

The Economics of Anarchy

A Study of the Industrial Type

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*“According to the etymology of the word, anarchy would mean absence of all government, of all political authority. *** Anarchy is nothing but self-government carried to its extremist limits, and the last step in the progress of human reason. *** Politics, as hitherto understood, would have no further raison d’être, and An-anarchy, that is to say, the disappearance of all political authority, would be the result of this transformation of human society in which all questions to be solved would have a purely economic character. Long ago J. B. Say advanced the opinion that the functions of the state should be reduced to the performance of police duties.⁽¹⁾ If so reduced there would be but one step needed to reach the An-anarchy of M. Proudhon – suppression of the police power.”* – Lalor’s Cyclopædia of Political Science

I have repeatedly been asked to write a brief summary of the aims sought by Anarchists which could be read and discussed in the various clubs that are studying economic questions. With this end in view the following pages are submitted, trusting that they may be a help to those who are earnestly seeking the rationale of the Labor Question.

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⁽¹⁾ Actually Say may have gone farther.

I. Introduction

All sociologists claim that progress has consisted in departure from compulsory to voluntary co-operation; from the reign of militant measures to what is termed the industrial type, wherein self-reliance and free co-operation directs; from the inequalities of privileged and restricted classes to the equality of equal freedom to natural opportunities; in short, to use the concise statement of Herbert Spencer, "from a regime of *status* to a regime of *contract*." In the social order militancy and industrialism, therefore, represent past and future types; the first wherein war is the normal direction of human activity; the other where peace must prevail for healthful development. Following this guiding principle let us endeavor to group the salient points of progress from militant rule to industrial requirements in order to see more clearly not only in what direction we are tending, but also what methods are *not* conducive to that end. Starting with the fact that social evolution is chiefly characterized by a transition from warlike to peaceful pursuits, that from generation to generation activity has been turning from conquest over fellowmen to conquest over nature for men, we see at once that methods characterizing an outgrown phase of life are inappropriate to the end toward which progress has been made.

Before, however, applying to all schemes for reform the crucial test: Do they belong to the militant or industrial type? let us obtain a clearer view of their differences. The one being fixity, the other its abrogation, between the two there can be no golden mean without sacrifice of progress, for compromise in principles is ever incipient suicide. With a clear conception of the historical evolution of society we may be spared the folly everywhere attempted by would-be reformers of mixing incongruous principles; such may be compared with those who would seek a happy medium between daylight and darkness in twilight. Having attained this, to the great delight of sentimental lovers and fledgling poets, they flatter themselves in having solved the eternal contradiction in a state of possessing none of the positive nor negative qualities of either, and which, consequently, can be but temporary in duration.

To state in briefest form the essential distinction between militancy and industrialism, it may be said that the one is a scheme of compulsory co-operation, the other the natural outgrowth of voluntary co-operation. If we look at those States where the militant spirit dominates most largely we find the organization essential to an army extended to the concerns of private life. The whole nation virtually becomes a camp under military discipline; industrial life is subordinated to regulation; the individual exists for the State and a regimental uniformity pervades all social relations. The individual is a subject and with his condition, his residence, his family, enregistered. Of ancient Peru we read that officers "minutely inspected the houses, to see that the man, as well as his wife, kept the household in perfect order, and preserved a due state of discipline among their children."⁽²⁾ Ancient Egypt furnishes ample evidence of a like regimentation of its inhabitants, who had to report at fixed intervals to account for the most trivial action. How fully

⁽²⁾ From *Royal Commentaries of the Incas* (1609) by El Inca Garcilaso de la Vega (c. 1539-1616; not to be confused with the earlier Spanish writer of the same name); Lum quotes from the 1871 translation by Clements Markham.

the every-day life of the Hebrews was regulated in the most petty manner the pentateuch illustrates. The iron laws of Sparta are not exceptional illustrations. In every State where activities are chiefly military, even now, we see a greater or lesser degree of enforced discipline; patriotism becomes the highest virtue and disloyalty the deepest crime; no domestic tie is valid against the Frankenstein of the State; the assertion of common rights is hardly known. The State dominates the unit, pervades the household, is present at birth, presides at marriages, buries the dead, and the mass of the population endure life for work, instead of working to enjoy life. In every sphere of social co-operation the motive power is compulsion, not naturally evolved, but artificially instituted. Herbert Spencer says, and it cannot be disputed: "It is the law of all organization that as it becomes complete it becomes rigid,"⁽³⁾ a remark of profound significance which is earnestly commended to the thoughtful attention of Socialist and semi-Socialist reformers who would institute liberty and still preserve plasticity!

Let us beware the militant assumption that man exists for the State, and trust to theoretical brakes to check the momentum of a body moving with increasing velocity. The social aggregate is not something over and above the units which constitute it. When these units are moral, are intelligent, are secure, only then is social life moral, intelligent and secure. The condition of the units is mirrored in the social reflector. To subordinate the parts to the whole is to destroy that individuality by which the social unity has been attained; to place in the whole that which resides in none of its parts; to make an effect a generative cause and bestow upon a shadow the qualities of a substance. An illustration will make this clearer. College classes frequently have composite photographs taken in which the features of each is superimposed upon the others. The result is a face representing the striking characteristics of all, but in which angularities of character are merged into one. Though the class face represents no living original, yet each has contributed to form it. So in social life individual peculiarities are merged into the composite social life, and the survival of the fittest determines what remains or sinks. In the class face the stronger the individuality the greater the effect upon the composite whole. As social life is but a composite representation of individual characteristics, how idle to hold that the unit is subordinate to the requirements of the composite reflection in which self has been an integral factor. Yet this is the logic of state-socialism and communism, for both rely upon direction from composite reflection, and directly violate the law of progress in seeking to establish a social structure upon uniformity rather than individuality, upon tendency to similarity rather than increasing variance of parts.

The whole course of modern history has been a perpetual struggle against direction in social relations. Motley calls the Fourteenth century an "Age of Revolt."⁽⁴⁾ Europe everywhere displayed social life under paternal guidance. The very clothes that a man must wear, hours of work and of repose, the time for which a mechanic should be retained, the number of sheep a tenant might keep, limitations upon travel, restrictions upon diet, the hierarchy of ranks, rules regulating social intercourse, the very thoughts one must think, – were all matters for legislative direction in Merrie England. In philosophy, religion, politics and industry law established the standard for belief and action. The crusades by changing vast bodies of men from the narrow boundaries which had heretofore confined their vision, by opening to them new scenes and civilizations, by emancipating multitudes of serfs, by introducing Eastern arts and luxuries; all of which may be

⁽³⁾ *Principles of Sociology* I.ii.10

⁽⁴⁾ Probably American historian John Lothrop Motley (1814-1877).

summed up in Sismondi's phrase: "the geography of the pilgrims;"⁽⁵⁾ and above all by sowing broadcast the seeds of disbelief; – led to an awakening of intellect that shook the old foundations of social life to their center. Jack Cade and Wickliffe in England, the Artaveldes in Holland, Marcel and the *Jacquerie* in France, the risings of the Swiss cantons, Rienzi at Rome, the Hanseatic League in Germany,⁽⁶⁾ and countless sporadic insurrections against authority in philosophy, in religion, in political and economic relations, all testify to the opening of a new era wherein individual sovereignty was posited against collective control. Industry felt the new breath and became arrayed against oppression. The communal struggles in France and the alliance of the Hanse Towns in Germany illustrated the new spirit wherein arms were only resorted to for defence against aggression, a contest wherein feudalism was wounded unto death and its history henceforth but the record of its dying struggles. The *renaissance* in thought and art, the Protestant revolution in religion, the English, American, and French revolutions in State policies, logically led to the extension of the assertion of the sovereignty of the individual to economic relations, a struggle which essentially characterizes the Nineteenth century. Every step forward has been at the expense of authority by increasing the area of voluntary actions; voluntary co-operation has invariably risen to supply needs as compulsory co-operation was removed. Authority has been shorn of its strength in philosophy and religion and Anarchy therein admitted to be in the line of progress; in the State its sphere has been continually narrowed by the growth of freedom to contract to achieve given ends. Nor have we yet reached the term of progress whatever may be the wishes of militant reactionists or the schemes of twilight reformers. The lines of progress have been so marred that we cannot doubt the ultimate result will be the extinction of all compulsory direction and the triumph of voluntary co-operation in every phase of social intercourse.

The theological age is of the past and we are yet in what may be termed the metaphysical age, in which names are taken for things.⁽⁷⁾ The industrial age has yet to come; we linger in the transition period in which old methods are laboriously hashed with the new and presented to twilight adorers as the Mecca of their hopes. Although we may already discern the dawn and hasten its progress by understanding the requirements of equal freedom, and hence equal rights, than which there are no other, it is still neither day nor night; happily however, a state of hazy twilight is unorganizable. The industrial type of social life, based on the law of equal freedom, demands the emancipation of the individual and establishes the desired synthetic harmony of individual and social forces by the removal of legislative interference. Out of this is naturally evolved free co-operation, for social interests being a permanent factor, it will be this seen to be best furthered; in other words, under individual freedom to contract self-interest will be seen to be identical with mutual interest. Only under equal freedom has individuality full scope, unchecked by restrictive interference and in joint concurrence of action where needed social and individual interests will be woven together in harmony, without the conflicts now incident upon their enforced separation. "Society" only then will become a social providence – not to dole out benefits to needs, and

⁽⁵⁾ Swiss historian and economist Jean Charles Léonard de Sismondi (1773-1842).

⁽⁶⁾ Jack Cade, leader of 1450 peasant rebellion; John Wycliffe, 14th-century Catholic dissident; Jacob van Artevelde and Philip van Artevelde, father and son, 14th-century Flemish nationalist leaders; Étienne Marcel, bourgeois leader involved in the 1358 French peasant rebellion known as the *Jacquerie*; rising of the Swiss cantons: a 14th-century confederacy that threw off Habsburg rule; Cola di Rienzi, 14th-century Italian revolutionary leader; Hanseatic League, Renaissance mercantile alliance of northern Europe.

⁽⁷⁾ A reference to Auguste Comte's (1798-1857) division of history into theological, metaphysical, and positive/industrial phases, though in his description of the details Lum seems closer to Spencer than to Comte.

thus encourage mediocrity by weakening initiative, but to store the fruits of application, of co-operative effort; and in securing under equal opportunities to each the full reward of all deeds, find wherein to satisfy all needs. Then, and only then, will self-interest find its highest realization in the widely diffused benefits of morality, intelligence, and security.

The history of nations shows us that enforced "law and order" has prevailed largest where there existed similarity of interests. The irruption of the barbarians into Europe destroyed the unity that Rome had so laboriously established by causing diversity of aims between conquering and conquered peoples. Such countries as England and France attained partial equilibrium long before Spain with its mixture of Basque, Celtic, Gothic, Moorish and Jewish subjects, and in whom both religion and natural traits kept alive diversity, which while the result of militancy became the cause of its continuance to preserve the conquerors amid warring factions. Where interests were so diametrically opposite and each seeking vantage ground, where the strong hand could alone preserve the semblance of order by the subordination of all individual interests to those of the State, peace – the condition of industrial progress – could not obtain. Fusion by conquest could not obliterate distinctive characteristics founded in race. Might could silence, but not eradicate them. Discontent might not find expression, but the embers were kept smouldering beneath the ashes.

In the present form of society we find diversity, but of classes rather than of races. While we have no State-created class of priests nor nobles, while all men are theoretically declared "equal before the law," we see unmistakeable evidence of radical diversity of interests leading to internecine strife, a diversity that manifests itself in countless ways provoking discord and struggle. This strife is no longer either religious or political in its nature; those issues are of the past, our records report no Praise-God-Barebones' parliaments nor constitution-maker Sieyès' conventions;⁽⁸⁾ those issues were long since threshed. The contest of the present is industrial, and it behooves every thoughtful person to seek out the causes and ponder over the character of the remedies so freely advertised for its cure. Progress requires diversity, but order can never result save as adapted to, not checking, progress. "Progress and Order," rather than "Law and Order," is the demand of the industrial type of civilization.⁽⁹⁾

Reliance upon militant measures, trying to curb industrial discontent by legislative coercion, is reactionary in character. However disguised in twilight mixtures it is the spirit of the old regime seeking to dominate the new; as vain as seeking to check an exhaustless flow of water by damming the stream. The remedy cannot lie in enactments, in the organization of systems, in return to simplicity of structure, for industrial civilization demands plasticity of forms which "the law of equal freedom" alone gives, while organization, on the other hand, ever tends to rigidity. As in the physiological realm hybridity ever characterizes unlike organisms, so in sociology no successful progeny has ever resulted from compulsory intermingling of diverse classes; but where, as in sociology, the diverse classes are such because of chartered privileges, involving correlative restrictions, abolition can alone prove remedial. The sacerdotal and noble classes were destroyed as ruling classes, but to-day they stand behind the burgher class animating it with

⁽⁸⁾ Barebone's Parliament, form taken by the British Parliament in 1653, between the dissolution of the Rump Parliament and the rise of Cromwell's Protectorate, taking its name from the involvement of religious dissenting leader Praise-God Barebones or Barebone or Barbon (c. 1598-1679); Emmanuel Joseph Sieyès (1748-1836), French revolutionary leader who served in the national legislature known as the Convention.

⁽⁹⁾ "Progress and Order" (or equally "Order and Progress") was a popular slogan among followers of Comte; see the Brazilian flag.

their inherited antagonism to plebeian interests. When Cæsar conquered Greece, he subjugated Olympus, and the gods now measure tape behind counters with Christian decorum. It is useless to seek to domesticate conquered classes for reproductive purposes; it is only in their extinction, the equalization of opportunities by which divers classes cease to exist, that relief can come. Privilege, though not symbolized by tiara and crown, still survives and is the soul of the prevailing economic system, a new incarnation of the ancient fetish. Hence the present contest.

Industrialism means the direction of human activities to conquest over nature, and only by the complete eradication of the militant theorem can the ideal ever become real. From compulsion, artificially induced, to voluntary co-operation, naturally evolved, the star of progress leads and no method of reform embodying any of the elements of the first will answer the end, for in so far as it does it contains the seeds which lead to fixity and choke plasticity. It is not by looking backward to regimentation, but forward to free contract, that the goal will be seen. Whether it be a Bismarck granting State pensions to aged workmen, France and England extending collective control over industrial activities, twilight schemes for instituting liberty by shifting tax burdens, or an appeal to a count of noses by which political alchemy will transform diffused ignorance into concrete wisdom, it is ever putting new wine into old bottles, an attempt to retard day by organizing morning twilight as a permanent condition for ever-varying needs. Voluntary co-operation needs no "direction"; self-interest alone will determine its rise and adaptation, for where the social demand is the supply then must follow. No matter how "advanced" a project may be vaunted to be, in so far as it incorporates militant direction, denies individual secession, forbids ignoring the State be it of what form it may, just so far is such project looking backward when tested by the law of progress, and consequently in disagreement with the requirements of the future. Free contract (once declared utopian in all relations) either is or is not the ideal of industrial civilization. If it is, there can be no permanent halting place between these antagonistic lines notwithstanding metaphysical doctors attempt it in Single Tax and Nationalism. Statecraft may dictate the straddling policy of Ensign Stebbins⁽¹⁰⁾ who announced that he was "in favor of prohibition, but agin' its enforcement"; or priestcraft direct attention from present ills by preaching resignation coupled with *post obit* drafts⁽¹¹⁾ on the Bank of New Jerusalem; but the social student should ever keep his gaze on the ideal end and with voice and pen only advocate such measures as will not only tend thitherward, but which will remove rather than preserve obstructions. Neither in plethoric nor emasculated tariffs, prohibition, inspection of factories, mines, ships, houses, bakeries, and markets; not in compulsory education nor vaccination, use of ballot prayer-mills, etc., lies the remedy. These, and countless others are but makeshifts to reconcile the new with the old, twilight propositions of those whose eyes do not perceive the beauties daylight alone can fully reveal. They are based on the retained superstition that State authority has no assignable limit, and demanding for it blind faith; it is a survival of past forms of thought, a diluted phase but lineal descendant of the old dogma that "the king can do no wrong", and involving the fiction of "divine right" in the maxim: "vox populi, vox dei"⁽¹²⁾ spread out to cover half the whole plus one! Power no more resides in a definite number than in one, and all alleged "reforms" based upon this superstition derive their weapons from the armories of militancy, from the Bismarckian right wing down to the collectivist left wing of Tax-shifters and Nationalists.

⁽¹⁰⁾ Pen name of American humorist Benjamin Drew (1812-1903).

⁽¹¹⁾ Bonds payable only upon the death of a third party, though here used metaphorically to mean payable only in the afterlife.

⁽¹²⁾ "The voice of the people [is] the voice of God."

II. Fundamental Principles

Carlyle aptly termed political economy the “Dismal Science,”⁽¹³⁾ but a great change has since been coming over its spirit. For reasons already partly outlined Economists themselves have come to recognize that the issue is purely economic and has no more right to be qualified by the adjective “political” than by the adjective “religious.” Consequently, the trend of evolutionary progress, the logic of events, has eliminated the qualifying prefix and the science of society must henceforth be considered in the light of abstract justice rather than in the interests of temporary State requirements. With the obliteration of the misleading qualification our task is much easier and Economics may be so simplified that, being merely a phase of equitable relations, the application of the law of equal freedom to industrial activities, it may be divested of all obscurity which was impossible when complicated with ever shifting political exigencies.

Social relations pertaining to the sphere of industry are independent of both political and religious requirements. In the sphere of philosophy and religion we admit “the right of private judgment”; in politics we have made great advance along the same path, but the advance but more clearly draws the line of its full recognition. Economics, in replacing political economy, has divorced political interests, ever temporary and fluctuating, from industrial aims. Religion, Politics, and Economics are three separate realms; their boundary lines never intersect. With the sphere of religion and politics, with their respective demands and obligations within the lines of voluntary agreement, the economist has no concern. Every man is free to accept a philosophic criterion or a theological creed according to the dictates of his own judgment or prejudice, or surrender his sovereignty over his own thought to the caprice of the crowd for real or supposed advantages; that is within his sovereignty over himself with which no one else has the right to interfere[.] So, similarly, you and I with others have equal right to voluntarily co-operate industrially to produce and exchange. We are aware that the State now prescribes certain rules for such relations, but if its lines should not intersect Economics, any regulations which curtail free contract, which grant privileges and create restrictions, are as unwarrantable an interference as religious intermeddling in the sphere of politics three centuries ago. Time adds nothing to a wrong – except accrued interest which, unfortunately, innocent inheritors have to pay. If our premises are correct, – and how can they be assailed? neither religious nor political claims can determine economic relations. As to how much would be left to politics does not concern us, if it can find a sphere within the lines of equal freedom without resorting to militant measures it may there remain undisturbed. If they do not harmonize with the lines evolution has established, either economic relations must be subordinated to the ever-changing requirements of religious necessities or political demands (in which case industrial evolution must be adjusted to past conditions), or the pretensions of such assertions of militancy must be denied and ignored. No

⁽¹³⁾ Scottish writer Thomas Carlyle (1795-1881), whose description of economics as “the dismal science” has often been thought (as probably here by Lum) to refer to its conservative aspects (e.g., Malthus’s alleged proof that improvements in the lot of the working class were unattainable), though in fact Carlyle meant to be condemning its liberal aspects (specifically its opposition to slavery).

advocate of twilight schemes can escape this dilemma, and if logical he should at once join his allies of the right wing, but on either horn the Anarchist asks his opponent to rest. But if, and this if covers the whole question, if we have entered upon an economic age, if neither religion nor politic can longer determine equity, nor compel certain relations otherwise than by the exercise of compulsion, they thereby declare themselves incompetent to settle living issues by progressive methods. With these deductions from admitted sociological premises, we will proceed to examine what further liberty a social regime of contract, or voluntary co-operation, yet lacks, or the removal of what restrictions the industrial type requires to introduce that equitable relations⁽¹⁴⁾ to which the silver cord running through historical evolution manifestly leads?

In this light Economics ceases to be a "Dismal Science." It is to be considered as the normal adjustment of industrial relations irrespective of the trammels which religion once, and politics now, interpose to frustrate by foreign and artificial agendas. It maybe briefly defined within five sections,¹ and in these are the fundamental principles of Economics. These are: 1. Land; 2. Labor; 3. Capital; 4. Exchange; 5. Insurance, or Security. Let us see if this is not the natural order and then, subsequently, if they are not all sufficient to produce equity in industrial activities without breaking with progress. That is, that Land is the source of all wealth, the basis of all that constitutes social progress. For without access to land labor would be inoperative, capital would not amass, exchange would not result, and civilization would not exist, for primitive societies feel no necessity for security. We may therefore unhesitatingly posit land as the first condition of social existence, the source from which arises civilization, that which in its use distinguishes our species from other animals, and raises us above them.

This granted, and it is undisputable, the second condition of life is the utilization of land, which involves the application of Labor. Land being the source of wealth, labor must be the means of its increase, or adding to what nature gratuitously supplies without cultivation. Labor applied to the soil by augmenting the natural yield of products increases the means of supporting life. If to the primitive man nature yields a living, to him who applies labor the soil yields an increased income, and hence diversity of wants. Experience taught man to gather seed and plant for future seed. He realized more by the application of labor than the virgin [sic] soil furnished unaided. As men aggregated into tribal organization, as the development of the Tribal Self brought co-operation for defence and compelled the recognition of certain social relations, this would augment. The necessity for provision would in time impose itself on those struggling for existence where the habitat was favorable and necessity urged. But land and labor conjoined, leading to larger returns, also yields more than man's temporary requirements exact. Beside what present need required, future need demanded seed for new crops. This supply saved over and above present needs for reproductive purposes, constituted – what?

Capital, undoubtedly. Every seed so saved, every product of labor retained from consumption for reproductive use was taken from wealth had for wealth applied to increase. Every increase being wealth, that portion used to further production gives us our third factor. As this is also self evident let us proceed and see what follows the accumulation of capital.

Labor applied to land having acquired possession of capital, and the supply for the application of labor being inexhaustible, production would increase just so far as demand existed. Only then

¹ I here gladly acknowledge my obligations to Victor Drury,⁽¹⁵⁾ whose classification I adopt and follow.

⁽¹⁴⁾ plural *sic*.

⁽¹⁵⁾ Victor Drury (1825-1918), French-born American anarchist active in the Knights of Labor.

could Exchange follow, which again would stimulate production by gratifying as well as creating new wants. If exertion applied to the soil can produce more than is immediately required, if man's productive power is greater than his consumptive capacity, it results that exchange heightens production. This also is self evident.

With access to the soil, with ability to utilize it, with product saved for reproductive use, and new wants brought out through exchange, what remains but Insurance against depredation or loss, or Security for the rewards of exertion, that is, the maintenance of equitable relations? Is there aught else, in equity, to add? Let us see what equity requires, what the industrial type demands, and wherein militancy still lurks to prevent its realization.

III. Free Land

Volumes have been written upon the land question and the end is not yet, for that there is a land question is now indubitable. The complacent assumptions of earlier Economists, who were simply satisfied with debating how much of the burden of taxation should fall upon land, as the *physiocrates* in France; or later writers whom Malthus' deductions called out, who hardly felt the need for justifying ownership in land as distinguished from chattels; as well as the labored defence of modern writers who have diligently sought for reasons; – have all been called into question. Throughout the whole century, from Godwin⁽¹⁶⁾ down to the correspondent of the village weekly, from the man of intellect struggling with logical propositions to the sentimental admirer of nationalism, voices have been raised against land ownership. But they were scarcely heard[,] so strongly entrenched was “the great political superstition” – that the State could do no wrong. Yet in the hold this question has now taken on public attention, the rapid growth of a conviction that monopolization of land is indefensible, the awakening of conscience to consider whether he is not a thief who deprives willing hands from idle land, we see new evidence of the ever increasing assertion of the industrial type to a hearing. And here at the outset we are brought to apply the plumb test of progress, the application of the sociological “law of equal freedom” to the use of land. We have seen from our premises that land is an essential prerequisite of social growth, aside from the fact that it forms the surface upon which life can alone exist. The question therefore becomes pertinent: By what manner of land tenure is social progress best subserved and equity secured? Equity would seem to give but one answer, however expediency trimmers may try to obscure it. No title deed can give more than possession, the equity remaining unsettled. If the question be asked whence the original grantor obtained the right to dispose at will of that which constitutes the primal source of wealth, no answer more rational can be given than the right of conquest. In other words compulsory might having obtained possession by enforced ejection or subjugation of its former inhabitants, the lapse of time has converted an original wrong into an accepted right, a process of militant reasoning which will not bear examination here.

Again, we are told that granting the original title to be defective in equity, still the fact of the original spoliators having been long dead, it would be equally inequitable to resort to new spoliation upon innocent inheritors. Waiving the point that under “the law of equal freedom” no writ of ejectment could be served upon the occupier and user, the objection is too specious for prolonged investigation, for it assumes that an indefinite lapse of time can condone a definite wrong; that the receiver of stolen goods is justified in retaining ill-gotten possession; that possession once acquired gives equitable warrant to deny use to land, a claim in which time is no factor; a denial of the equal right of the living because the dead have otherwise disposed of the soil; the claim that personal ownership may exist where no labor has been expended; that artificially created privilege is of greater force than natural necessities; that one generation may

⁽¹⁶⁾ William Godwin (1756-1836), English anarchist philosopher who advocated voluntary equality of property.

determine upon what terms a succeeding one may exist; that natural resources may be monopolized for the purpose of exaction; that equity is a creature of and subservient to custom; finally, it justifies human slavery wherever it may exist.

That no generation has the right to deprive the unborn of equal opportunities (not raising the question that an ever-changing generation is not a determinable quantity), resolves itself in final analysis that no one has a right to do so; and what no one possesses only metaphysical reasoning can find in two or more; a proposition which is commended to our single tax adjustors of other people's needs. That man's right to utilize the source of existence is a common one, can only be denied by those who hold to the metaphysical philosophy of the last century that rights are natural and conferred; but this involves a confusion in terms between common and special rights, the latter being privileges, the opposite of which are duties; while rights said to be inherent and inalienable is [sic] but the assertion of "the law of equal freedom" and their opposite necessarily are privileges. Consequently "rights" are evolved, not instituted, and the assertion of rights is negative rather than positive in character, being a protest against inequitable relations. Thus a "right to the soil" is but the equal freedom of all to utilize the means of life itself involving no "duties" but protesting against privileges, an assertion that at once denies encroachment by any combination of persons dead or living, and affirms it as a condition of existence of which the denial is tantamount to enslavement. Land ownership therefore involves a pre-emption lien upon the labor of others, and logically glosses poverty into a pre-ordained condition, making nature a steward for the privileged. That labor exists for land rather than land for labor; that custom, accident, or greed is of superior validity to natural requirements of existence; that the functions of life may be scheduled in a legislative "bill of rights" as a compass to attain liberty; – are all involved in any justification of either individual or collective ownership and control of use of vacant land, and this is contained in our system of land tenure.

But Economists, and however much they may strive to reject the qualifying prefix, "political", are almost always the sycophantic adulators of State authority, have been driven to the justification of land ownership that it alone guarantees adequate incentives to the application of labor and the gratification of social needs. But this also assumes too much; in that he whom the title deed declares owner is better qualified to determine social needs than one without such deed; that incentive to exertion is furthered by obstacles; that the owner thereby becomes the natural guardian of the non-owners; that his heirs-at-law inherit this prerogative; that artificial distinction[s] born of invasion of equal freedom are natural endowments; that ownership and inheritance work a social alchemy in character not attainable by the disinherited; that the main incentive to tilling the soil is to divide the profits of exertion with another; that personal and family requirements would be insufficient but for the benignant influence of rent; that social relations under equality of opportunities would tend to savagery; [sic] that equity is never "practical" till it has received the sanctifying blessing of inequity; that between the social efficacy of Rent and the saving grace of Jesus Christ the wheels of industry are kept free from rust and social blessings result here for the legally elect and eternal happiness hereafter to the drudges employed.

⁽¹⁷⁾ American economist Henry George (1839-1897), who though generally a free-market advocate regarded society as the legitimate owner of all land, and consequently favoured replacing all taxation with a single tax on land; American state-socialist writer Edward Bellamy (1850-1898); Lum's line "looking backward to Sparta and Peru" is a sarcastic reference to Bellamy's utopian 1888 novel *Looking Backward*.

But if individuals have no right, in equity, to usurp control over land other than lies in use, has society such right? Such is the assumption of the twilight reformers of the left wing of the authoritarian army who marshal under the borrowed standard of George, or are looking backward to Sparta and Peru with Bellamy.⁽¹⁷⁾ But this also assumes too much. It assumes that beyond equal rights there are social rights; that over and above the equal freedom of individuals there is a desired mythical liberty of the collectivity to secure; that the aggregation of individual personalities constituting society has a life of itself, thus involving the postulate of militancy – that man exists for the State; that in social life the whole is greater than the sum of its parts; that rights increase in some metaphysical manner and become incarnate in half the whole plus one; that industrial ends are best served by compulsory “direction;” that power possessed by no unit becomes regnant where three or more accidentally [sic] meet to cultivate land; that robbery in the individual case becomes a social virtue when committed by two upon one; that land ownership being a moral crime in “the great grandson of Captain Kidd”⁽¹⁸⁾ becomes a collective blessing when sanctified by taxation; that man’s capacity to intelligently co-operate with his fellows is limited, but the capacity to adjust differences and regulate equity by half the crowd plus one is unlimited, and that collective equity is thus obtainable; that economic rent is a natural factor and not the creature of artificial conditions; that collective ownership carries with it ability to use independent of monopoly over exchange. Our equal right to natural resources can no more be curtailed by a generation living than by one dead. It is neither the fact that of being living nor dead that decides the claim an usurpation, but the fact that it is *prima facie* an invasion of the law of equal freedom, which constitutes the industrial ideal, by justifying intermeddling interference to regulate it.

The argument of the collectivist is logically the same as that of the orthodox Economist that “direction” is necessary to civilization and commercial progress to preserve incentive and prevent idleness. Thus, insisted upon by all Economists, is thus tersely put by Roscher:⁽¹⁹⁾

“We so frequently hear rent called the result of the monopoly of land, and an undeserved tribute paid by the whole people to landowners, that it is high time we should call attention to the common advantage it is to all. There is evidently danger that, with the rapid growth of population, the mass of mankind should yield to the temptation of gradually confining themselves to the satisfaction of coarse, palpable wants; that all refined leisure, which makes life and the troubles that attend it worth enduring, and which is the indispensable foundation of all permanent progress and all higher activity, should be gradually surrendered. Here rent constitutes a species of reserve fund, which grows greater as these dangers impend by reason of the decline of wages and of the profits of capital, or interest. Besides, precisely in times when rent is high, the sale and divisibility of landed estates act as a beneficent reaction against the monopoly of land, which is always akin to the condition of things created by rent.

“But it is of immeasurably greater importance that high rents deter the people from abusing the soil in an anti-economic way; that they compel men to settle about the

⁽¹⁸⁾ A reference to an example in Henry George’s 1881 book *The Land Question*.

⁽¹⁹⁾ German economist Wilhelm Roscher (1817-1894), an important influence (perhaps surprisingly) on both the German Historical School and the French Liberal School. The passage quoted is from Joseph Lalor’s 1878 translation

centers of commerce, to improve the means of transportation, and under certain circumstances to engage in the work of colonization; while, otherwise, idleness would soon reconcile itself to the heaping together of large swarms of men. The anticipation of rent may render possible the construction of railroads, which enable the land to yield that very anticipated rent."

Let us briefly analyze this.

1. It starts out like the protectionists' plea for infant industries; it denies man's capacity for freedom and with the assumption that other men must guide them. As when "infant" industries mature protection is still claimed, so here, notwithstanding progress, infancy is still maintained.
2. It assumes that because progress has resulted under onerous restrictions, therefore it is because of these restrictions. Consequently, without the restrictions upon activity against which all progress has been a struggle, he would lose all incentive.
3. That equality of opportunities would substitute coarse and palpable wants only for the refined leisure of the few that now casts a reflected light upon the many condemned by it to enforced poverty.
4. That receiving rent may tend to "refined leisure" may be conceded, but to this wholesale want of faith in human nature, the readiness with which society not only adapts itself to greater freedom, but also extends refinement, wherein supply naturally follows demand, is an all-sufficient answer. This distrust has ever been the tyrant's plea and the slaveholder's excuse. It is flatly contradicted by the progress of the race which shows that every removal of a burden artificially imposed has given greater elasticity to the springs of activity, and roves that these springs lie in human nature and not in the adventitious props men in their ignorance have sought. The same argument would justify feudal tenure as well.
5. That great cities as centers of commerce are essential to social life is an unproved assumption, and leads to the inference that poverty, "which is always akin to the condition of things created by rent," must be preserved to justify artificial incentive.

The sovereignty of the individual, as the goal of all progressive advancement, recognizes no source of compulsion, whether incarnate in priest, king, or alleged collectivity. In use of land it sees but an essential requirement of existence, and the only possible equitable adjustment is upon the law of equal freedom where no title can be considered valid save that of occupancy and sue. The quantity of land is not yet restricted nor can we aver that it ever will be. The entire population of the globe could live well in Europe with far less density than now prevails in some of its localities.

With occupancy and use the sole tenure every square rod of unused land capable of use, would be thrown open on equal terms, and the much vaunted "law of natural rent" be quickly seen not to have the substance of "baseless fabric of a dream."⁽²⁰⁾ The "natural productiveness of best soil," which so alarms our twilight adjustors of social relations as needing a collective curb, never remains the same after use begins. Its yield determines no "natural rent," for the claim ignores the value of labor, experience, manures, etc., to, at first appearance, less inviting land. The question of what would constitute "use" would not cause half the difficulty it now does to inventors of ready-

of Roscher's 1854 *Principles of Political Economy*.

⁽²⁰⁾ A frequent misquotation from Shakespeare's *Tempest* IV.1.151-57, eliding "the baseless fabric of this vision" with "we are such stuff as dreams are made on" a few lines later.

made objections, for as co-operation could always guarantee security, what would be regarded as use would quickly settle itself.

Therefore, we conclude that an essential requirement of the industrial type of society is free land; that is, freedom of access to utilize unused land, and that its frustration in whatever form clothed is born of the militant regime, reactionary, and detrimental to progress and order.

IV. Free Labor

If land were free it by no means follows that labor must needs be so likewise. The restrictions upon the exercise of our activities does not solely depend upon the monopolization of the soil; however onerous may be the toll rent, its abolition would not emancipate labor. That labor should be free is “a glittering generality” everywhere acknowledged, though why it is not is the cause of much discussion. That free access to all vacant land would open multifarious channels for labor is a self evident proposition, but such cannot be said of its ability to use such opportunity. It is estimated that one half of the area of New York City is held unused, kept vacant for a speculative increase in price, and as an inevitable result it is a city of contrasted splendor and squalor, luxurious palaces and filth-reeking tenement blocks, where wealth, ostentation, and dissipation but set off in darker relief its accompanying shade of vice, crime, and misery. That access of land would tend to empty the tenement houses of the ambitious and reduce rents for those remaining; that it would cause the utilization of the vacant space for cleaner and more healthful dwellings need not be questioned. Even those destitute of all available means would be benefitted in the lowering of rents and in the general desire to secure tenants, which would alike arise in possessors of the new and the old buildings. Again, its immediate effect upon wages would be felt, for with such opportunities opening before him the wants of the toiler would expand, and increased wages ever follow a higher standard of living. The standard of wages is *not* the lowest subsistence line, socialistic deductions from Ricardo’s sophism to the contrary notwithstanding, but the standard of comfort and decency,⁽²¹⁾ and this is never determined by the poorest paid labor, but by the struggles of the better paid whose standard of comfort and decency is higher as their wants are more numerous, and who by their combinations and struggles drag up the inert mass to a higher level than they would unaided attain.

But in this transitional industrial age the freedom of labor demands other requirements than possession of soil. John Bright once said:⁽²²⁾

“In the City of Glasgow 41,000 families out of 100,000 families live in houses having only one room. In Scotland nearly one-third of the whole people dwell in houses of only one room.”

That these families would reap in many cases direct benefit, and in every case indirect advantage from free access to vacant land is conceded, but what proportion would choose to avail

⁽²¹⁾ English economist David Ricardo (1772-1823) had argued in his 1817 *Principles of Political Economy and Taxation* that there was a natural tendency for wages to approach the cost of production of labour, which he held to be the bare cost of keeping the labourer alive and able and willing to work; however, he also held a) that wages may be kept above this natural rate indefinitely in an improving economy, and that b) willingness to work depends in any case on cultural factors (including prevailing standards of comfort and decency). Dropping these qualifications, Ferdinand Lassalle (1825-1864) and other socialist thinkers developed Ricardo’s theory into an Iron Law of Wages according to which wages are doomed to stand forever at bare physical subsistence so long as the wage system survives.

⁽²²⁾ Classical liberal English statesman John Bright (1811-1889), free-trade and anti-imperialist activist; the quota-

themselves of the opportunity is unknown. Occupancy and use are not the same, to move on and occupy is simple, to use opportunity granted is often more difficult. Even though all land within the vicinity of their daily avocations was not utilized, the ability to turn farmer or to build would not be operative to a large number. How many artisans offered a plot of ground for immediate use could avail themselves of the opportunity? At cheaper rents they would continue on at the routine work which their lives have been devoted to acquire. The thrifty and enterprising alone would push off to avail themselves of new opportunities, but the thriftless, the spiritless, those in whom the springs of activity have been destroyed by the drudgery of factory life would cling around the factory walls. To thousands possessing even natural abilities the means to use opportunity would be lacking, there would still hover over them some impalpable obstacle to complete emancipation, inability to secure the means for building, or incapacity, for opportunity does not always work a change from injudiciousness to ability; or even when increased earnings afforded means their withdrawal would but still further intensify the distinction between the fortunate and the unfortunate, between the independent land occupier and the dependent factory drudge.

It is folly to imagine all toilers leaving the mill to become independent on an acre more or less of land. The demand for products would be augmented by increased wants, and this in turn would tend to heighten wages, but the factory system would remain essentially the same, hours of labor would not necessarily be shortened, the wage-system would still dominate to curb the spirit of the toiler until in time he must either submit or emigrate. As a farmer he would be a failure. Granting all that can be said of the indirect benefits of lower rents and higher wages, still labor would not be free as long as other causes existed by which ability to use did not equal opportunity to possess land. Even with rent largely reduced, the incubus of interest would still press heavily upon labor, for upon its shoulders all burdens are eventually shifted; and interest, so zealously defended by Henry George, would remain even under the freedom of land "limited" of his school. Following interest there is its sequence – profits left undisturbed. If the standard of comfort generally recognized as necessary and decent for poor workers determines the point below which wages will not fall, the higher standard of comfort required for "wages for superintendence" and the profit monger[s] in boulevard mansions will still prevent wages for drudgery from reaping aught at the expense of profits. Then taxation remains to defend the claims of privilege, to secure undisturbed the standard of comfort of profit mongers and protect the speculative value of property created but not owned by the drudges. Even if taxation were of the single-tax species, where increasing social desire for "public baths, museums, gardens, lecture rooms, music and dancing halls, theatres, universities, technical schools, shooting galleries, play grounds, gymnasiums, etc." to say nothing of "roads lined with fruit trees", and the "thousand ways" public ends could be subserved by "direction", it would increase appraisement and certainly would not lessen the supply the public cow could be milked to yield.⁽²³⁾

Free labor will never be attained under any instituted system wherein what George calls "direction" guides and administers for it; neither can it possibly result under Nationalism wherein compulsory enlistment is relied upon to secure supply for demand to clean sewers and domestic service, subject to draft when this proves unavailing. Labor free to use free land can only result when all restrictions upon industrial activity shall have been swept away, when it can obtain full

tion is from Bright's Glasgow University installation speech in March 1883.

⁽²³⁾ Whatever source Lum is quoting (presumably by Henry George) is evidently to be found reprinted in the 1901 *Sunset Club*.

reward for exertion without meeting enforced toll from any other source whatever, where wages for toiling for another equal wages in working for self. Destroying one head of the Cerberus Privilege,⁽²⁴⁾ which constitutes our present industrial system, gives no security that the remaining mouths of the once triple-headed beast will not consume as much as ever, and bite as hard and devour as well as before.

It is this ability that labor requires, with less emancipation will not be fulfilled. Let us look farther and see some of the restrictions which would still remain to remove before labor would be indeed free and be able to apply itself untrammeled to production.

⁽²⁴⁾ In Greek mythology Cerberus was the three-headed dog who guarded the entrance to the underworld.

V. Free Capital

Imaginative sketches of men suddenly thrown upon an island where production has to be started anew, where co-operation is forced upon them by the self evident fact that no one possesses greater right than his fellow, can not be applied to existing society where differences have arisen and become established as "rights" to be acknowledged. Such illustrations, however, show that in the absence of all artificial privilege voluntary co-operation becomes a social necessity and is fully adequate for all demands; and which in the abolition of privilege here and now would be equally as operative and as imperative a necessity as in the island illustration. The specious argument that on such an island if one man said: "Give me the land and you may have the capital," need not deter us, for it is a gratuitous assumption that a community beginning with equal rights and feeling the urgent need of co-operation would thus commit social shipwreck. Nor is it true that out of, for instance, one hundred persons, the ninety-nine with the capital would voluntarily become the tenants of the one without adequate object, nor that the impossible claim could be enforced. Necessity would prove the higher law.

We have established the importance of free land as our first condition. We have also seen that land and labor conjoined leads to the production of capital. The industrial type demanding equitable relations in the realization of its ideal, no privilege can be artificially bestowed upon capital by which he who has it can command an economic advantage over him who lacks it. True, he who has it may keep it for his own ends, as he may the water in his well from thirsty applicants, but in neither case could he derive any advantage. In preventing increase of wealth he would be but robbing himself primarily. Land and labor giving rise to capital, under equitable conditions without chartered privileges, its possession could entail no exploitation.

Capital being an imperative need, and land and muscle being free to combine, why should not co-operation bring supply as well as the demand for insurance produces its supply? Why is government necessary in the one case and unnecessary in the other? Are the requisite conditions more difficult in the former than in the latter? In any community, whether a group of one industry or of mixed occupations, mutuality of interests would lead to mutual arrangements by which capital could not only be utilized but obtainable. But how? Would it be contributed to a common stock for common needs? By no means; that would not only weaken individual responsibility, destroy incentive by making needs rather than deeds the condition of life and necessarily leaving each to determine his own needs, thus tending to the encouragement of mediocrity, violating the law of progress by seeking similarity or simplicity of structure to greater differentiation of parts and functions,⁽²⁵⁾ but it is as useless a contrivance as it is detrimental. More, it contains, if instituted, the fatal virus of the militant type, the organization of a system to follow rules to which development must conform. Under communistic distribution the survival of the unfittest becomes a regulative rather than voluntary consideration and plasticity is changed to rigidity.

⁽²⁵⁾ A standard Spencerian concern, taking the line of progress to run toward greater differentiation. By "to greater differentiation" Lum presumably means "in preference to greater differentiation."

Far better for such unfortunate beings would it be to be left to the better promptings of nature for whom equality of opportunity secured more than needs required. Centralization, whether despotic as that of the czar, diffused as under representative government, the central direction of twilight-reformers, or the sentimental regulations of communistic system builders, are all alike tainted with militancy and do not conform to the requirements of the industrial type. "Direction" lies not in the path whither industrial evolution tends. In the language of Herbert Spencer:

"With the relative narrow range of public organizations, there goes, in the industrial type, a relative wide range of private organizations. The spheres left vacant by the one are filled by the other."⁽²⁶⁾

Liberty, therefore, leaves full scope to all generous hearted persons to mitigate suffering far more effectually than regulating interference could ever accomplish. How private organizations will secure full supply of capital we will see shortly.

Activity applied is ever personal, individual; muscles may co-operate and freedom would suggest a "thousand ways," not for revenue expenditures, however, but in which co-operation would be of incalculable [*sic*] greater benefit than parcellaire labor;⁽²⁷⁾ but common muscles have not yet been evolved whatever claims may be made for products muscles create. Equity demands that whatever one produces is private property, as pertaining to what is *proper* to him. Where two or a thousand co-operate in the production of wealth, not only wealth *as had* for consumption and distribution, but that portion reserved *for use*, or capital, should be equally theirs who produce it. Faith may firmly believe that it will be in this or that way, but when this or that way is *instituted* danger lurks in the path. Metaphysical reasoning concerning "social claims" by which the producers of one article are confounded with those of another, which claims for shoemakers a social claim either upon those of another factory, or upon the products of the tailors' and hatters' skill, is as unwarranted as it is absurd. I have my own "faith" in results, but in the application of fundamental economic principles there is no place for their presentation. When contract as the fundamental principle of social relations is recognized as applying to the product – capital, the distribution to each of the respective share due is a question of detail which will easily regulate itself without authoritarian direction. It is no more difficult for persons to agree to co-operate to produce than it is to agree to a given distribution of the results of their industry. Social benefit, that is, increased personal reward for each, prompting the first, would be equally operative in the second.

Nor can we say that upon ownership of land lies the trouble. When land lay idle all around us within easy reach of him who desired to occupy it, the poor artisan whose skill was the result of his whole life's application, and which constituted his entire industrial capital, was as effectually debarred from it to follow his special calling as to day. If a piece of ground be now offered to any one hundred shoemakers who will erect a co-operative factory upon it, what would the shoemakers first ask? Evidently, the amount of means necessary to secure the requisite plant. Even under free vacant land such means would not lie within the reach of all, for the possessors of capital, by establishing "bonanza farms," would be enabled to both monopolize and use land to far better advantage. The wage and factory system would remain because of something impalpable

⁽²⁶⁾ The quotation is from Spencer's 1876 *Principles of Sociology* V.18 §570.

⁽²⁷⁾ This phrase often means "piecework," but in the present context seems to mean labour done on one's own without cooperation.

lying behind capital and endowing it with privileged power. It being an economic truism that labor cannot become free while its product is artificially made its master, the true solution of industrial emancipation will be found in the liberation of capital, by which it becomes the tool rather than the master of our activities. Is rent always its cause? With opportunity to occupy site would the requisite plant for co-operative industry on a scale sufficiently large to compete at production be as easily within the reach of labor? Yet the emancipation of labor includes this, nor is its realization an utopian dream; for to assert the contrary is to deny progress, to maintain that the industrial type is a chimera, that militancy is the true social order, that every step which the world deems a progressive advance has been reactionary. Logically carried out it lands us in the most extreme ultramontanism and political Cæsarism. Between these and the fullest application of the law of equal freedom, there is no logical halting ground.

Once grant the postulate that equity demands for the industrial type of social life not only free land but free labor, and you will have to admit that whatever results from the application of labor pertains to the reward of labor. If it be said that the interests of the whole body require that there shall be certain inequitable conditions governing distribution, or in other words that the methods of industrial activities must be artificially regulated, that the requirements of all are more easily met by endowing capital with legal privilege to exploit labor in order to increase, it may be said in reply that the assumption is not only an unproven one, but that it directly traverses the foundation principle of the industrial type – the law of equal freedom. That but for the driving whip of profits, that under the form of voluntary contract in which free competition brought cost as the *mean* of price, incentive would be wanting, is as unwarranted in logical deduction as it is in historical evolution. Capital is indeed the true Savior of man, but its saving grace is not heightened [*sic*] by restrictive bonds; as a spring to production it does not depend upon the gratification of man's lower propensities; and we may well conceive a world in which, though shorn of special privilege to make it the means of economic subjection, free capital in the hands of free labor would tunnel mountains, bridge rivers, convert arid wastes into blooming gardens, as well as to alleviate sorrow and suffering in so far as lay in its power, and give such impetus to human thought that released from the chain and ball drag of drudgery, it would plume its wings for grander accomplishments to gratify higher aspirations and broader sentiments than in its present crippled form man has ever conceived. And here we are logically brought to the consideration of exchange.

VI. Free Exchange

We all accept the definition of capital as being that portion resulting from the application of labor used for reproduction. But it becomes necessary to define more clearly “the relations between capital and labor” under the absence of privilege. It needs no further argument to show that all differences in their relations have arisen from unjust prerogatives assumed or usurped by capital over its creator, labor, and that with the removal of these restrictions upon labor, in other words the denial of privilege to capital, capital and labor would cease to be antagonistic forces in production, leading to poverty from inequitable distribution. That, in fact, capital being the result of past labor, under the freedom to which industrialism aspires, is but the tool or instrument of present labor, in which its real productiveness consists in the creation of wealth instead of its exploitation. Therefore, in equitable economics capital becomes the handmaid of labor, follows and seeks after it, and exists only as applied by labor to further production in the exploitation of nature.

Under the heading we have now reached we will see more clearly the nature of the antagonism, or “strained relations”, which evidently do exist between capital and labor. That our present financial legislation is marked by inequality, that by our laws the right to issue free money, “emit bills of credit”, is denied, that voluntary organization of mutual credit by associative action to perform administrative functions is prevented by the artificial system now enjoying protection, to use a Gallicism, goes without saying.⁽²⁸⁾ The fact is beyond dispute; the reasons given for its maintenance are to facilitate exchange and to guarantee security, and that it is far superior to the methods it has supplanted. Following the application of our crucial test we are debarred from appealing to authority to institute some other enforced scheme, unless liberty proves deceptive and unavailing; and the industrial type rests confidently upon the assertion of J. S. Mill that “the only unfailing and permanent source of improvement is liberty.” Consequently, we cannot accept any of the various phases of greenbackism,⁽²⁹⁾ which not only deny the equal right of all men to the use of their own wealth to facilitate exchange, but which also rests⁽³⁰⁾ upon the assumption that public welfare is best subserved by arbitrary restriction of individual liberty and that financial wisdom is only attainable by a poll of general ignorance; that society like children at a table, must have their supply regulated by paternalism, but lacking guidance we select other children to play pater familias! The money-lender stands intrenched behind the banking privilege with charted rights to sell to necessity the use of credit founded upon debt! The remedy here, as in that other monopoly – human slavery, does not lie in attempting legislative injection of morality or sentiment into an inequitable system, but in the death of the moribund system itself, and this necessarily must proceed along rather than contrary to the lines of evolution. Under the power of increase given to money by its monopoly the borrowers is ever dependent upon and

⁽²⁸⁾ The English phrase “to go without saying” derives from the French *aller sans dire*, although *aller de soi*, “to go of itself,” may be the more common French idiom.

⁽²⁹⁾ Lum had had an acrimonious falling-out with the Greenback Party ten years earlier.

⁽³⁰⁾ Change of antecedent *sic*.

under subjection to the lender; the privilege accorded on the one side necessarily carries with it a corresponding restriction on the other to avail one's self of natural resources. The case is not one where a great benefit is obviously conferred which could not otherwise be obtained, but one where a militant method is suggested by selfishness and enforced by denying scope to any other. By granting liberty to contract mutually our much vaunted financial system would die of inanition.

Nor can it be longer objected that the growing interrelations of social needs have led to a specie basis currency to facilitate exchange and thus escape the fatal limitations of direct barter, for the use of coin is barter: it is the interchange of one commodity for another. True, it is a vast improvement, but by conferring upon gold and silver a legal value it has virtually enhanced their intrinsic value. And as its legal-tender value makes it alone available, or its representative, in the payment of debt, the dealer in this absolute necessity for the purpose of exchange is enabled to impose a tax upon credit. Further, the monopoly of the medium of exchange by government is the power to use debt instead of solvency as an instrument of credit to facilitate exchange, and through and by this monopoly empowered to prevent exchanges until privileged exactions are first met. That is, for the boon for using these evidences of debt as a medium of exchange instead of my own solvent credit based on both personal character and acquired wealth, I must pay a bonus for the alleged accommodation so graciously conferred! Making it through force of special privilege a marketable commodity before it can serve me, and justifying it as less barbarous than past militant schemes. It therefore follows than on its market rate will depend its quantity, and here the interests of monopoly exact that its per capita distribution shall be limited to the lowest point consistent with the enormous superstructure of speculative credit raised upon it, that capital may turn over with greater rapidity and increase the desired gain from its use. Yet this anomalous state of affairs is defended by our from day-to-day⁽³¹⁾ economists under pretext of sustaining "the standard of value" while admitting that value itself is an indeterminable factor. A foot, a pound, a gallon, a minute, are determinable measures because they possess both the property and quality of what they measure, but gold and silver are not, for being commodities themselves they vary in intrinsic value; but when gold does appreciate in value, as has often been the case, being the standard of value for unlike things, the degree of appreciation is marked in a fluctuating quantity of articles thus measured. Hence, value remains uncertain and variable; to use S. P. Andrews' pithy phrase, it is "uncertainty X fluctuation = price." In all ages the precious metals have been in great demand for purposes of ornamentation and luxury, and a large percentage of our coinage goes directly from the mint to the crucible, though still theoretically in circulation; and it is this demand that is still continually converting coin into plate, jewelry, etc., that increases its value. Its speculative value is determined not only by this demand, but by the monopoly of the remaining percentage as the basis for credit. Coin is wealth itself, it has value as a product of labor; currency based upon it depends upon confidence in its redeemability. But its chief characteristic is that it represents wealth, can be converted into other wealth. But in making it and its representative the sole legal tender in exchange, it crowds out all other wealth which might as well facilitate exchange with equal security and without interest. Consequently, the necessity for sustaining a fluctuating "standard of value" is not only equivalent to an assumed necessity for sustaining the monopoly over credit, but also prevents the real value from being determined by the cost of labor expended.

⁽³¹⁾ Presumably there should also be a hyphen between "from" and the first "day."

A solvent, whether issued by a banker, a farmer, or a mechanic, under freedom to the exchange of credit needs no artificial guarantee, for protection to all is equivalent to protection to none. It would receive credit to the extent of the wealth known to be pledged behind it for redemption, and no less scrutiny would be used than now in determining its solvency. We only look for redemption when distrust arises, so redemption would only be sought when the producers pledged were of greater benefit than the utility of their credit representative. Such notes could have as full credit in a voluntary association – the Patrons of Industry for instance⁽³²⁾ – as those now issued by a bank. Further, such use of credit could not lead to a panic, for it would not be in inverse proportion to its security, nor create a speculative demand to possess the wealth pledged for the purpose of hoarding, for under free competition, which free exchange implies, houses, machinery, or other products retained from use would be as valueless as water “hoarded” in a well in a wet season. In the present system the basis is both fluctuating and inadequate; in the other it would tend to stability and be unaffected by fears.

A specie basis, besides arousing doubts as to the solvency of its representative, during speculative reactions, by the necessity of meeting the exactions of interest and desire for profits, creates a speculative credit where what is pledged bears but an infinitesimal proportion to the exchanges effected, and carrying with it as a fatal consequence the fact that any degree of prosperity invariably incites to larger operations, based upon this swollen credit, until the limit of confidence is passed and caution again leads to doubt and doubt to panic. The stability of the basis bears no relation to the enormous superstructure credit has sought to raise upon it, and thousands fall yearly in the struggle. On the contrary, voluntary co-operation under free exchange organizing credit upon a mutual basis, wherein all labor products not quickly perishable would constitute the basis pledged, the only inflation that could result would be that of wealth, as will be seen hereafter when considering details.

Opportunity for credit being open to labor under free competition, its cost, like insurance, would speedily determine current rates. What might result opens a very broad field, but one not legitimately included within the scope of the application of our fundamental principles. Why it has not resulted we may readily see to be the continued survival of the militant superstition that men need governmental “direction” in matters where self-interest alone might seem competent to guide without resorting to either barbaric or twilight schemes of repression. How such organization could be introduced and command confidence we have yet to consider. To those who still believe that in the political pool the government leopard may be cleansed of its spots I commend these words of Jeremy Bentham:⁽³³⁾

“What a government ought to do is a mysterious and searching question, which those may answer who know what to means; but what other men ought to do is a question of no mystery at all. The word ought, if it means anything, must have reference to some kind of interest or motives ; and what interest a government has in doing right, when it happens to be interested in doing wrong, is a question for the schoolman. The fact appears to be, that ought is not predicable of governments. The question is not why governments are not bound to do this or that, but why other

⁽³²⁾ An agrarian association friendly to the urban labour movement, formed in Michigan in 1889; a similar movement of the same name was formed in Ontario the following year.

⁽³³⁾ The passage that follows is drawn from the article “‘Greatest Happiness’ Principle” (*Westminster Review XI*, no 21 (July 1829), which is apparently but not explicitly by Bentham; see Macaulay’s discussion.

men should let them if they can help it. The point is not to determine why the lion should not eat sheep, but why men should not eat their own mutton of they can."

To which we may add the words of a far clearer and broader thinker, Auberon Herbert:⁽³⁴⁾

"Has any race of men ever fairly tried even the humblest experiment of freedom and found it fail?

"Have not the human faculties grown in every field just as freedom has been given to them?

"Have men ever clung to protection and restraint and officialism without entangling themselves deeper and deeper into evils from which there was no outlet?"

⁽³⁴⁾ The quotation which follows is from Herbert's "A Politican in Sight of Haven."

VII. Mutual Credit

After this review of the inequalities and striking injustice of the money monopoly, and that free banking in social evolution logically follows from the lines of least resistance under wider freedom, we will proceed to inquire in what manner the organization of personal credit would serve a social function and further the realization of the industrial type. For only as liberty fails to meet the requirements of progress will this or that authoritarian regulating scheme of credit and exchange receive justification. Can free competition be introduced into domestic exchanges and the conditions of production? or must the application of free trade be confined to the manufactured product and distribution? In other words, can the medium of exchange be republicanized without injury to any, or destroying all relations of value? The Anarchist unhesitatingly answers in the affirmative, and in opposition to land nationalizers asserts that in the restrictions placed around exchange lies [*sic*] obstacles to industrial progress more far-reaching and of deeper importance than even monopoly of land.

To individual credit the objection will arise that it would be limited in scope, from the very nature of the notes, to local needs, or would be more worthless at a distance than the old state-bank notes. But any argument on social relations under absence of compulsory regulation carries with it the recognition of associative action where needed. Spencer is unquestionably right in concluding that “as in the militant type the demand for corporate action is intrinsic, such dead for corporate action as continues in the industrial type is mainly extrinsic – is called for by those aggressive traits of human nature which chronic warfare has fostered, and may gradually diminish as, under enduring peaceful life, these decrease.”⁽³⁵⁾ But while it remains true that the industrial type will develop the highest individuality and in a large measure substitute individual initiative and responsibility for corporate combinations, still a large field will be left in which co-operation without sacrifice of individuality will be in strict harmony with industrial ideals. What men have done under trammels they will be none the less able to do in the absence of interference. When the interest of all are [*sic*] led to co-operate where individual initiative is deemed insufficient (a condition more liable to decrease than to increase), rather than made to combine, demand will produce supply. We have evidence of this on every hand in vast national organizations, voluntarily uniting to carry out or achieve some common purpose. Among the many which could be named the farmers alone furnish us with an illustration wherein economic ends are sought in reducing the role of the middle man to a minimum. Why can they not extend the principle to the organization of mutual credit among themselves and thus eliminate both interest and profits and realize progress without poverty?⁽³⁶⁾ Insurance not being a governmental function, association naturally arises for that purpose, and as the taxation is direct and voluntarily met, and free competition tends to bring it down to the mean of cost, the end is reached easier and cheaper than giving it into the hands of the State where these limitations on expense would

⁽³⁵⁾ *Principles of Sociology* V.xviii.563.

⁽³⁶⁾ Probably a reference to the title of Henry George's 1879 *Progress and Poverty*.

not exist. Will the farmers grasp the idea and realize it? Their organizations may afford both indemnity and security for life, for wealth earned, for various enterprises involving risk and great expense, but a common medium of exchange is tabooed! It is not impossible to conceive of the development of the industrial type to that degree where a man may be a member of as many "States" simultaneously as the several functions they discharge attract him.

But liberty, the equality of opportunities involved in emancipation, need not be solely dependent on such associations as now exist to work out a natural and effective method. Existing social mechanism need not fail altogether simply because deprived of certain privileges now conferred. The first question to arise in the mind of the banker on finding money monopoly removed would naturally be: "How can I best adapt myself to the changed conditions?" However onerous may be the burdens entailed by the banking system, still it is indisputable that the banker does exercise a social function. The necessity of a bank to extend credit and that of its privileges are widely distinct propositions. Nor would it be to mutual interests upon the removal of the privileges he had heretofore enjoyed that his ability to still discharge indispensable social functions should be ignored. Nor would this need follow. Liberty cannot imply restriction nor election, but self-election by ability and fitness to perform. Thus, under equal opportunities the field would be open to him.

There would be as urgent need for method as under authority, and the same test, fitness, would far more readily determine a man's success than now for such functions. Administration is never invented *de novo* and the methods now in vogue adapted to the changed conditions would answer all the purposes of the social environment. The incorporation, however, of such functions in the program of one of our great associative bodies, like the Patrons of Industry, is feasible, and, and their numbers being sufficiently large to cover the various industries, exchange could be readily effected and their mutual acceptance of bills of exchange, the central executive board acting as a clearing house, both eliminate interest and profits and give an impetus to production by heightening consumptive capacity.

Economic readers will remember where Amasa Walker⁽³⁷⁾ describes the method by which foreign exchanges are effected without the disbursement of money save to pay balance; and that this logically resulted from the absence of international authoritative interference. Extension of distribution ever tends as commerce becomes more developed to simplification of methods and to individual responsibility, as far as governmental non-interference permits. Let us see how the same mutual arrangements might be effected in domestic transactions. Col. William B. Greene,⁽³⁸⁾ in his little work on "Mutual Banking" has given such a method, based upon Proudhon's more elaborate "Organization of Credit" in explanation of the "People's Bank of Exchange." To Proudhon must be ascribed the merit of first generalizing the bill of exchange to relieve commerce from the monopoly legislation had fastened upon it. In Col. Greene's sketch we have the following plan for a mutual bank:

- "1. Any person, by pledging actual property to the bank, may become a member of the Mutual Banking Company.

⁽³⁷⁾ Either American economist Amasa Walker (1799-1875) or his son Francis Amasa Walker (1840-1897).

⁽³⁸⁾ American anarchist and currency reformer William Batchelder Greene (1819-1878).

"2. Any member may borrow the paper money of the bank, on his own note running to maturity (without indorsement), to an amount not to exceed one-half of the value of the property by himself pledged.

"3. Each member binds himself, on admission, to receive in all payments, from whomsoever it may be, and at par, the paper of the mutual bank.

"4. The rate of interest at which said money shall be loaned shall be determined by, and shall, if possible just meet and cover the bare expenses of the institution. As for interest in the common acceptation of the word, its rate shall be at the Mutual Bank precisely 0.

"5. No money shall be loaned to any persons who are not members of the company; that is, no money shall be loaned, except on a pledge of actual property.

"6. Any member on paying his debts to the bank, may have his property released from all obligations to the bank, or to the holders of the bank's money, as such.

"7. As for the bank, it shall never redeem any of its notes in specie; nor shall it ever receive specie in payments, or the bills of specie paying banks except at a discount of one-half of one per cent.

"Ships and houses that are insured, machinery, in short, anything that may be sold under the hammer, may be made a basis for the issue of mutual money. Mutual banking opens the way to no monopoly, for it simply elevates every species of property to the rank which has hitherto been exclusively occupied by gold and silver."

This is a plan for voluntary co-operation of individuals in a community, who, by a pledge of the result of past labor, receive therefor bills in the form of divisible receipts to augment the result of present labor, which among all members serve as a medium of exchange. By the continuance of the clearing house, by social needs rendered a functional necessity, these bills would be interchanged and redeemable only in merchandise and services. Currency, or domestic bills of exchange, in being redeemable in the product of labor would establish labor as the standard and measure of value, and as redemption would be cancellation the desire could not give rise to a panic.

But the "practical man," caring nothing for equitable principles, may here charge that this may be a very fine millennial dream, but impracticable here and now. Let us see. Leaving for the moment abstract principles let us attempt a concrete application.

The last resort of the Illinois Bureau of Labor Statistics gives tables of mortgage indebtedness calculated to awaken serious thought. The question of most practical importance to all mortgages is how their indebtedness can best be liquidated, and at the same time their capital for productive purposes increased. By dint of parsimony many a farmer has been enabled to extricate himself from the slough of debt, but even then his ability to capitalize wealth for new ventures remained "the substance of things hoped for."⁽³⁹⁾ Parsimony never increases wealth. Ability to possess land,

⁽³⁹⁾ Hebrews 11:1.

the source of all production, no matter under what kind of tenure it is held, will only increase the wealth of the producer as ability to *use* is joined with possession.

Man's productive power is practically unlimited, but great and serious checks exist upon his consumptive capacity. To increase this is to highten [*sic*] demand, raise the standard of comfort, and with this ability to capitalize wealth, and hence, an indefinite increase of productive power. Productive power is only limited by demand, and whatever limits this necessarily contracts production and fetters the producers. Mortgage indebtedness is such a fetter or clog upon the farmer, inasmuch as it not only diverts a large portion of wealth in distribution, but also acts directly in limiting production to consumptive capacity based on enforced parsimony. These are incontrovertible economic facts irrespective of all financial systems, and the query arises, is there not in mutual banking an escape from these conditions without resorting to the questionable process of trusting a politician in power to keep the promises he made to attain it?

First, let us see what the conditions are as shown in the Bureau report. Taking only the mortgages on lands, of one acre or more, and eliminating those on lots and chattels, we find that there are recorded 99,777 mortgages, amounting to \$147,320,054, and covering 8,082,794 acres. This is subdivided in loans and deferred payments; the former showing absolute need for money, the latter possession of money to invest and a legitimate expectation of more. For loans the indebtedness covers 7,050,799 acres, while those for deferred payments are only 1,031,995 acres. Compared to the whole acreage the percentage of acres mortgaged is 23.38; the average present incumbrance per acre on lands actually mortgaged \$18.23. Compared with the census aggregate of value of farm lands in 1880, this is equivalent to 14.1 per cent. The tables also show that from 1870 to 1880 the increase in mortgages was over 21 per cent, while from 1880 to 1887 it was over 23 per cent.

If we consider chattel mortgages, the incumbrance of life stock, farm implements, growing and garnered crops, embrace nearly 45 per cent of the entire amount.

These tables show both increasing indebtedness, and a wider diffusion to population. The disease arising from legislative action, and all attempts at political remedy having proven unavailing, it by no means follows that other agencies cannot furnish the remedy. In fact, there is a deep and wide spread conviction that the evil being an economic one, remedy does not lie in political treatment. Happily, the signs of the times indicate that remedial virtue has passed from government, and is to be found in association; not in political compulsion, but in voluntary co-operation. The possibility of organization among agricultural producers is no longer questionable. Various organizations all over the land show that the farmers are learning the power of organization, and the possibility of attaining results heretofore scouted by those economists who regard the relation of demand and supply, within the restrictions of privileged legislation, as one of "unalterable law."

The need of exchange in our complicated social organism demands method and administrative direction, but the assumption of authoritative regulation, in which is involved the denial of competition, is as unwarranted in exchange as it would be if claimed for insurance. How then can farmers' organizations not merely pool their credit, which we already see done, but also organize their credit so as to capitalize wealth at minimum cost, thereby giving a spring to productive industry, which would both free them from the incubus of indebtedness, and increase demand for supply? Whether the organization be called Patrons, Alliance, Wheel, or Grange, it lies in the power of each and all to mutually organize credit. One of these organizations now number [*sic*] over 100,000 members in a single State, Michigan, and are reported to be increasing over 1,200 per month.

The Executive Committee of the State organization can direct the organization of credit on the mutual plan I have outlined by issuing divisible receipts for ample security pledged. Under their direct administration, acting through each subordinate local, the members can agree to mutually receive and interchange these mutual tokens of credit, or bills of exchange. For instance, any member having labor product saved in the nature of buildings, machinery, or non-perishable products, by offering these as security for advanced capital would receive in return divisible receipts for the sum desired, in which cost would regulate price or expense. These bills of exchange being amply secured, and being received at par by all fellow members, would among themselves afford a medium of exchange from which interest (and its sequence, profits) would be eliminated. With such bills of exchange "republicanized," they would interchange from hand to hand.

In thus capitalizing his wealth earned the farmer could give a greater impetus to production, and when he desired to effect redemption by exchange of products, redemption would be cancellation. To deny this is to deny the productive power of capital. Every divisible receipt being amply secured by wealth pledged, and redemption being cancellation proceeding from capital advanced by such organization of mutual credit the only inflation that could ensue would be that of wealth; and the only one probably desiring redemption would be the one who contracted the loan, when the capital advanced had produced sufficient surplus wealth to enable him to seek its liquidation.

This plan, it will be seen, preserves the full individual liberty of the member seeking credit upon what may be determined to be sufficient security, and is but an extension of the industrial idea of equal freedom, and voluntary co-operation, to the functional necessity for rendering exchange free and equitable, and thus giving production an indefinite impulse never yet obtainable. One such organization, having thus shown the social advantage of such friendly interchange of fully secured credit, in abolishing both interest and profits, cost would necessarily become the mean of price. Other organizations would quickly follow the example. The State or National board at first acting as a clearing house for adjustment of balances between their own locals could easily extend the scope of administration to a mutual understanding with kindred or any other organization.

But will the government not tax it out of existence in the interest of bond-holding lords? The question is secondary to its economic equity and an organization extending to every county in a State, and offering such inducements to all honest toilers, would at once be in a position to meet such an attempted invasion of equal rights by politicians as to not render the result doubtful. The path to the capitalization of all wealth lies before the farmer here and now, and the adoption of such a course is in no wise tainted with the socialistic paternalism of George's or Bellamy's schemes of authoritarian direction. Is this utopian when applied to exchange, and sound business when daily exercised in countless other relations not under governmental direction?

Here I might pause, but for sake of greater clearness let us listen to the master. Proudhon says:

"Is this a paper currency?

"I answer unhesitatingly, no: it is neither paper money, nor money of paper; it is neither government checks, nor even bank bills; it is not of the nature of any thing that has been hitherto invented to make up for the scarcity of specie. It is the bill of exchange generalized.

"The essence of the bill of exchange is constituted, 1. by its being drawn from one place on another; 2. by its representing a real value equal to the sum it expresses; 3. by the promise or obligation on the part of the drawee to pay it when it falls due.

"In three words, that which constitutes the bill of exchange is exchange, provision, acceptance.

"As to the date of issue, or of falling due; as to the designation of the places, persons, objects, – these are particular circumstances which do not relate to the essence of the title, but which serve merely to give it a determinate, personal, and local actuality.

"Now, what is the bank paper I propose to create?

"It is the bill of exchange stripped of the circumstantial qualities of date, place, person, object, term of maturity, and reduced to its essential qualities – exchange, acceptance, provision.

"It is, to explain myself still more clearly, the bill of exchange, payable at sight and forever, drawn from every place in France, upon every other place in France, formed by 100,000 drawers, guaranteed by 100,000 indorsers, accepted by 100,000 subscribers.

"I say, therefore, that such a title unites every condition of solidity and security, and that it is susceptible of no depreciation.

"It is eminently solid, since, on one side it represents the ordinary, local, personal, actual paper of exchange, determined in its object, and representing a real value, a service rendered, merchandise delivered, or whose delivery is guaranteed and certain; while, on the other side, it is guaranteed by the contract, *in solido*, of 100,000 exchangers, who, by their mass, their independence, and at the same time by the unity and connection of their operation offer millions of millions of probability of payment against one of non-payment. Gold is a thousand times less sure.

"In fact, if in the ordinary conditions of commerce we may say that a bill of exchange made by a known merchant offers two chances of payment against one of non-payment, the same bill of exchange if it is indorsed by another known merchant will offer four chances of payment against one. If it is indorsed by three, four or a greater number of merchants equally well known, there will be eight, sixteen, thirty-two, etc. to wager against one that three, four, five, etc. known merchants will not pay at the same time,⁽⁴⁰⁾ since the favorable chances increase in geometrical proportion with the number of indorsers. What, then, ought to be the certainty of a bill of exchange made by 100,000 well-known subscribers who are all of them interested to promote its circulation?

"I add that this title is susceptible of no depreciation. The reason for this is, first, in the perfect validity of a mass of 100,000 signers. But there exists another reason, more

⁽⁴⁰⁾ This makes no sense, and is an error for "will not go bankrupt at the same time" in the original.

direct, and, if possible, more reassuring: it is that the issues of the new paper can never be exaggerated like those of ordinary bank bills, treasury notes, paper money, assignats, etc.; for the issues take place against good commercial paper only, and in the regular necessarily limited and proportionate process of discounting.

“In the combination I propose, the paper, (at once sign of credit and instrument of circulation) grows out of the best business paper, which itself represents products delivered, and by no means merchandise unsold: This paper, I affirm, can never be refused in payment, since it is submitted⁽⁴¹⁾ beforehand by the mass of producers.

“This paper offers so much the more security and convenience, inasmuch as it may be tried on a small scale, and with as few persons as you see fit, and that without the least violence, without the least peril.

“Suppose the Bank of Exchange to start at first on a basis of 1,000 subscribers instead of 100,000: the amount of paper it would issue would be in proportion to the business of these 1,000 subscribers, and negotiable only among themselves. Afterwards, according as other persons should adhere to the bank, the proportion of bills would be as 5,000, 10,000, 50,000, etc.; and their circulation would grow with the number of subscribers, as a money peculiar to them. Then when the whole of France should have adhered to the statutes of the new bank, the issue of paper would be equal, at every instant, to the totality of circulating values.”⁽⁴²⁾

⁽⁴¹⁾ Should be “since it is subscribed.”

⁽⁴²⁾ From Proudhon’s *Organisation of Credit and Circulation* (1848).

VIII. Emancipation of Credit

Having shown that the voluntary organization of mutual credit is fully practicable; that the medium of exchange would thus be shorn of the difficulties which prevent labor from freely capitalizing products; that the various “banks” thus organized, private or associative, to exercise social functions, by a system of mutual clearance would indefinitely extend credit; that all the difficulties now so easy to conjecture would be solved as they were respectively recognized : - we may now proceed to claim for it the following beneficent results:

1. LABOR THE STANDARD OF VALUE. In demonetizing gold and silver, thus depriving them of the royalty they now exercise among commodities, it would destroy their use as standards of value and leave labor expended, the cost of production, the regulator of value. Value being determined by the proportional relation between products, this relation would no longer be sought in a fluctuating standard but measured by the extent and degree of labor expended and thus establish equity in exchange. Nor need there be a conventional standard agreed upon, for free competition would itself lead to equitable relations by and through experience and equality of opportunities, establishing a just rate measured by the intensity and skill of the exertion and degree of repugnance overcome. The agreement being voluntary, every banking company would find their own interest enhanced through competition in finding and acting upon what might be called this natural value. Prices, like everything else following the line of least resistance, in the absence of artificial conduits would naturally flow into equitable relation with cost of labor, thus giving to exertion its full reward. Inflation of credit could not be greater than the increase of surplus wealth deemed acceptable as security, and no such increase of circulating medium, therefore, could affect prices disastrously, or otherwise, below the standard of labor value, for it would measure it as the thermometer does heat. Nor could contraction raise prices, for in currency as in everything else under freedom supply would follow demand.

2. CESSATION OF INTEREST. It would remove the cause for usury without destroying incentive to production. In taking from capital its ill-gotten usufruct of labor the impetus to the production of wealth, in which all classes would be equally benefited and with no artificial limit to its scope and development, would remain because individual initiative would have greater freedom and fuller opportunities. But under our present boasted “incentives” we find individuality narcotized by divorcing capital from labor, accompanied with exhibitions of paternal care. And this would naturally result without calling in authority to accomplish what it, from its very essence, has always been averse to entertain – liberty. The necessity for exertion remaining, opportunity open to gratify wants and means to capitalize wealth, or even day's labor, together with increased leisure and the more perfect development of individual aptitudes, is sufficient ground for the firm conviction that the extension of freedom into economic relations would not cause mankind to deteriorate into barbarism as our economic apologists for militancy affect to believe. To thus except Economics from the universally beneficent effect of greater freedom is to impugn evolution itself.

All wealth would in a just sense be available as capital when desired; and freedom prevailing no more could receive acceptance as security than would guarantee such. Every portion of this wealth converted by credit to reproductive purpose would be employed without exploiting one of those who give to products their real value, for labor and capital would be united, the reverse sides of the same exertion.

3. EMANCIPATION OF LABOR. The industrial type of social life could then realize its ideal, wherein plasticity excludes rigidity and order be founded on progress; than [sic] only would industrial emancipation become a fact. The producer would no longer be repressed by the fluctuating demand of a speculative market, nor beguiled by twilight schemes of occupancy of land without access to means for use, but be benefited by every new appliance which tended to reduce the exhaustiveness of toil. The opportunities for labor would increase as its wealth-producing qualities became more equitably shared, and ability to increase it receive no damper from fear that the fruits of exertion would be swallowed up by some device of privilege. In the incentive given to production emulation would be incited, ambition aroused, higher desires created and every element of individuality called into healthful exercise rather than repressed. Economics would no longer assert with Roscher that

“The condition of workmen can be continued good or materially improved only on condition that their number increase less rapidly than the capital destined for its wages.”

Nor follow it with the remark:

“Much especially depends upon their foresight and self-control as regards bringing children into the world. Without this latter virtue even the favorable circumstances would be soon trifled away!”

On the contrary, the toiler instead of remaining a hireling in the industrial forces, would not only have every manly faculty aroused, but every opportunity given through increased demand and fuller reward to rise to independence. While free land has been posited as the first element, because land is the source of all wealth, it is now evident that access to vacant land alone would not emancipate labor. As in the realm of biology the higher we rise in the scale of being the more complex functions become, so in Economics we find social functions much more complex in exchange than in land tenure. Waiving discussion whether abolition should precede from the simple to the complex to facilitate normal growth, it may be easily shown, if not already seen, that the monopoly of exchange involving the whole domain of distribution has a much more depressing influence upon the realization of the industrial type than land monopoly. Monopoly of credit carries with it privileged capital, extortion of interest, the struggle for profits, the greater part of the necessity for taxation and the prime cause for labor exploitation. With abolition of privilege here the desire to monopolize land would be curtailed. Bonanza estates are valueless to their holders save as restriction of access to capital drives needy labor to sell itself thereon. Even if emancipation here had no reflex action upon land holding, inability now possessed by capital to exploit would render land held for other than useful purposes a most undesirable investment. The difference is as great as between broad daylight and hazy twilight.

Social wealth and prosperity would then be attained, and by the only way it ever can be, by the wealth and prosperity of the individuals who together constitute society. The “Dismal Science”

would no longer compute averages to show that in the prosperity of some an average well-being results, but in the incentive given to exertion, in the ever-widening circle of wants that freedom can alone call forth, betake itself to computations on the possibilities of a civilization founded on "the greatest good to" ALL, instead of being the philosophy of speculation upon human misfortune and misery, and the art of expounding existing temporary relations as natural laws.

Finally, in the words of Col. Greene:

"The existing bank reproduces the aristocratic organizations; it has its Spartan element of privileged stockholders, its Laconian element of obsequious speculators, etc., on the outside a multitude of Helots who are excluded from its advantages. Answer us, reader: If we were able at this time to bring forward the existing banking system as a new thing, and should recommend its adoption, would you not laugh in our face and characterize our proposition ridiculous? Yet the existing system has an actual and practical being in spite of all its imperfections; nay, more, it is the ruling element of the present civilization of the Christian world; it has substituted itself, or is now substituting itself, in the place of monarchies and nobilities. Who is the noble of the present day, if not a man who lends on interest? Who is the emperor if not Rothschild? Now, if the present system of banking is capable of existence, how much more capable of actual existence is the system of mutual banking? Mutual banking combines all the good elements of the method now in operation, and is capable of securing a thousand benefits which the present method cannot compass, and is, moreover, free from its disadvantages! "

IX. Industrial Economics

Before entering upon the application of our fundamental principles to our fifth division, insurance, or security, I desire to group certain deductions, both critical and constructive, that we may better see the paramount importance of freedom in industrial economics.

1. DIVISION OF LABOR is an outgrowth of social progress, essential to the augmentation of wealth, the evils incidental to it being the result of extraneous causes; and Economists, in speaking of limitations and disadvantages of this social law, have shown their incompetence to clearly analyze the essential factors of the industrial problem. It is not in division, but in the subordination of division to privilege that the Economists make the error of ascribing disadvantages to a law evolved in social growth. The element of freedom lacking in exchange, division consequently falls under the control of prerogative, hence the limitations and disadvantages of which Economists learnedly prate.

2. MACHINERY socializes where division isolates. Machinery is to the industrial toiler what the musket is to the militant supporter, a tool by which their respective lines of activity are rendered effective. In the cheapening of products, in the annihilation of time by the telegraph and of space by the railway, and the countless facilities to comfort with which we are surrounded, we see the social results of machinery. Economists never weary of dwelling on the benefits of labor saved by the use of machinery, but gloss over the actual fact that a rapid increase of mechanical appliances tends to render the artisan a superfluous quantity and a marketless tool. Under natural relations whatever tends to lessen the exhaustiveness of toil and cheapen products, should also redound to the direct, no less than the indirect, benefit of the individual laborer. Here, again, we find freedom lacking in distribution and are forced to look elsewhere for the source of the restrictions to ascertain whether they arise from natural causes or artificial interference.

3. MONOPOLY has been fostered under the delusive pretext of protecting industry by hedging in a portion of human activity at the expense of the rest; and at the same time, as zealously protecting the very restrictions of which labor complains. The opposite school, having a partial view of the truth that the law of supply and demand can only have full course under liberty, and that all interference but hampers their natural adaptation to each other, still believed that they were contending under that standard while limiting their demands for freedom of trade to the manufactured product, an error which even Herbert Spencer has not escaped. In asserting theoretical liberty for labor and capital, they are blind to the fact that labor was handicapped, inasmuch as the capital employed was the offspring of monopoly. Thus their freedom only enters in after monopolized production has thrown the product on the market, and is never conceived as entering into relations prior to production. Consequently, in the present "strained relations between capital and labor" we find the "freedom of contract" a meaningless phrase, and professed apostles of liberty, like Amasa Walker, delivering themselves as follows:

"In relation to capital and labor, there must be a just proportion of each to the most efficient production, – sufficient labor for the capital, and capital for the labor: so

there must be sufficient enterprise, business talent and tact to use both; and the several parties must be left to act voluntarily; under the instincts of human nature and the laws of value.”⁽⁴³⁾

Whether legalization of the lower instincts and the speculative laws now dominant tend to the higher evolution of free action, our apostle of liberty sayeth not.

4. COMPETITION is the exact opposite, not parent of monopoly. Freedom is essential to true competition, and wherever restriction exists on one side, it implies privilege on the other, and in so far competition ceases: monopoly rather than competition now exists. In the abrogation of privilege competition becomes not only free, but acts, as the governor on an engine, self-regulative and bringing cost as the mean of price. “Our friends, the enemy,” the Socialists, in flying into a passion at the mention of competition but thereby betray their own logical adherence to the militant camp, for liberty includes and implies freedom to compete.

But that cannot in justice be called a competitive system where wages are constantly depressed as with an iron hand as a definite residual dividend; and the divorce between labor and capital justified as calling in an “indispensable” go-between whose earnings, or profits, “constitute a special or fourth branch of the national income, co-ordinate with rent, wages, and interest on capital” – and hailed as an extension of freedom.⁽⁴⁴⁾

5. THE REAL PROBLEM is a far deeper one than enters into the arguments of the advocates of protection and restriction, or of a post-production liberty. It is the same as has for centuries past underlain all struggles in social progress and which, looking back over the centuries, we find recorded as ever won for the sovereignty of the individual, the widening of the sphere of personal initiative, the conflict between militant authority and personal liberty. The renaissance of mind from scholastic tyranny; the revolt of Luther and his followers against mental dictation; the temporary compromise in religious toleration; the insurrection against kingcraft leading in its triumph to the toleration of political opinions; – have now logically led to an insurrection against economic subjection to the privileges usurped and hotly defended by capital in its alliance with labor, and calling from thinkers of all schools – even from economic Hessian allies – the prediction that unless an equitable adjustment be found, civilization must again go through the parturition pangs of revolutionary strife and bloodshed. By one or other of these antagonistic principles must every proposed solution be tested, and reposing confidently on the historical development of progress, wherein even the man of genius is but “the secretary of his age,”⁽⁴⁵⁾ we assert that no answer can be given to the eternal conflict that is not based upon full freedom to human activity : for freedom destroys strife by removing its cause – denial of freedom.

With these deductions for our guide we began the search for economic laws based upon justice, enlightened by wisdom, supported by truth, in which alone industry can find its goal in equitable co-operation. Taking these, therefore, as the basis of industrial economics, rather than laws describing modes of action under inequitable conditions, we have been led to demand for labor:

6. FREE LAND, that labor in its struggle shall not forever find the source of production the ward of monopoly, and thus left upon as unequal a footing to compete in production as existed

(43) *Science of Wealth* (1866), ch. 5.

(44) Another quotation from Roscher.

(45) “The great thinker is the secretary of his age”: from English philosopher George Henry Lewes (1817-1878), *Problems of Life and Mind* (1874).

between the slave and his master. That as land is the source of production its real, or natural, value lies in its use, not what it will bring where privilege exists to give it a fictitious value. One of the effects of this would be the elimination of rent as a necessary prelude to occupancy, or a factor in the distribution of the shares of production. That under freedom of access to vacant land, and the spring it would give to production, labor would determine a juster proportionality of values between products, wherein alone real value exists.

We see in nationalization of land but a recurrence to militancy in its methods, and its application beset with many fatal compromises. Mr. George utterly mistakes the problem in asserting:

“This thing is absolutely certain: Private property in land blocks the way of advancing civilization. The two cannot long co-exist.”⁽⁴⁶⁾

To one who accepts authority, rather than liberty, as a guiding principle, the conclusion may be natural; but to one who endeavors to square his principles by the test of liberty, whether land be called private property or not, after it has ceased to be a factor in economic exploitation, is immaterial. Liberty cannot deny the calling of one's possession of anything his own. It is in the power given by legalization to hold for speculative purposes, not particular possession for occupancy, that the danger to civilization lies. We also submit that making it “common property” involves invasion of individual freedom to use, for it can be neither so made nor so maintained except by militant methods, whether under George's or Most's attempted organization of liberty.⁽⁴⁷⁾

Further, Mr. George's scheme does not solve the problem, for it leaves capital still armed with power to exploit, which his scheme ignores, and which would still leave capital a preferred bidder for land even under single tax “direction.” Edmund About⁽⁴⁸⁾ says that on January 1, 1851, it was estimated that there were in France 7,846,000 owners of real estate, out of 36,000 population, a proportion of about 1 to 4%. Yet he adds:

“Out of these 7,846,000 property owners, 8,000,000 were considered paupers, or so nearly so as to be excused on that ground from personal taxation. It was estimated that there were 600,000 whose tax on principal did not exceed one cent per annum. Those calculations were in 1851. The division of the soil has since gone still further.”

Here was an extraordinary extension of the right and opportunity to the possession of soil which did not carry with it opportunity to full use.

7. FREE we have seen would break the monopoly now possessed by currency, the instrument of exchange, and also could open full use of the possession of land. To day the small retail dealer cannot compete with the merchant prince in the purchase of goods, any more than the mechanic who buys his coal by the bushel enters into competition with one who buys his year's supply by the cargo. Has the workman equal freedom to compete with the employer of labor? Can “hands” enter the market on equal term with the wealthy contractor? But why not? Because behind the capitalist, as we now find him, privilege lends support which transforms the result of honest industry into a hideous Moloch standing with outstretched arms to receive as sacrificial victims the toilers who have made that capital possible. The legalized power given to money determines

⁽⁴⁶⁾ *The Land Question* (1881), ch. 16.

⁽⁴⁷⁾ Bavarian-American anarcho-communist Johann Most (1846-1906).

⁽⁴⁸⁾ French novelist Edmond François Valentin About (1828-1885).

the difference; it makes it more than the mere instrument of exchange; it becomes an implement of exploitation, having a fictitious value and culling from industry to increase by payment for use. Thus claiming that "yesterday's labor" is more than wealth acquired, and through interest entitled to prerogatives not granted to today's labor, but even taken from it. We thus see that it is not capital *per se* that liberty assails, but the artificial power it usurps; that under equal freedom, where no privilege exists to entail exploitation, it is as harmless as we have seen private property would be. Capital itself is man's best friend, the true social savior that opens the march of progress and that has transformed society from warlike to peaceful pursuits. But under the crucifying hands of legalization, where prerogative mocks at penury, its mission is thwarted and it becomes a ravenous beast. As Satan is said to have once been an angel of light, so, in the denial of equal freedom to the capitalization of the fruits of labor, capital has become a demon of hell, and beyond the power of redemption by single-tax sanctification.

8. MUTUAL BANKING we have seen would open the door for relief. In the absence of artificial restraint upon individual activity, that every one in possession of returns for labor applied, indorsed by business capacity or not, whether individually or by association, could command credit to the extent of their honestly acquired wealth, or confidence in their pledge of labor force, and use their own labor as a basis for increased production. Whether production would then be individualistic or associative – on which point the author has strong convictions – would not in the least alter the case. Freedom to normal growth secured, its natural course is a detail which would regulate itself. The fact remains that under release from compulsory rent, and cessation of usury, energy and capacity would be more assiduously cultivated and command greater confidence than a State certificate for honesty, and thereby create an ample medium for exchange based on labor products. To doubt it is to assert that capacity and energy, together with inventive talent, can only germinate where exhaustive mental or manual labor most exist, and where rest and recreation are least known.

Credit would be a matter of confidence in both security and character, and character would be as essential an element then as shrewdness and cunning are now. "Business" emancipated from inequitable conditions would continue as uninterruptedly as under the present system of a mortgage security on the source of production where labor toils for another's benefit, and the benumbing effect of a Frankenstein-State no longer repress individuality nor inspire the superstitious with awe.

X. Insurance (Security)

Wherein lies security in the absence of statute law? What assurance is there that with full opportunity for labor to exploit nature in order to receive full reward, it can enjoy it in peace and unmolested? That such questions have arisen in every previous twilight period of progressive evolution is no answer where new needs and fresh requirements are involved. Let us, then, follow out our application to this renewed doubt of freedom in industrial relations. And in this connection, the scope of this work not permitting replies to all objections which may be urged by militant defenders, we will consider the problem of social assurance under the following heads:

1. Incentive; 2. transportation; 3. unskilled labor; 4. personal security.

1. INCENTIVE. We have seen that land, as the source of production, is held in fee simple by individuals, their monopoly having the sanction and authority of government; that the monopoly invested in the landlord, has no claim in equity, but rests upon supposed social interest, upon custom, and the direct fiat of law which legalizes the claim and defends it from the encroachment of the disinherited, thus making the interests of man secondary to the mythical interests of aggregated men, vainly imagining that the welfare of the individual is the result rather than the cause of social interests. It would seem to be a truism to say that with freedom common wants, as in all other matters, would bring common security, and that to the demand for security co-operation would furnish ample supply. Then would be realized the truths stated by Thomas Paine:

“There is a natural aptness in man, and more so in society, because it embraces a greater variety of abilities and resources, to accommodate itself to whatever situation it is in. The instant formal government is abolished society begins to act, a general association takes place, and common interests produce common security.”

“Where the rights of men are equal every man must finally see the necessity of protecting the rights of others as the most effectual security for his own.”

“Whether the rights of man shall be equal is not a matter of opinion, but of right, and consequently of principle; for men do not hold their rights as grants from each other, but every one in right of himself.”

“He that would make his own liberty secure must guard even his own enemy from oppression, for if he violates this duty he establishes a precedent that will reach to himself.”⁽⁴⁹⁾

We have also seen that in freedom to organize co-operative credit, that in the removal of monopoly now conferred upon capital to make a particular form of wealth the measure of all value, alone lies relief, for without it individual activity is cramped, wealth saved is denied the

⁽⁴⁹⁾ First quotation from *Rights of Man* (1792), II.1; next three from *First Principles of Government* (1795).

right to capitalize itself as wealth used without paying toll to privilege. Under the relations which Anarchy seeks to inaugurate every material produced by industry would through mutual credit become the basis for a medium of exchange having social value founded on labor, rather than speculative value based on command over necessities; the bill of exchange would be generalized, secured by products pledged, and obtaining acceptance by co-operation, connecting means of use with occupancy of soil, thus making capital the tool of labor.

With the cessation of rent and interest as enforced exactions imposed upon labor, which freedom to compete is alone enabled to accomplish, instead of being a "cripple" labor would step forth a herculean giant, strong in its own resources, independent from all restrictions, capable of entering upon any enterprise, and free through co-operation to accomplish the most colossal endeavors and gigantic undertakings. Instead of labor waiting upon capital, hat in hand, to crave permission to toil, it would possess capital and be free to apply it in whatever direction it saw fit. Instead of waiting till the exactions of rent, interest, and profits were filled, exactions competing with each other to reduce the sum left for labor to the level that slavery bequeathed to productive toil, the reward of industry would be all that it brought into being, and with every advance toward competence new wants would arise, new desires would spring into existence, grander goals would loom up for attainment, conceptions of "rights" attain a broader meaning, and loftier aims and higher social ideals would form to call out vaster combinations of industrial energy and productive skill to wring from passive nature prosperity and wealth in which all might share, and to deck nature's banquet with covers for even the weakest and most dependent. Then the possession of wealth and luxury would cause no envy, for equal opportunities to natural abilities would lie open to stimulate all.

Still the incentive is the dreadful spook which haunts even the mind of the *laissez passer* Economist when the motive for gain over the failure of rivals is removed. Having made greed the spring to action, having legalized spoliation, organized force to defend robbery, bound freedom of action with restrictive bonds, and made privilege to exploit the sole goal of ambition, the Rip Van Winkles of political economy raise their eyes from their ledgers to inquire wherein would be the incentive for their sleepless nights to take advantage over a neighbor, or to apply their talents to devise new appliances to monopolize production? How many of our millionaires cease to amass when competence is reached? Has ability to enjoy ever caused desire to decrease? And how could incentive be lost when opportunity to produce is increased, when with every successive step new wants would arise calling out new activity? As well assume that there can be no incentive to acquire knowledge when the school is left behind and the master's rod is no longer applied! The incentive lies in our natures, and co-operative societies would afford fruitful fields for industrial activity, for in every advance would be born higher wants. But any attempt to institute artificial regulation over production, to limit the free scope of individual activity, whether by centralizing power under the delusion that a social providence may be thus created, or the organization of groups in which self-elected needs rather than deeds become the governing principle of distribution, is a violation of logical deductions from liberty. Freedom to co-operate is the first desideratum, and this carries with it the preservation of every incentive to healthful activity. And it must ever be remembered that cooperation does not imply instituting corporate action alone. Personal incentives weakened, a distributing agency arises, centralization and bureaucracy result, and those upon whom we are taught to depend become in time both donors and masters.

We may, therefore, confidently conclude that under equal freedom social activity would revolutionize production. With individual needs supplied by a minimum of exertion, the claims of family, the natural desire for rest in declining years, the broadening of social feeling, and the higher enjoyment under diffused prosperity and happiness would bring out enterprise upon a grander scale than syndicates have yet conceived. And as each invention would lessen toil, would directly bring through increased social benefit relief to each individual toiler, would render the struggle for existence lighter upon all, greater flight would be given to talent, greater opportunity for its realization, and greater glory and pleasure in achievement. Production and distribution being no longer determined by greed, equal freedom to co-operate would suppress poverty, eradicate vice and crime, and inaugurate a social millennium to which the myth of paradise would no more compare than the light of a tallow dip to the brightness of the noonday sun.

2. TRANSPORTATION. Can free activity cope with the problem of gigantic social enterprises? Society being permanent and governmental forms but temporary, would not co-operative effort become the more imperatively necessary under freedom? To all arguments urged for the extension of freedom in social relations scepticism retorts: It may do well enough for a factory or a store, or even for village needs, but government is needed for enterprises of a national character. And many of those who profess a lip-service devotion to liberty and most ardently desire industrial emancipation, stumble over this objection and give the lie to their assumed sympathy by vociferously appealing to authority in the vain hope of finding therein support for liberty. Anarchy, to win approval, must show itself capable of meeting and resolving all problems that not only now, but under a higher and more complete civilization, may be seen to arise, and do so in accordance with progress and equity.

Under the present regime of capitalism the allurement of profits induce [*sic*] private enterprise into the most colossal undertakings. Ocean lines of steamers ply from every port, mountains are tunneled, miles of inter-state railways laid, the cutting of vast ship canals projected, trans-continental railways and telegraphs are built, and we read of American capital seeking investment in China and an English syndicate contracting to build a railroad across the great central plateau of Asia Minor, connecting Constantinople with Bagdad. Therefore the assumption of governmentalists that private enterprise cannot undertake such colossal works is unfounded, and we are brought to the consideration of the question whether upon the substitution of Anarchist (free) co-operation for the profits system sufficient assurance for the necessary outlay of capital will still remain? Our pseudo-socialist being answered by the facts, let us see whether the continuance of the profits system is essential to elicit supply to social demand.

It has been shown that in the organization of credit Anarchy (or equal freedom) would introduce, incentive would not be destroyed. We have also seen that the advantages of co-operative production and exchange would continually enlarge the boundaries of such joint concurrence of effort. Let us take, for instance, the grain exchange. The necessity for finding a market for surplus grain would necessarily lead independent bodies to the organization of such a co-operative board to furnish an outlet for foreign supply, or to find their exertions limited and grain rotting on their hands. If self-interest now leads farmers to organize into national organizations and to affiliate with like bodies, would not the inducement be as great under larger opportunities to reach the market? With the facility to credit that Anarchy alone affords, the solidarity of interests of widely separated communities, and the urgent necessities of the case prompting action, means necessarily would be taken to adjust supply to demand, and the grain exchange (or ex-

changes) rise to meet all needs, with a net work of affiliated agencies wherever circumstances might render them desirable.

Nor is this building social assurance upon purely hypothetical foundations. Anarchy in postulating self-interest as the spring of action, endeavors to show that causes now found sufficient to cross the earth for the purpose of exploiting profits from industry, would still remain operative to further individual interests where greed did not enter, for whatever furthered individual interests would necessarily be reflected in that of the association which these farmers either conjointly constitute or mutually employ. This is but a single illustration and can be extended to any other branch of production. We must remember these facts: freedom to the organization of mutual credit would emancipate farmer and artisan alike from the domination of capital in the exactation of interest. In the facility to the capitalization of all wealth production would be released from the restrictions which now clog and hamper it. In this indefinite extension of productive power an enlargement of joint action would necessarily result to give social assurance in the absence of paternalism. As labor receives the full reward of its exertion, an increase of co-operative effort brings increased multiplicity of products. One of the growing wants of the emancipated producers would be to utilize their capital toward facilitating wider exchange. The demand would exist, the means to realize the demand would be present, the enlargement of the scope of co-operation would furnish the method, and why should not the supply be forthcoming as well under freedom as through artificial interference of centralized organization by governmental "direction"?

We are so much in the habit of carrying the conditions of today with us over into our conceptions of tomorrow, that we are apt to associate with the word co-operation merely combination for local results. On the contrary, in the absence of meddling interference by politics in economics the solidarity of interests between kindred bodies would lead to the extension of credit affiliation between them. Thus we may readily conceive of the various industries engaged in the manufacture of iron products affiliating together till the iron industry would embrace all branches from the mining of the ore to the distribution of foundry products. But would not this be government? On the contrary, it would be social administration; instead of providing "direction" for production, it would seek means to further distribution, a radical difference. Its sphere would be limited to that industry alone as distributing agencies and having no connection with a like affiliation of interests in the building trades, for example. Nor does it follow that there need be but one such; events would determine all such details without instituting "direction."

The necessity for distribution arising from increased production, the advantages resulting from enlarging the boundaries of co-operative functions, the facility with which capital could be directed to opening transportation, and the centralization of functions extending outward and upward from the social unit to the several boards of administration, would all combine to render practicable any work that would conduce to "the better arrangement of the social relations of mankind than that which has hitherto prevailed," as Webster defines Socialism, and to which the industrial type aspires. Not alone in transportation would this be seen, but in draining of swamps, the irrigation of barren lands, the fertilization of desert wastes, and in other ways beyond the power of governments or privileged syndicates to achieve. Anarchy asks but one predicate – given equal freedom, and it will transform the world into a paradise transcending any that myth ever conceived.

3. UNSKILLED LABOR. "An utopian dream," said cardinal-ministers when the equal right to private judgment was asserted in the realm of church authority, and smiled contemptuously as the poor heretics were led to the stake or the rack.

"An utopian dream," said noble protestant ministers when liberty of choice was asserted in the realm of royal authority ; and their noble countenances assumed a sterner glance as patriots were butchered to maintain tyranny.

"An utopian dream," repeat republican office-holders when freedom of contract is asserted prior to production, and they fancy they sit more securely in their upholstered chairs as social heretics are sent to the scaffold or the dungeon.

Yet liberty in social relations still asserts itself against all foes, whether openly espousing coercive measures or tacitly doing so under the guise of pseudo-socialism.

We have seen, and the repetition is permissible, that industrial emancipation lies in the freedom of land and labor – freedom of access to the source of production, freedom to acquire the means of production, freedom under equal opportunities to escape from wage-thralldom. We have seen how the farmer would naturally adjust his activities to natural social conditions; how the skilled artisan could achieve wealth and ease through co-operation. The day laborer remains to torment the mind of sceptics in the realization of the industrial type. Granted that land and labor were emancipated, for industrialism involves emancipation, then it follows these conclusions necessarily result: 1. It must offer means to labor to utilize land. 2. All who love liberty must approve the fullest extension of individual freedom. 3. That cooperation logically results from individual freedom. 4. That politics would be lost in the development of fuller individuality. 5. That government would disappear into voluntary social administration. 6. That production would be the province of free, autonomous associations. 7. That the farmer would find self-interest and leisure furthered in co-operative distribution. 8. That supply for demand for public works would be facilitated. 9. That individuality would thus be enhanced under social baptism. 10. That morality springs from, and increases with, sociality. 11. That education would then have greater scope to obliterate ignorance and vice, and unite intelligence with labor. 12. That security is a function of insurance.

But it may still be asked will not immigration bring ignorant laborers and disagreeable tasks furnish them employment, thus again having a pariah caste? In brief, who will dig ditches and clean sewers? Waiving discussion of the doubt whether immigration would tend to flow to such prospects, we will approach the problem whether there is social assurance that disagreeable labor will be performed.

When the producer has all he produces under equitable distribution, when all the necessary outlay to facilitate exchange will be limited to the one item, cost, the bottom drops out of the wage-system as an enforced condition; employes would be mainly co-operators. But it does not follow that there would be no wages paid for services, for undoubtedly it will always exist. The abolition of the wage-system is the removal of the causes which render it both a necessary and a subservient condition, as the introduction of superior facilities for light may be said to have abolished candles and pine knots. As there is no general inducement now to return to the tallow dip for light, will there be inducement then to undertake disagreeable labor? And here it may be well to call attention to the militant scheme proposed by Bellamy, in which compulsory enlistment is relied upon to assure society that digging ditches, cleaning sewers, domestic service and other disagreeable labor is guaranteed. While those "looking backward" to Sparta and Peru for social models may approve such methods, subject to draft for new requirements, "compulsory upon all," Anarchists calmly rely upon the law of equal freedom to meet all social demands. How Anarchy will assure the performance of disagreeable labor we will now see.

Under equal opportunities, where wealth saved can be capitalized for production freely, where rent and interest are eliminated from distribution by mutual exchange which logically substitutes cost as the mean limit of price for profits, where taxation would enter into cost as an element of mutual insurance, labor expended would determine price. And as under our premise of equal freedom co-operation would naturally arise and social relations adjust themselves to their new environment, so the reward for labor could not be artificially fixed at time engaged, but must cover repugnance overcome. Using the word wages in its economic sense as reward for service performed, such reward, or wages, would evidently be measured by the amount sufficient to overcome repugnance. And this, it will be seen, is strictly in accord with our definition of value: proportionality between products. Mining, for instance, involving both danger and hardship, must present inducement to attract labor from lighter employment. The demand under equal freedom would determine supply, and the more disagreeable labor offer a higher reward than pleasanter occupations. Prices, like water, in the absence of interference would gravitate to a level, and following the lines of least resistance demand draw out ample supply.

But while mining could be easily co-operative how could ditching and sewer cleaning be performed? Must every one dig and clean his own sewers? While there is not much danger that in a free community much difficulty need be experienced in securing the performance of repugnant labor, let us abide by our postulate of self interest and see if that alone is not all-sufficient. As the millionaire now would give any price, if necessary, for the performance of such labor, so it is likely that there would be many tasks in a free community which would call for special inducements to have performed.

Remember that the desired "abolition of the wage-system" is but for the cessation of conditions which confine productive labor to that system, and if hiring labor remains, and there is no reason why it should not, the sum paid must present greater inducements than equal opportunities to self-labor presents. For instance, insurance may require a corps of watchmen, whether for fire or depredation will be determined by demand, and whether they were furnished by selection from the co-operators, or hired by private enterprise, is a detail which must settle itself. Enough to say that that which proved most advantageous would be adopted. Cost the mean of price applies here as well as in the exchange of products. If by private enterprise the wages offered must, necessarily, be sufficient to present inducement to such service, and the success of such enterprise dependent upon its performing the special function for which it was created better and cheaper than the co-operators would care to do, which would constitute its recommendation to the co-operation of general patronage.

So with sewers, etc.; there must be an equivalence between both intensity and repugnance of the service required and the agreeableness of the reward, and disagreeable manual labor would command the highest pecuniary attraction; and this naturally without a board to regulate attraction. Remember that Anarchy, or freedom to contract, does not seek to regulate, or institute any system whatever. From its premise – given equal freedom, there will necessarily result co-operation in all matters where individual initiative fails, and where organized co-operation fails to present inducements, self-interest will lead to the highest pecuniary reward necessary to overcome repugnance. If it failed to elicit employ, private enterprise might, but only by offering more than equal opportunities offered to self.

Instead of unskilled labor presenting the nucleus of a lower class to sink into the mire of poverty, a free society would furnish incentive to lift it out of dependence into self-reliance. Where disagreeable tasks presented the highest reward for exertion, social benefits instead of

slowly percolating downward through class stratas, would be established in the heart to flow outward in every vein and artery, invigorating every organ, and diffusing throughout the whole organism of society the genial glow of social assurance.

4. PERSONAL SECURITY. Though to the thinker, whose belief in industrial evolution is not shaken by militant sophisms, the question of security against depredation under equal freedom is but a question of demand and supply, and is no more alarming than the fact that water lilies may grow in a lake which furnishes a city with water; still so important does the doubt appear to militant admirers, reactionists either avowed or masquerading as twilight reformers, that it may be considered.

The typical free trader is loud in his praise of the blessings of liberty; he paints in radiant hues the social advantages where artificial interference interposes no check to exchange: and after giving a brief outline of the divisions of production as artificially instituted, launches forth into a discussion of the laws governing distribution and consumption as the main province of Economics. In production liberty of contract between labor and capital is assumed; liberty in the exchange of products is the burden of the song, not liberty for labor in the conditions of production. Yet prior to production rent, interest, profits, and taxation unite to subject labor to capital, and all seek to find in government authoritative sanction for these exactions. Has labor any security where these robber claims compete with each other to secure all save what will suffice to support life in the laborer? Has it any security that the boon of toil will not be withdrawn? What company would dare insure you against loss of employment?

Still the Anarchist, though without security for his own future, not knowing how soon he may become one of the "superfluous" for whom "nature has no cover laid at her banquet,"⁽⁵⁰⁾ is called upon to provide security for that mythical quantity, "social interests." Yet it is precisely because the toiler has felt the want of security that he has become convinced that under equal freedom the demand will call out ample supply for all without entailing injustice upon any. But our free trader does make a reservation against full liberty. Thus Amasa Walker:

"All limitations upon the rights or powers of capital or labor not required by the public morality or security are useless and mischievous."⁽⁵¹⁾

What is public security? If that state of equal freedom Anarchy seeks to usher in provides for the security of each individual, will not public security result? Can public security be more effectually gained than in that security each feels under equal opportunities in the full enjoyment of the fruits of industry?

In the preceding pages we have considered, as far as the scope given will warrant, the manner in which social reorganization under industrialism would displace the leeches which now hang upon industry and which are productive only of vice, crime, and misery. We have seen that removal of restrictions has ever led to supply meeting demand with as unfailing regularity as water runs down hill. Under equal freedom wherever demand exists supply necessarily will be forthcoming, and guarantees for security will arise as easy as guarantees for politeness in the ball-room or parlor.

Under equal opportunities wherever mankind are thrown upon their own resources, when being fed from a spoon by government pap shall have become a traditional tale of a past super-

⁽⁵⁰⁾ Reference to a quotation from Malthus.

⁽⁵¹⁾ *Science of Wealth*, XI.6.

stitution, what is there in the power of activity that co-operative enterprise cannot undertake? We now see on every hand a thousand instances of voluntary association to attain certain objects. Many such deemed impracticable a few centuries since are commonplaces today. Who will say the limit has been reached? Even in functions government assumes as necessary we find voluntary militia and homeguards; fire departments in many places in which all members risk their lives and turn out in all weather to render the lives and property of their neighbors secure; associations of private watchmen who find support even though their patrons pay taxes for municipal police protection; a fire patrol in the interests of insurance companies to protect property from destruction. These are instances of co-operation applied to guaranteeing security, of supply seeking demand without difficulty or friction, a demand by no means dependent upon legalization, but supplementing its deficiencies.

All relations under equal freedom will tend to become associative when and where it is seen to be most effective. Freedom for the individual cannot be construed into compulsory isolation. As an instance of how mutually felt wants may be met let us take an instance in mutual insurance. Prof. Edward Atkinson⁽⁵²⁾ is president of an insurance company in New England which is thus described in the columns of "Liberty":

"He is president of an insurance company doing business on a principle which, if it should be adopted in the banking business, would do more to abolish poverty than all the nostrums imagined or imaginable, including the taxation of land values. This principle is the mutualistic, or cost, principle.

"Some time ago a number of mill-owners decided that they would pay no more profits to insurance companies, inasmuch as they could insure themselves much more advantageously. So they formed a company of their own, into the treasury of which each mill pays annually a sum proportional to the amount for which it wishes to insure, receiving it back at the end of the year minus its proportion of the year's losses by fire paid by the company and the cost of maintaining the company. It is obvious by the adoption of this plan the mills would have saved largely, even if fires had continued to occur in them as frequently as before. But this is not all. By mutual agreement the mills place themselves, so far as protection against fire is concerned, under the supervision of the insurance company, which keeps inspectors to see that each mill avails itself of the best means of preventing and extinguishing fire and uses the utmost care in the matter. As a consequence the number of fires and the aggregate damage caused thereby has been reduced in a degree that would scarcely be credited, the cost of insurance to these mills is now next to nothing, and this cost might be reduced still further by cutting down an enormous salary paid to Mr. Atkinson for services which not a few persons more industrious and capable than he are ready to perform for less money.

"Moreover, it is the height of stupidity for any champion of labor to slur this insurance company, for it contains in germ the solution of the labor question. When working men and business men are allowed to organize their credit as these mill-owners have organized their insurance, the former will pay no more tribute to the

⁽⁵²⁾ American abolitionist, businessman, liberal economist, and antiwar activist Edward Atkinson (1827-1905).

credit monger than the latter pay to the insurance monger, and the one class will be as safe from bankruptcy as the other is from fire."

What is even now done by wealthy mill-owners may be done by all when equal opportunities to exploit nature shall have removed special privileges to exploit fellow men, when co-operation in all needed relations lie [*sic*] open before us and labor enjoys its full, just share of the wealth, or values, it creates. With its resultant release from rent, interest, profits, and taxation as enforced tribute, the causes for vice and crime would rapidly diminish, for free access to nature would open to all more than a competence, and in ease give greater scope to the purely human sympathies for the unfortunate. Herbert Spencer has so completely demonstrated the fact that with increasing industrialism there has resulted decreasing crime, and that as compulsory co-operation has weakened, both independence and individual initiative have augmented, that the fact needs but to be stated. And so far as protection from the still vicious and idle is concerned, an extension of the scope of insurance can meet all requirements. An organization for protection to person and labor product, or property if you will, composed of those who felt the need for the exercise of such functions, in which loss by depredation would involve no greater difficulty than loss by fire, would naturally arise where such demand existed. The difference between the watchmen of such an organization, whose functions consist in mutual protection and defence of the equal limits of personal freedom, for commercial needs, and a political-policy system wherein personal liberty is subordinated to inanimate things as of a greater importance than their creators, is so apparent to the candid reader that I need not pause to dwell upon it. And when we bear in mind that rights are no more "natural" than they are "religious" or "moral," but are simply a conception of equity in social relations; that the word "rights" itself, as an assertion, is not positive, but negative, being a protest against inequitable conditions which invade our equal rights as human beings; that their ever-broadening sphere is an approach to the sovereignty of the individual under equal opportunities; we may well rest assured that only in equal freedom can security be guaranteed at mutual cost. Progress and order is the true expression of social evolution, rather than the reverse, for law is ever fixity and its resulting order but uniformity wherein progress finds its grave. Order based upon progress, on the contrary, ever retains the plasticity essential to the latter, and this can only be realized in the further evolution of "the law of equal freedom" required by the Industrial Type.

Here we pause. By the application of "the law of equal freedom" to the fundamental factors of Economics: Land, Labor, Capital, Exchange, Insurance, we have seen that the claims of their respective shares in distribution: Rent, Wages, Interest, Profits, Taxation, are not natural but artificial, having no claim in equity, founded on privilege and only maintained by the denial of equal freedom.

Such is Anarchy!

XI. Digression on Methods

If equal rights be granted, and that under free conditions social supply must follow demand, why potter over methods? But because we are in a transition state, the question does arise: Shall our resistance to aggression be passive or active? Upon this point no answer is involved in our premises. Logically, however, the assertion of the law of equal freedom carries with it the sovereignty of the individual as a pre-requisite to voluntary co-operation; and this implies an equal right, singly or conjointly, to resist such invasion, and invasion under the forms of law does not invalidate the ethical proposition. Each must be guided as their own judgment determines, and whatever may be our judgment of the policy of such resistance, censorial denunciation lies beyond the province of individual sovereignty. If defence is right, no adhesion of numbers will augment its validity. To the further query: Which is best, passive or active resistance ? I answer that it is but an idle question. The popular superstition that personalities decide events, from which it springs, is born of militancy and characterizes its history. Force, however used, can teach no economic truth, yet events flowing from it often awaken consciousness of what equity demands. To deny that passive resistance has tremendous weight would be as great folly as to assert that it has given birth to such extension of freedom as we now enjoy. Though in the preceding pages I have tried to show the Industrial type may be peaceably realized, in common with many others I believe that the waves of events are driving us “Niagara-ward;” that no amount of philosophizing, no quaker preaching, will cause privilege to heed the demands of progress, nor avert the ever-nearing collapse of compulsory rule.

If we are as August Spies⁽⁵³⁾ said, “The birds of the coming storm,” in that we but indicate, yet cannot prevent, its advent, it is none the less our duty to cry aloud and spare not,⁽⁵⁴⁾ to awaken the thoughtless from their lethargy, to point out to the thoughtful the sole means of peaceful solution, nor to fail to keep aligned with the van of progress under all circumstances. Still, underneath all this fear that ideas may work down to move muscles, ignorance grasp the reins, and the “red terror” run rampant, there is not only distrust of human nature and history, but of principles as well. Violence of a frenzied people smarting under a sense of injustice is ever of short duration; the “white terror” of militancy is perpetual. Are our enunciation [sic] of principles underlying equitable social relations to cease when they begin to move muscles? On the contrary, to the extent that they are held will the dreaded reaction be less. Even as Garrison’s appeal to the higher law involved John Brown’s act, so it will be in the promulgation of every revolutionary principle. I do not try to avert it for I consider such a task fruitless. Every new social revolt has had to pass the entrenchments of privilege, and I see no reason to believe it will be different now, even though half-hearted reformers turn back affrighted.

Force is not necessary to a revolution, nor is its use even generally successful, yet the ideas which prompted it are not crushed in defeat. That ideas have moved muscles in all great crises

⁽⁵³⁾ German-American anarchist August Spies (1855-1877), one of the Haymarket martyrs.

⁽⁵⁴⁾ Isaiah 58:1.

is beyond question. Why so? Because human nature, evolved under the militant type, is a constant factor in all social problems; because entrenched privilege never willingly relinquishes its position; because ideas lay behind the growing protest a point was reached where forbearance ceased to be a virtue.

The church sought to hold on to its usurped power over mind when increasing intelligence demanded emancipation. Thought had long lain dormant, bound in strong cables fastened to God's throne. Mind awakened, sighed for freedom, dreamed of peace, – and revolted! The cables were parted and in their vibration shook the stability of the throne to which they were attached. On earth red-handed war had full sway. Countries were desolated, families ravished, slaughtered, exiled. Yet progress halted not. God's voice was lost in the din of battle waged by his infuriated adorers; earth was arrayed against heaven; finite man against the omnipotent fiend the Church had enthroned. Yet from blood-stained fields liberty of thought – the right of private judgment – the sovereignty of the individual over beliefs – emerged victorious.

The union of Church and State remained, a morganatic rather than an equal alliance, a left-handed marriage provoking raillery and contempt. Was progress satisfied? Was its work accomplished? Were the swords to be beaten into plowshares? On the contrary. The guidons of progress were moved forward. A new position was taken. Old enemies in new uniforms still confronted each other. Authority, driven from the Church, had taken refuge in the State. Impotent in the one, it recovered virility in the other. The old cables were again tightened. The keeper of the amulet blessed the holder of the sword and the consecrated king went forth to conquer. Again the bugles blew and the contest waged. Again the cables parted, and king and priest were left to condole with each other. But Man rejoiced! He was free to bind himself with superstition's cables, or to cut them. Was progress satisfied? Was its work accomplished ? Were the swords now to be beaten into plowshares?

On the contrary. A vital question arose: Who should possess the plowshares? But much had been accomplished, though each step of progress had been stained with innocent blood. And while Authority remains to compel, Liberty's garments will not be spotless. Are not all discussions, all controversies, all "popular sermons" which pass beyond the ears of drowsy hearers into print, all "able editors" work and parliamentary eloquence, all cabinet disputes and political wrangling, essentially economic in nature, or tinctured by industrial demands?

Industrial emancipation! Will it come? Is history a false guide? Is experience a delusion? Is progress a myth? Are industrial aspirations barren? Courage! Bide your time, but continue sowing seed for the harvest. The morning dawneth after the darkest night. Driven from the domain of thought, divorced from the throne, Authority has dug its last ditch in Economics. Progress has not halted. The political State has been transformed into an economic one. Forms of government are secondary, forms of profits primary, in State councils. The industrial baron craves the protecting arm once sought by ecclesiastical and political knights. Again protest rises, again the old cables are tightened.

Aligned with progress we need have no fear. What priest and king failed to accomplish, the trader cannot enforce. Our wishes, our plans, our fears are unavailing to arrest the tide of progress. Have patience though freedom leads through sombre scenes. The desire for economic emancipation is a prophecy of its realization. We may study the line of battle; not to us to direct it. We may perform a soldier's duty in the ranks, but liberty alone commandeth. The egoistic pleasure-seeker may arrogate to himself omniscience, but his voice is unheard.

It is for awakened conscience to assert the principle; events will determine the character of the answer. Ideas once rooted in conscience never die. The old abolitionists denounced injustice, knowing that in awakening conscience time would bring it to bear in its own way to the extinction of vested wrong. So it is today; *how* concerns the new abolitionists not. The awakened conscience of our day responds to the awakening conscience of 1836 in repeating with new emphasis the lines of Whittier:⁽⁵⁵⁾

“Is this the land our fathers loved,
The freedom which they toiled to win?
Is this the soil whereon they moved?
Are these the graves they slumber in?
Are we the sons by whom are borne
The mantles which the dead have worn?
“And shall we crouch above these graves
With craven soul and fettered lip?
Yoke in with marked and branded slaves,
And tremble at the driver’s whip?
Bend to the earth our pliant knees,
And speak but as our masters please?

.....

“No! by each spot of haunted ground,
Where Freedom weeps her children’s fall:
By Plymouth’s rock and Bunker’s mound,
By Griswold’s stained and shattered wall,
By Warren’s ghost, by Langdon’s shade,
By all the memories of our dead!

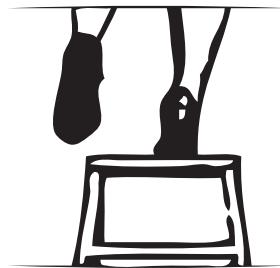
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“By all above, around, below,
Be our indignant answer: NO!”

⁽⁵⁵⁾ American abolitionist poet John Greenleaf Whittier (1807-1892), in “Stanzas for the Times.”

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The Economics of Anarchy
A Study of the Industrial Type
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