as conservative and unchangeable as any to be found among non-socialists.

The aim of socialism is the establishment of a system of industry under which social justice may prevail. Might we not therefore expect that to the problem of finding such a state, there would be given the most serious and honest consideration? Yet, have we ever listened to a socialist's address in which this problem was given the slightest thought, and throughout the literature of socialism, may we not discover the same indifference to this most vital problem of its philosophy?

Socialists call for the complete nationalization of land and of the means of production. Yet towards the problem of organization and distribution they maintain an attitude quite incompatible with the spirit of progress which should characterize progressive and scientific thought. They offer no adequate or comprehensible scheme of their own, nor do they appear eager for the solution of problems which they plainly do not understand.

The reader may search in vain among the writings of the orthodox school of socialists for some serious treatment of these problems, yet, with the exception of one or two works, little known, the problem is carefully ignored, and most socialists are willing to rely on some vague notion that a socialist government will be able to find in a few moments the solution of problems to which during the whole period of its propaganda they have themselves been unable to find the answer. Robert Blatchford would have us delegate such difficulties to "a committee of the cleverest organizers," trusting to them to perfect a system in industry and distribution and to solve the all-important problem of social justice in the brief

period following a socialist victory, and indeed this seems to represent fairly the attitude of many socialists and socialist leaders towards the problem, which demands not merely to be honestly faced, but to be thoroughly understood, in order that our efforts toward the establishment of social justice may become effective and our triumph other than an empty victory ending in confusion and disappointment. Your proselyte of socialism may answer indifferently that the fates heed him but little. Time, you say, will find the answer. But time, without thought, is empty of result, and for you who would have us follow blindly until the day of your triumph, what answer is there in time save that which time has given to all such fruitless victories—the answer of despair. When the ten million socialists have grown to one hundred million and are then heralding the birth of a new order, how shall you face them? Before you and around you is the exultant multitude proclaiming, capitalism is at an end. All is confusion. Yet the world must go on, industry must be organized, the question must be answered, the problem must be solved. The millions who cheer themselves hoarse at your bidding must be housed and fed. Out of this chaos, you must bring order, out of this confusion you must bring peace. And what has time availed you? Time, empty of thought, has not answered the riddle. Blindly have the multitude followed you. Implicitly have they trusted your fine promises, until all is fulfilled, all is accomplished save the one question unanswered. And now the fates proclaim—answer, or perish.

But it is by no such sudden transition that the socialist hope is to be realized, and it is not for such

an emergency that we must prepare. What is of greater importance is that we should have a fair conception of the manner in which industry may be organized to ensure the desired end of justice and cooperation, in order that our efforts may be effective. Each step should be a step in the right direction, and each step in the right direction should be made with confidence and with the ultimate purpose in view, the realization of the socialist hope, a system of industry under which all men will cooperate in harmony and all shall receive a just compensation for work performed.

If, then, this little book has helped you to understand the great problem of human progress and emancipation, and if you can see in my solution the means by which this emancipation can be brought about, what sacrifice are you willing to make towards this end?

Before you and around you the great mass of your fellow creatures struggle hopelessly yet manfully with conditions which they do not understand and cannot overcome. It is true, only too true, that the system which enables a few to appropriate rent, interest and profit deprives others of life and liberty and makes their lot many times worse than that of the chattel slave of the eighteenth century. What this means in dollars alone, we might, were we able to add together the wealth which accumulates in rent, interest and profits, perhaps form some approximation. But what it means in human suffering and want, in anxiety of heart and anguish of soul, will never be known.

My purpose is to inspire hope, not despair. Such conditions cannot endure beyond the time when men

shall understand them. Will you then become an apostle of the **New Socialism**? Will you do your part to help men to an understanding of these problems which now so vaguely impress them, remembering always that what you are willing to do, without hope of reward, measures the true worth of your character and citizenship, and that they are greatest in our midst who humbly seek the truth and, finding it, fear not to speak it. No great reform has ever been accomplished without sacrifice, no cause has ever triumphed without the efforts of those who, without hope of reward for themselves, have been willing to serve, and in the midst of adversity have dared to speak the truth. Not with the hope of present gain do I ask your effort, but with the grander hope of a brighter tomorrow in which your children and your children's children may have peace and justice, do I urge you to go forward, satisfied only to gain for yourself the glory that comes of devotion to a noble cause.

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