

The Modern Appeal to Legal Forces in Economic Life

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Two unlike movements born of discontent are now in progress. Anarchism aims to cast off law; while socialism appeals to law, and proposes to place under its control activities that now are free. Common to both movements is embitterment against society; but anarchism assimilates to itself that hostility to law which naturally results from evil doing. The antipathy of the rogue for the halter reinforces this movement. It gathers to itself disreputable elements, and by its outbreaks nerves society to resistance. It is self-terminating.

Socialism appeals to better classes and has far more strength. Attack the state and you excite feelings of loyalty even among the disaffected classes; but attack the industrial system and appeal to the state, and you may have loyalty in your favor.

Socialism, moreover, has a theoretical backing that is stronger than any intellectual force lying back of anarchism. It claims to be able to prove that society is inherently dishonest. It is the nature of it, as is claimed, to defraud laborers of a part of their product. It does this by the regular working of its laws, and nothing could be worse than to so perfect the system as to make these laws operate without hindrance. If this theoretical point were completely established it is difficult to see how any good man could remain outside of the socialistic ranks. We shall never tolerate a systematic defrauding of laborers.

Socialism has the advantage of making small beginnings. There are two ways in which a socialistic plan of industrial life might come, by successive steps, to completion. The state might assume one industry after another, till none should be left in private hands. The new system would thus spread by local accretion. On the other hand the state might, at first, interfere with all industries in a slight degree, and gradually increase the measure of its control. Socialism would thus begin everywhere at once, and would grow from weakness to strength. It would be by intensive progress, rather than by extensive, that it would come, in the end, to fully possess the field. It is the beginnings of this movement that need to be carefully distinguished.

The first issue to be settled is whether socialism has a right to exist. Are its allegations concerning the present system true? Is industry proceeding on a principle of fraud? I wish to test the power of recent economic theory to give an exact answer to this question.

In order to solve this very general problem, and thus to decide whether or not our industrial system deserves to be retained at all, we have first to see how competition adjusts wages, and, secondly, to ascertain whether competition as a force is still active. If we discover that the force is generally active, but is not unobstructed, we need to see whether civil law can remove the obstructions. In doing this we shall answer the second of the two general questions above stated, and determine what type of legal action will perfect the industrial system. If the natural law of wages is an honest and beneficent law, and if it works fairly well and can be made to work better, then we know, at least, at what we should aim in all civil law making. It will remain only to frame the statutes that will accomplish the purpose in view. Very decisive will it be of the trend of legislation, and of public thought, if we shall find that there are working in society forces that, where they have their way, give to a workman what he creates, and also enable him, as time advances, to create more and more. Honesty and progressive productivity are traits that will do more than to save a system that possesses them. They will convert embitterment into an enthusiasm of loyalty. They will settle for reasonable men the question how to treat the existing social order. It is something to be kept and perfected. The study that assures us of this, incidentally shows how the work is to be done. It reveals a line of public policy that is safe and efficient, and that offers an outlet for the reformatory energy that, with a zeal that is not according to knowledge, is now trying to undermine society.

I shall try to show that society is organized on a plan that is essentially sound, and that law may facilitate its development. This special work, which the law has to do, falls within its time-honored function of protecting person and property. Yet, in a sense, it is a new work; for it demands specific things that have never been done. There is not one of them that is not in harmony with the spirit of all accepted law. Yet they all deal with industrial interests, and a very slight change would give them

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a socialistic trend. The line of cleavage that separates the policy that is germane to the universally accepted purpose of the state from that which is contrary to it, is a delicate line; but it is clearly traceable. We shall follow it in connection with two critical issues that are now pending.

We are looking deeply for the trait that puts the socialistic brand on a measure; and we are using terms strictly. There are proposed laws that look innocent; but they reveal a distrust of the natural or competitive method of adjusting shares in distribution, and they would introduce, at some point, an arbitrary principle of division. Such measures seem to me to contain the quintessence of socialism. It would take only a short series of them to make radical changes in economic life.

On the other hand there are measures that look more radical. Some states own railroads and are yet free from the danger of running into that genuine socialism that aims to change the law of wages. Such direct extensions of governmental industry will find their limit; and it will be far short of the point at which the general law of wages would be affected. There is a pseudo-socialism that is, in appearance, startling, and there is a genuine socialism that looks harmless. The test of genuineness is in the motive and the end of the movement. Is it caused by a distrust of the natural law of distribution? Does it aim to change that law? If so it is truly socialistic.

There are opportunities for fraud in the distribution of wealth, and it is time that the important ones were closed. A more perfect legal mechanism would enable us to do it. The fraud to be dealt with is not the result of competition. The tendency of competitive forces themselves is to repress it. The natural working of economic law is in perfect harmony with the purpose of civil law. Both tend to make the wealth getting process honest. The natural effect of both is to give to a producer what he creates. In order that this result may be realized civil law needs to be subtle and pervasive. It must extend its control into regions not now reached.

If a man were living in isolation his income would be literally his product. Make him the monarch and owner of an island, and the fruits that he raises and the clothing that he makes constitute, in themselves, his income. This ceases to be true when trading begins. A modern producer does not wish to keep the identical things that he makes; but he does want to keep the value that he brings into existence.

How, in modern life, is it possible to tell whether he does so or not? A laborer no longer makes whole articles. He receives raw materials, puts his touch on them, and passes them to another worker in the series. When the articles are quite finished they are carried out of sight by currents of commercial exchange. These currents are untraceable. No man in a modern workshop knows whither the finished products will go, nor whence will come the articles received in exchange for them. It is difficult to measure the true value of the things that go and the value of the things that come, and to find how they are related to each other. It looks as though the connection between the two sets of articles were lost, and as though commercial forces, that

the workman can neither influence nor comprehend, had him at their mercy. It is much as though he were throwing pebbles into the sea, and accepting for use whatever the waves might cast at his feet.

Indeed, the case is even more perplexing; for even the little touch that a worker puts on things, as they pass through his hands, he does not, of himself alone, impart. He has capital to aid him. If he be pegging shoes, he does not personally drive a single peg; nor does he by right of production own the wealth literally embodied in a single one. He owns a certain undivided share in the wealth represented by an endless series of driven pegs. If he is to measure the product that is naturally his, he must first ascertain how much he personally contributes to this endless series.

This problem can be solved. It is possible to identify the fractional contribution that labor alone makes to commodities.

Let a factory employ a thousand men, and a million dollars' worth of capital. A hundred men might be added to the working force with no change in the total amount of capital there used. The capital would undergo some changes of form. Tools would be reduced in costliness; but they would be so increased in number that eleven hundred men could use them advantageously.

The men thus added to the original force represent a definite increase in the output of the mill. With a thousand workers it produced 2,000 yards of cloth per day; now it makes 2,000 + n: the making of n yards per day is solely due to the presence of the gang of a hundred men, which we may term the final unit of labor. The value of n yards of cloth, less the cost of materials, is the normal daily wage of a hundred men. We assume that competition exists. There are many mills of this kind, and a man who betakes himself from one to another seeking employment virtually carries in his hand a hundredth part of the value that the making of n yards of cloth will create. It is this that he can create

each day, and can make over to the master who may employ him. If one employer will not pay him about this amount another probably will. If familiar laws of economics are not obstructed in their action, the one hundredth part of n yards of cloth is daily sold for the benefit of every worker, and the price of it, less the cost of materials, is made over to him as a wage. More than this specific product an employer cannot give to him. Paying more would entail a loss. As much as this the employer must give under a perfect action of competitive law.

While this mode of statement may seem to give to the principle of the final productivity of labor a theoretical color, there is no danger that business men will deny the validity of the principle itself. Ability to pay wages depends on the making of goods. A man will be discharged if his presence in the mill is not worth what is paid to him; and this means that his presence secures to the employer a definite quantity of goods; and that their value is his natural wage. It is essential to the validity of this test of the productivity of labor that it be applied on a distinctly social scale. We have called the value created by making n yards of cloth the natural daily wage of a hundred men. It would not be so unless, in every other industry in the system, the final productivity of labor were being tested, and its pay were gauged by the result. Moreover

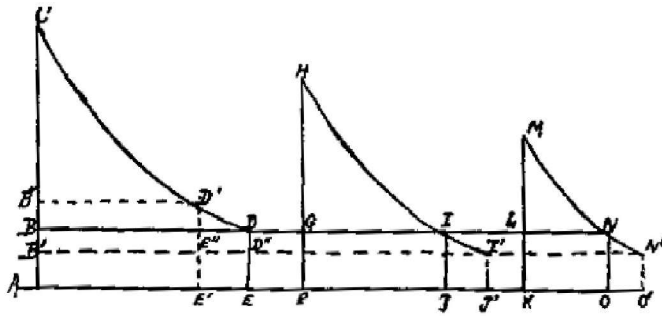
in a society in which competition may be supposed to have done its full work, the tests all show the same rate of productivity. For this reason the market tends toward a uniformity of pay. We may disregard the differences in working capacity that exist between men by assuming that in each gang of a hundred laborers all grades of efficiency are represented. We may throw other familiar variations out of account. It will then be true that the product of the final unit of labor in one industry will equal, in value, the product of the final unit in every other. In woolen manufacturing the output attributable to a single gang of a hundred men is n yards of cloth; in a shoe-shop it is n pairs of shoes; in a smelting furnace it is n hundred-weight of steel. If so, then these amounts of different commodities less the cost of their several materials represent equal values. If men can produce more and get more in industry number one than they can in number two, they will migrate from the latter industry to the former, until the inequality disappears.

Here again, the verdict of the practical world may be safely appealed to. The business man knows that, in the long run, the wages that he must pay are about equal to those that others pay; and these, as we know, are governed by what men are worth in other employments. The goods that labor can create, in any one of twenty different employments, furnish the standard of productivity to which the pay in any one of the twenty conforms.

Wages, then, depend on the value that the final unit of labor can create *in the general system of affiliated industries*. If one industry were a complete monopoly it could not force wages below the rate fixed by the final productivity of labor in other industries. If one corporation owned every woolen mill in the world, while other industries were in the hands of separate and competing owners, the rate of pay in the monopolized industry would conform to the final productivity of labor in the others. This inter-groupal equalization of earnings is the thing that it is of most importance to preserve.

A real monopoly, however, can influence the general rate of wages. While its own rate of pay must conform to the figure that is set in the general market, the action of the monopoly somewhat depresses that standard figure. It mislocates labor, and forces an undue proportion of it into industries that are open to competition. What it wants is a high price for its own special product, and it can get this only by reducing the amount created. This means fewer men in its own shops, more men in other shops, and a reduced product per man in these other establishments.

Moreover, the monopoly can import into its own special field the low rate of wages that it has helped to create elsewhere. Having deprived men in other industries of a part of their productive power, it can refuse to give men in its own shops more than these other men produce. Not merely on consumers, but also on producers, and, in particular, on laborers are the extortions of a true monopoly practised.



If A E equals the number of laborers in an industry, F J the number in a second, and K O the number in a third, it follows from what has been said that the final unit of labor is equally productive in all three. The product of these final units is measured by the lines D E, J I, and O N, which are equal. The line B N gauges, by its distance from A O, the general rate of wages. If the first industry becomes a true monopoly it will discharge some of its men, and they will be forced into other employments. If we disregard, for the moment, the question how much capital will actually go with the labor into other employments, we may make the supposition that enough of it migrates with the labor to enable the final man in each of the new employments to which he goes to create as many goods as did the final man before the transfer was made. The price of these goods, however, will be lower than before. The product of the final labor, in value, becomes J' I' instead of J I, and O' N' instead of O N. This sets a new standard of wages, as indicated by the line B' N'. Although in the first industry the amount of labor has become A E' instead of A E and although the product of the final unit of it is E' D' instead of E D, the wages paid in this industry are only E D". They conform to the final productivity of labor in other employments. The area B' B" D' E" represents a value created by labor in the monopolized employment, but kept by the employer as a profit due to the monopoly.

One question is then answered. The market tends to pay as a wage what an individual laborer is worth. But the case last studied suggests the question how accurately the law operates in practice. May it not be an honest law, but be so vitiated in its working as to give a dishonest result?

It looks as though the world were full of monopolies, and as though final productivity of labor must be abnormally low. Moreover the method of adjusting wages by means of strikes, or tests of endurance between employers and employed, raises the question whether the resulting rate stands in any connection with time final productivity of social labor. In showing a theoretical connection between them, have we not drawn a picture of a vanishing condition? We will test these disturbing influences in reverse order. It is safe to say that actual wages are now as truly controlled by the productivity of labor as they ever were.

The old way of adjusting wages was full of deviations from ideal standards. Let men make their way separately from employer to employer, refusing the offer of one and accepting that of another, and very many of them will fail to get what the theoretical principle would give them. The modern plan masses these innumerable variations, and makes the total deviation from the standard set by law a visible and more or less measurable amount. It should make it smaller than the aggregate of the deviations under the old plan.

The former mode of action involved countless individualistic strikes. If it gave a man any benefit from competition it forced him to refuse work again and again. If he were always to take the rate of pay first offered, his wages would tend only downward. The wastes involved in the unconcerted and continuous striking that actually went on were great, and were of a kind that could not be measured. The present plan organizes these numberless individual refusals to work into the concerted withholding of labor that is accurately termed a strike. The waste is easily smaller than was the total of the wastes under the old plan. Moreover the massed idleness represented by a strike is something that can be measured and, in a practical way, dealt with.

The old system tolerated large differences of earnings in different employments. It was inefficient in the direction of inter-groupal or social competition. The strike involves a direct appeal to the natural and general standard of wages, the final productivity of distinctly social labor. It challenges a comparison between what the men demand, and what men in other industries are creating and getting. If it be persisted in, it causes an effort to fill the vacated places with men who must often be taken from other parts of the industrial field.⁽¹⁾

If it were possible to disregard economic friction, and to assume that labor is perfectly mobile and competition efficient, we could formulate an exact rule for determining what strikes would have a prospect of success. Those that should claim more than the final product of social labor would fail, while those that should claim less would succeed. The comparison between the local rate of pay and the social rate of productivity, would be decisive.

Admit now that friction exists, and that labor is not perfectly mobile, and the rule just stated becomes less exact in its practical working; but with deviations it is still the rule. The strike that claims much more than the product of marginal labor will usually fail, and the one that demands much less will succeed. There may be different views as to the significance of the word much in this formula. As to how far above the standard of general earnings the claim of a strike may go, with transient success, may be a doubtful point.

There is no uncertainty as to the standard about which wages, as adjusted by strikes, must fluctuate. Everywhere they are fixed, not merely by local conditions, but by a reference to a social standard of productivity of labor. Inter-groupal competition is, under present conditions, a particularly efficient force.

It is, of course, the strike that does not occur, but that might occur, that is of most value to laborers. The pay that could be secured by a strike is often conceded without one; and that, again, is the amount that marginal labor is worth in the general field. Natural law works through labor unions. We shall see that, by means of them, it is capable of giving more accurate results than were formerly possible.

Not so clear, at first glance, is the case of entrepreneurs' unions termed trusts or monopolies. It is already evident that competitive law works in spite of them. It is my belief that it may be made to work through them. That competition that is general in its scope may make use of trusts, as it does of laborers' unions.

A trust unites entrepreneurs in one industry; and it challenges a comparison between the gross profits that it secures for its members, and the earnings of labor and capital in other industries. Not far above the standard set by the social productivity of labor and capital can the gains of most trusts be permanently carried.

It is a familiar fact that a wholesome fear of outside competition holds trusts in check. It sets a limit on their action in curtailing production and raising prices. Up to a limit this policy may be pursued; if it is carried farther new competitors appear and special profits are in danger of vanishing. The limit is not as narrow as it might be. I do not claim for this action, as it now goes on, an ideal degree of efficiency. What I do claim is that this type of competition already reveals its nature and its ultimate power to hold seeming monopolies in check.

We noted, as the worst abuse connected with a genuine monopoly, a mislocating of labor, and a reduction of the social standard of its earnings. If a trust cannot greatly raise prices it cannot greatly mislocate labor. The prices of its goods rise only as the production of them is curtailed, and only thus are laborers crowded into other industries, with an attendant reduction of their producing power as a result. Whatever protects the public from extortionate prices protects laborers from a lowering of the standard to which their pay conforms. The trust is primarily a strike of entrepreneurs against consumers. If successful it incidentally operates against laborers. If it is not successful it does not do so. The protector of the laborer in every instance is the competing entrepreneur, whose action tends to make prices normal. It is he who sustains the productive power of labor in the social field. Normal prices of goods mean normally located labor; and this means labor at its maximum of productive power and pay. A social or inter-groupal competition is here efficient

We have undertaken to find the thin end of the socialistic wedge. Two types of action are open to the state in connection with the combinations of laborers, on the one hand, and those of entrepreneurs, on the other. One policy introduces an arbitrary element into the adjustment of wages and prices; the other relies on social or inter-groupal competition, and secures for it a clear field for action.

Strikes now rely, in part, on an unnatural influence. They terrorize non-uncommon men. This often makes the adjustment of wages a prolonged tragedy, and is so obviously intolerable that not a word should here be wasted in demonstrating what, in this connection, is the duty of the state. That would scarcely be a government at all that should refuse to exert its power in protecting men in their right to work.

The reason for a certain tardiness in enforcing this right is a latent feeling among the people that

such action needs to be, in a way, offset by action of an opposite kind. It is clear that completely protecting non-union men takes one strategic resource out of the hands of the trade union. Ought we not to avoid the necessity for doing this? Would not courts of arbitration, with coercive power, enable us to shun the delicate issue, by removing the need of any terrorizing policy? It is clear that arbitration needs to be compulsory in order to fully accomplish this purpose. If the adjustment made by a court can be accepted or not, it will be refused whenever the men can gain more by continuing the strike, with whatever of violence that involves.

Shall we rely on enforced arbitration as a substitute for a vigorous policy of preserving the peace? The more obvious of the objections to the fixing of wages by a decree of a court is the infringement of personal rights that it involves. If such a decision is to be worth anything it must not only say to an employer, "So much you must pay *if you run your mill*" ; but, "So much you must pay *and actually run the mill.*" To the men it must also say, "So much you must take and actually work."

By reason of this objection on the legal side, the conclusive objection on the economic side is in danger of falling out of sight. The decree of a coercive tribunal would not need to conform to the true standard of wages, the final productivity of social labor. It would introduce into distribution a genuinely arbitrary element, with a very large ultimate power to pervert the natural system.

On the other hand a court with no power but that of public opinion behind it would learn to make its decisions conform to the natural standard of wages. It would aim to announce about that rate of wages which a strike, if it were pushed to the bitter end, would probably establish. It would, in one way or another, ascertain the standard to which wages tend to conform, respect that standard in its decisions, and by so doing avoid much of the waste and embitterment of strikes. Between coercive and non-coercive arbitration runs the dividing line of which we have spoken. The one perverts natural law, and the other strengthens it.

If we see to it that wages conform to the final productivity of social labor, we should see to it that trusts do not lower that standard. Here lies a part of that compensating action, favorable to labor, which the public is rightly but vaguely demanding. We shall accomplish the work if we can secure natural prices of goods. We have seen how inseparably bound are the action of a monopoly on price, and its action on the standard wage. If we restrain perversions of the one, we restrain perversions of the other.

How shall we do it? Shall -- we regulate prices by law? If we do this by setting direct figures at or below which things must be sold, we run upon trouble. If the figures enjoin merely maximum prices, they must, for certain reasons, be too high to do much good. The play that would go on below them would allow prices to rise above their natural limits more than, in most cases, they now do. If we decree at just what prices the goods must actually be sold, we introduce an influence that could not be tolerated over night.

Suppose we accompany the protection extended to the non-union laborer by an equally efficient protection extended to the non-union employer. The outside competitor of the trust is here the man to be considered. We have called him the natural protector of the workman; for it is he who prevents the mislocating of labor and the lowering of the standard of its pay. If we can tie in one bundle the measures that protect free and competing labor, and those that protect free and competing wealth, we shall make the industrial system natural and honest throughout.

A certain terrorism is now practiced on the workman's ally, the non-union employer. It causes an extended and continuous business tragedy, which, on its different plane, is parallel to that created by the terrorizing of non-union workmen. The competitors of a trust are driven to the wall by a cut-throat method of competition. Can this be prevented? Not easily; but here is a case where the difficulty of doing a thing is overborne by the necessity for doing it. The two together call for that type of statesmanship which is able to meet modern state exigencies. If it required an ability to do what is now impossible, this would not imply that the thing that is needed will not be done; for in statesmanship, as in other spheres of life, power grows with the demands that are made upon it. The thing that is impossible today may be done tomorrow, and that not only because leaders will have more of personal insight, but because the people have a reserve of power that enables them to accomplish what is needed. The necessity for securing a definite result sets in movement the popular force that is able to secure it.

We have, therefore, advanced far on the way to the condition in which we may be secured against the evils of a half evolved system of trusts if we know what measure, difficult though it may be, would protect us from these injuries. Let us see what ought to be done. Let us be sure what will happen if we do it, and what will follow if we do not.

The power of a trust for evil depends on some form of personal discrimination in commercial dealing. It depends on a power, lodged in some corporation, to treat customers unequally. If no corporation were able to give A better terms than it gives to B the trust would be deprived of the weapon that is really dangerous.

One form of such unequal dealing has already been attacked by the law. This consists in the special rates of freight still covertly made by railroads to favored shippers. If a trust can get its goods carried more cheaply than can its rivals, it can drive these rivals from the field, even if it does not itself make special rates to different purchasers of its own goods. The peculiar power of the trust, however, consists in this ability to make discriminating prices to its own customers; and this power resides entirely in its own hands. It can sell its products in one place more cheaply than it sells them elsewhere. Where a competitor has secured a local trade, it can ruin him by flooding his market with goods sold below the cost of producing them. In the interim the trust can maintain itself from the returns that come from other localities. If the low prices had to be universal, the powerful corporation would ruin itself as rapidly as it would its rival.

Low prices on one grade of goods produced by a rival whom it is desirable to crush act in a similar way. Discrimination, unequal commercial dealing, is the general name for the whole process. The aim of- it is the suppression of normal competition. It is contrary to the spirit of civil law, and to the natural working of economic law. Whatever civil action removes it harmonizes with industrial evolution, and tends to give us natural wages by securing natural prices.

I am, fortunately, not now undertaking to frame the statute that will accomplish the end in view. I am indicating the difference between two diverging lines of general policy. Yet the difference between the two policies may be made somewhat clearer if we have a possible statute in mind. Let us suppose that, in commercial dealing, a principle were actually enforced that should be akin, in its nature, to that which, in diplomacy, is expressed by the "most favored nation" clause. Let there be given to every purchaser of goods of a given kind a legal right to obtain them at the price at which they are sold to the most favored purchaser in other localities. Freight charges should, of course, be considered; but if the goods are shipped from New York, their price, as delivered on board cars in that city should be uniform to all customers purchasing a given quantity. If, then, it were to become known that in Illinois customers were getting a low rate, by reason of a war there waging against an independent rival, this fact would in itself release all purchasers in eastern states from the necessity of paying a larger amount. Bills rendered for larger amounts would not be legally collectable. The cut-throat price made for the purpose of crushing a rival, would react too seriously on the general receipts of the trust to be long persisted in.

We need here to insist again that the practical difficulties in the way of this particular legal action do not figure in the present argument. The supposed statute is illustrative only. What we may be sure of is that the direct fixing of prices by law is a measure that lies on one side of that line of cleavage to which we early called attention, which divides socialistic from anti-socialistic action; and that any measure that will enable competition to do this work lies on the other side. One general mode of dealing with both trades unions and trusts introduces an arbitrary element into the distribution of wealth, while the other method ensures a natural distribution and a generally free development of the industrial system. If we were to study many detailed issues, we should find the same choice between two policies presenting itself.

As between a public policy that relies on natural forces, and one that trenches on the sphere of those forces, I am not merely advocating the former for voluntary adoption. Not for a moment will I admit that there is real uncertainty as to which policy will be pursued. It is not a matter to be decided by debate. If the whole world were blind to the deep-acting principles in the case, and were in its purpose committed to a policy of trenching on economic forces, it would, in the end, be forced into the opposite line of conduct. Society guides itself by tentacles, and not mainly by eyes. It tries measures, and continues or discontinues them according to their results. There is an all-sufficient reason why an economist is not, in his proper capacity; an advocate; he does not need to be so. If he can see how certain measures must work, as they may be tried, he can often predict what measures will, of necessity, be adopted and retained.

There is socialism "in the air," but in a true sense there is none on the earth. There is none that has natural law to guarantee it. As surely as a measure has this one socialistic mark, an adjustment of earnings without an appeal to the principle of social productivity, it will be abandoned. It is by fate and not by choice that this one fact, the persistence of natural law, is ensured. Very binding is the decree that tells by what general line of action society must live.

This decree of fate does not press on the individual. On the contrary it guarantees the free action of the individual. The entrepreneur, the private initiator of industry, is the man for whose action it secures an unhindered field. The paradox in the case is that the natural system, which society as a whole is sure to retain, is one that secures free rather than constrained individual action. This is the meaning of true competition. When we say that the persistence of competition is ensured by fate, we mean that individual freedom is so guaranteed. The one thing to which fate binds us is liberty.

Inspiring enough is the outlook presented under a policy that shall liberate natural economic force. Dull would be the man who should merely tolerate this plan of social industry. Weak would be the position of him who should take an apologetic tone in defending it, or present its claims in a merely negative way, by exposing the evils and perils of the socialistic plan. We do not defend the perversions of the natural economic system; but because they are perversions merely, we shall remove them and keep the system.

Positive are the claims of that form of society that evolution has secured; yet it is by its possibilities of progress that it is mainly to be judged. Before all else is this system a dynamic one. Competition is a guaranty of a movement that will satisfy the demands of a healthy optimism. Well grounded, of the earth and not of the air, are the anticipations of gain based on this rivalry in social service, the intense effort to excel in power to create and to give, as well as to get. What productive energies will this process unchain! What diffusion of motive power from cheap sources will electricity secure! What deft machinery will it everywhere move; and what forms of utility and beauty will it call out of non-existence at the touch of a button! The crowning gain of all is the irrepressible democracy of it. By processes that others control, and by wealth that others own, the laborer will get, in the end, the most valuable personal gains. Mastership and plutocracy, in a good sense, yield by natural law a democratic result; for it is by the wealth that these ensure that the productive power of labor must rise. Wealth cannot be capital without making fruitful, not industry merely, but labor itself, as a separate agent in industry. Directly into the hands of the man who works must the progress of the future play.

Are there conditions attached to these gains? Is an if to be appended to every one of these predictions? Do they state what is within reach provided that we show economic insight and statesmanship? The general prevalence of a natural economic system does not seem to me to be thus conditioned; but the time and the manner of its fruition may be so. The fruits may come sooner or later, according as we make obstacles or render aid. They may come through the cooperation of legal and economic forces, or by the slow coercion of the legal forces by the economic. On the one hand we may have the sum of two influences to promote the movement; or, on the other hand, we may have only the difference between the two, and be sure of the ultimate result only because civil law must yield to economic force. Again, the movement may be attended by the embitterment of one class against another, and of men from both classes against the social system itself. The ultimate fruit of it is prosperity; the present result may or may not be harmony. This is saying that what the natural economic laws shall ultimately give to the world is scarcely a matter of uncertainty; but how much they may be allowed to bring to the men now on the earth depends on themselves.

NOTES:

1. The question arises whether labor needed to fill places vacated by a strike may not come from a reserve force of unemployed workmen. If this is the case can it not be had for less than the final unit of labor in actual employment is producing? The full discussion of this possibility would take us far; but some things are clear. Chronically idle men are not available. They are of inferior quality, and cannot, by their presence, force good workers to accept a rate of pay that conforms to the productive power of inferior ones. If the reserve force of the unemployed consists in men who are, as it were, in transit from one employment to another, they at least have employments in sight, and cannot be permanently retained in any industry for less than, in the general field, they are capable of producing.

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