

So much is willingly admitted. But let no man out of the depth of his bitterness accuse the social system because there is a necessary struggle for existence; or because natural conditions are hostile to the physically and mentally weak; or because machinery and inventions have disturbed the temporary organization of the industrial world for its lasting benefit; or because many laboring men are improvident; or because the earth is so constituted that the means of subsistence have a tendency to increase in a different ratio to the increase of population. If these things are injustices, there is an end to the argument, and the laboring man is more than vindicated in his rebellion.

Conceding that these conditions are necessary, we are confined to an inquiry into the actual relations between employer and employed, an inquiry which has for its object the determination of the province of legislative interference between the two. What is the actual status? It is presumably one of free, open, and complete competition, with the power on both sides of making contracts. This being the case, the advocate of legislative interference declares that the laboring man is a slave, and his condition that of "industrial slavery." The truth is not in accordance with this assertion. In the matter of law, for instance, the employed is less a slave than the employer, for the law permits workmen to combine to raise wages, while it prohibits capitalists from combining to raise prices; the workman can break his contract with impunity, while the law will hold the employer to the strict letter of the same contract. Nor is the position of the laborer harsher in other respects. Capital can as little afford to lie idle as can labor. In fact, it sometimes cannot so well afford this, since the loss to capital is not only the loss of profit, but of rent and interest as well,—a loss on the machinery and buildings which are lying idle. Moreover, the capitalist may have contracts which he is bound under heavy penalties to fill. In such a case, he is at the mercy of the workman. At the best, he is often compelled to pay wages which are above the rate that would be paid if competition were indeed free and open, for a strong trades-union will have considerable power to raise wages, and even greater power in hindering the capitalist from hiring non-union men.

It has been held that the relations existing between employer and employed are materially changed when a corporation is the employer. But there is no good ground for this assertion.

THE HOPE OF THE LABORING MAN.*

The pleasing assumption that by legislative process we can give to the poor a greater share of the produce of capital and labor, while not diminishing the aggregate production, ought to reveal its inherent absurdity in the mere statement. Nevertheless, the belief that this can be done is very prevalent. It is Mr. Means's object, in his work on "Industrial Freedom," to show that no taxation of capital, no legislation compelling a new division of the shares of labor and capital, no socialistic device, can accomplish the end desired. These attempts can only diminish the total from which both profit and wages are paid, and so inflict further injury upon the laborer.

A grievance does indeed exist. Everyone admits that the majority of mankind must remain obscure, poor, and without the great means of development and culture. Yet, while this is true, the material condition of such men is so infinitely better than it was a hundred years ago, and their eyes have been so opened to the possibilities of this life, its opportunities for development, its ease and comforts, so much the more desirable when unpossessed, that a feeling of revolt is almost universal. This feeling is intensified by what seems to be the injustice of their lot. Hence the demand that the injustice shall be rectified by law; that the rich shall give of their fulness to the poor, and that by a new arrangement of the social system all men may enjoy the blessings and rewards of material prosperity.

But what is this injustice? Certainly, if the conditions complained of are due to natural means, and not to the acts of men, we cannot speak of any injustice which has a possible meaning in this connection. The injustice complained of must be the remediable injustice of man to man. If such exists, then it is, indeed, the duty of the legislator to correct it.

*INDUSTRIAL FREEDOM. By David MacGregor Means. With an Introduction by the Hon. David A. Wells. New York: D. Appleton & Co.

Competition still exists, and has to be taken into account. Much as the corporation might like to secure its labor for half price, it cannot do so, but must pay for it what other competitors engaged in the same industry pay; just as it must pay equal prices for the lumber and coal and iron that it buys. It has no choice, and to speak of industrial slavery in such a case is nonsense. Isolated instances of reduced wages will occur, but they cannot last, for the tendency on the one hand is to cut down all expenses, on the other hand to compel a rise in wages. Hence other corporations will try to reduce wages, while the laborers will strive for an advance which will make their wages equal to those of other workers in the same industry. Consequently wages are bound to reach a common level.

Notwithstanding these facts, it is particularly upon corporations that war is waged; it is upon them that many people feel there lies the duty of raising wages; of being forced by law to "disgorge." The injustice of these demands is apparent, and becomes even more apparent when we examine into the real nature of a corporation. A corporation consists of a body of stockholders and their agents, the officials who manage its affairs; the acts of a corporation are the acts either of the stockholders or of the agents; the property of a corporation is undoubtedly that of the stockholders; the "crimes" of a corporation are the "crimes" of its agents; the "disgorging" demanded must be done by the stockholders; if the corporation must pay higher wages, these must come from the same source. And who are the stockholders? In thousands of cases they are men of moderate means. Stock is often held by charitable institutions, or by widows and orphans who cannot manage their own property, and so invest it in corporate stock. When we have stated these simple and well-known facts, the injustice of the demand that corporations should pay higher wages and have fewer rights than other employers becomes evident. And when we examine statistics it is found that the stockholders rarely receive large profits. Many of them receive none whatever. Seven-tenths of the railroad stock in the United States pay no dividends, and other corporations in the same plight are numbered by the thousand.

The difficulty here is two-fold. In the first place, most people are so ignorant of the facts that they confound the agents of the corporation with the owners of the property, while the former are primarily the managers only.

The second error lies in drawing a hard-and-fast line between capitalists and employees. No such line exists. The workingman who is thrifty and saves his money is also a capitalist, and in many instances he is a stockholder. In the year 1893 the deposits in the savings banks of the United States were \$1,800,000,000, and the depositors numbered 4,830,000. These savings were capital, and these depositors were capitalists. Looked at in this light, the proposition to tax corporations because they are corporations resolves itself into a very simple scheme to tax thrift and sobriety for the benefit of those who possess neither of these qualities.

When these truths dawn upon the labor agitator and the socialistic thinker, the demand is instantly made that the manager be taxed, or at least that the rich man be taxed because he is rich. Perhaps there is more justice in this demand. Certain it is that the man who gets rich by his managerial ability—the well-known but somewhat indefinable "captain of industry"—can be taxed without appreciably diminishing the amount he will produce, so long as the law stops short of taking all that he produces. This is so, because to refuse to produce all that he can will be more harmful to himself than to anyone else. Mr. Means thinks that such a tax on profits, if it could be levied, would be objectionable because the smaller dealers, the men who produce just at the margin of profit, would be forced out of business; and this, he seems to think, would be calamitous. Certainly it would not. The result would be analogous to the introduction of labor-saving machines, hard on a present generation of laborers and tradesmen, but finally beneficial to all.

A tax on incomes would be more certain than a tax on profits, and as just as any tax can be, though Mr. Means does not think so. A tax on the "unearned increment" would also be just, but is less easily applied, and pretty certain in its incidence to fall upon the man who pays the rent instead of upon the owner. Hence this is not at present a possible form of taxation. We may say the same of many forms of tax upon bonds and stocks of corporations, such as railroads, breweries, mining companies, etc. The consumer pays the tax. Hence taxes upon capital are sure to fail. The alternative proposition that the government shall take all great corporate enterprises into its own hands is met by Mr. Means with a reference to the failures of the government so far, and to the extravagance and corruption at present inherent in government methods and government agents.

The Public Printing-office is one illustration ; the annual deficit in the Post-office department is another ; the Philadelphia experiment in owning gas-works is a third. The enthusiast who advocates government ownership in the United States must be gently but firmly repressed until the advent of the millennium justifies his hopes.

When all is said, it remains true that competition, full, free, and open, is the best hope of the laboring man. But there is a domain in which law should and must be active. For instance, the law should see that the employer does not suffer from rampant trades-unionism ; that the non-union man is not oppressed by the same means ; that the employer is kept from "inducing" the laborer to buy land from him, or to rent from him alone, or to trade at his store exclusively. Any man acquainted with the conditions of the life of the laborer in many parts of the Union will know how serious these questions are, and how essential the use of legal restraint has become. The law can dispense justice here, precisely as it has already done in England and America in respect to the employment of women and children in mines and factories. And such legislation would increase the real wages of laborers, and would not in general reduce the aggregate production.

It seems to the reviewer that there is in Mr. Means's book a failure to point out a very real difficulty in the industrial situation, and one apparently inseparable from it under the regime of freedom, — the fact that the welfare of the individual is too often opposed to the general welfare. For example, it is a benefit to glass-blowers to have glassware broken ; to printers to have type set by hand ; to small retail dealers to have department stores abolished ; to carpenters that fires should be numerous ; to smart financiers that superfluous railroads should be constructed and unnecessary buildings erected. Yet all these things are opposed to the general welfare. The man who builds an unnecessary railroad is guilty of an act that is destructive to the interests of capital and labor alike. What is to be done with such an one ? How are we to reconcile the conflicting interests of individuals with the interests of all the people ? This is in fact the great problem, and the man who solves it will deserve eternal honor.

A general criticism of Mr. Means's method may be offered. What he says is true enough, but only when the conditions specified are all present. But these conditions never are all

present ; and hence the conclusions point only to a general policy to be pursued. Again, while Mr. Means defines his terms strictly, he uses them loosely ; occasionally, too, he omits some element of the problem which would put a very different face on the argument. Thus, on page 42 he reasons as if the *entrepreneur* did not exist, while in his chapter on the nature of profits the great manager is very prominent indeed ; he declares that railroads which are not able to declare dividends pay their employees "not only all that their services are worth, but more than they are worth" (page 46), while on page 99 he declares that "We must maintain as our standard of justice the equality of reward with sacrifice." If this is the true principle, certainly the services of a brakeman on a railroad are not to be measured by the corporation's ability to pay dividends. He also fails to note that frequently the railroads have only themselves to blame if they cannot pay dividends (page 46), while later he clearly points this out (page 116). He holds that the rate of profits may be measured to some extent by the rate of interest (page 155), and yet he shows that this is not so, "since the decline of interest . . . has taken place because property has been protected and profits increased under modern methods of government" (page 189).

When all exceptions are taken, however, it must be said that Mr. Means has given us a very helpful and very readable book, and one which is well calculated to convince the man we all wish to convince, the honest third man who is in doubt and is willing to be set right.

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