CHAPTER XXVI

SUMMARY AND CONCLUSION

THROUGHOUT this book we have been concerned with a twofold problem: to apply the principles of justice to the workings of the present distributive system, and to point out the modifications of the system that seem to promise a larger measure of actual justice. The mechanism of distribution was described in the introductory chapter as apportioning the national product among the four classes that contribute the necessary factors to the process of production, and the first part of the problem was stated as that of ascertaining the size of the share which ought to go to each of these classes.

The Landowner and Rent

We began this inquiry with the landowner and his share of the product, *i.e.,* rent. We found that private ownership of land has prevailed throughout the world with practical universality ever since men began to till the soil in settled communities. The arguments of Henry George against the justice of the institution are invalid because they do not prove that labor is the only title of property, nor that men's equal rights to the earth are incompatible with private landownership, nor that the so-called social production of land values confers upon the community a right to rent. Private ownership is not only socially preferable to the Socialist and the Single Tax systems of land tenure, but it is, as compared with Socialism certainly, and as compared with the Single Tax probably, among man's natural rights. On the other hand, the land-

owner's right to take rent is no stronger than the capitalist's right to take interest; and in any case it is inferior to the right of the tenant to a decent livelihood, and of the employee to a living wage.

Nevertheless, the present system of land tenure is not perfect. Its principal defects are: the promotion of certain monopolies, as anthracite coal, steel, natural gas, petroleum, water power, and lumber; the diversion of excessive gains to landowners, as indicated by the recent great increases in the value of land, and the very large holdings by individuals and corporations; and the exclusion of large masses of men from the land because the owners will not sell it at its present economic value. The remedies for these evils fall mainly under the heads of ownership and taxation. All mineral, timber, gas, oil, grazing, and water-power lands that are now publicly owned, should remain the property of the states and the nation, and be brought into use through a system of leases to private individuals and corporations. Cities should purchase land, and lease it for long periods to persons who wish to erect business buildings and dwellings. By means of taxation the State might appropriate the future increases of land values, subject to the reimbursement of private owners for resulting decreases in value; and it could transfer the taxes on improvements to land, provided that the process were sufficiently gradual to prevent any substantial decline in land values. In some cases a supertax might with advantage be applied to exceptionally large and valuable holdings and to farms in absentee ownership.

The Capitalist and Interest

The Socialist contention that the laborer has a right to the entire product of industry, and therefore that the capitalist has no right to interest, is invalid unless the former alleged right can be effectuated in a reasonable scheme of distribution; and we know that the contemplated Socialist scheme is impracticable. Nevertheless, the refutation of

the Socialist position does not automatically prove that the capitalist has a right to take interest. Of the titles ordinarily alleged in support of such a right, productivity and service are inconclusive, while abstinence is valid only in the case of those capital owners to whom interest was a necessary inducement for saving. Since it is uncertain whether sufficient capital would be provided without interest, and since the legal suppression of interest is impracticable, the State is justified in permitting the practice of taking interest. But this legal permission does not justify the individual interest-receiver. His main and sufficient justification is to be found in the presumptive title which arises out of possession, in the absence of any adverse claimant with a stronger title.

The only available methods of lessening the burden of interest are a reduction in the rate, and a wider diffusion of capital through coöperative enterprise. Of these the former presents no definite or considerable reasons for hope, either through the rapid increase of capital or the inevitable extension of the industrial function of government. The second proposal contains great possibilities of betterment in the fields of banking, agriculture, stores, and manufacture. Through coöperation the weaker farmers, merchants and consumers can do business and obtain goods at lower costs, and save money for investment with greater facility, while the laborers can slowly but surely become capitalists and interest-receivers, as well as employees and wage-receivers.

The Business Man and Profits

Just remuneration for the active agents of production, whether they be directors of industry or employees, depends fundamentally upon five canons of distribution; namely needs, efforts and sacrifices, productivity, scarcity, and human welfare. In the light of these principles it is evident that business men who use fair methods in competitive conditions, have a right to all the profits that they

can obtain. On the other hand, no business man has a strict right to a minimum living profit, since that would imply an obligation on the part of consumers to support superfluous and inefficient directors of industry. Those who possess a monopoly of their products or commodities have no right to more than the prevailing or competitive rate of interest on their capital, though they have the same right as competitive business men to any surplus gains that may be due to superior efficiency. The principal unfair methods of competition, that is, discriminative underselling, exclusive-selling contracts, and discrimination in transportation, are all unjust.

The remedies for unjust profits are to be found mainly in the action of government. The State should either own and operate all natural monopolies, or so regulate their charges that the owners would obtain only the competitive rate of interest on the actual investment, and only such surplus gains as are clearly due to superior efficiency. It should prevent artificial monopolies from practicing extortion toward either consumers or competitors. Inasmuch as overcapitalization has frequently enabled monopolistic concerns to obtain unjust profits, and always presents a strong temptation in this direction, it should be legally prohibited. A considerable part of the excessive profits already accumulated can be subjected to a better distribution by progressive income, excess profits and inheritance taxes. Finally, the possessors of large fortunes and incomes could help to bring about a more equitable distribution by voluntarily complying with the Christian duty of bestowing their superfluous goods upon needy persons and objects.

The Laborer and Wages

None of the theories of fair wages that have been examined under the heads of "the prevailing rate," "exchange-equivalence," or "productivity" is in full harmony with the principles of justice. The minimum of wage justice can, however, be described with sufficient definiteness and

certainty. The adult male laborer has a right to a wage sufficient to provide himself and family with a decent livelihood, and the adult female has a right to remuneration that will enable her to live decently as a self-supporting individual. At the basis of this right are three ethical principles: all persons are equal in their inherent claims upon the bounty of nature; this general right of access to the earth becomes concretely valid through the expenditure of useful labor; and those persons who are in control of the goods and opportunities of the earth are morally bound to permit access thereto on reasonable terms by all who are willing to work. In the case of the laborer, this right of reasonable access can be effectuated only through a living wage. The obligation of paying this wage falls upon the employer because of his function in the industrial organism. And the laborer's right to a living wage is morally superior to the employer's right to interest on his capital. Laborers who put forth unusual efforts or make unusual sacrifices have a right to a proportionate excess over living wages, and those who are exceptionally productive or exceptionally scarce have a right to the extra compensation that goes to them under the operation of competition. Laborers who are receiving the "equitable minimum" described in the last sentence have a right to still higher wages at the expense of the capitalist and the consumer, if they can secure them through the processes of competition; for the additional amount is an ethically unassigned or ownerless property which may be taken by either laborer, capitalist, or consumer, provided that there is no artificial limitation of supply.

The methods of increasing wages are mainly four: a minimum wage by law, labor unions, profit sharing and ownership. The first has been fairly well approved by experience, and is in no wise contrary to the principles of either ethics, politics, or economics. The second has likewise been vindicated in practice, though it is of only small efficacy in the case of those workers who are receiv-

ing less than living wages. The third and fourth would enable laborers to supplement their wage incomes by profits and interest, and would render our industrial system more stable by giving the workers an influential voice in the conditions of employment, and by laying the foundation of that contentment and conservatism which arise naturally out of the possession of property.

As a matter of convenience, the foregoing paragraphs may be further summarized in the following abridgement: the landowner has a right to all the economic rent, modified by the right of his tenants and employees to a decent livelihood, and by the right of the State to levy taxes which do not substantially lower the value of the land. The capitalist has a right to the prevailing rate of interest, modified by the right of his employees to the "equitable minimum" of wages. The business man in competitive conditions has a right to all the profits that he can obtain, but corporations possessing a monopoly have no right to unusual gains except those due to unusual efficiency. The laborer has a right to living wages, and to as much more as he can get by competition with the other agents of production and with his fellow laborers.

Concluding Observations

No doubt many of those who have taken up this volume with the expectation of finding therein a satisfactory formula of distributive justice, and who have patiently followed the discussion to the end, are disappointed and dissatisfied at the final conclusions. Both the particular applications of the rules of justice and the proposals for reform must have seemed complex and indefinite. They are not nearly so simple and definite as the principles of Socialism or the Single Tax. And yet, there is no escape from these limitations. Neither the principles of industrial justice nor the constitution of our socio-economic system is simple. Therefore, it is impossible to give our ethical conclusions anything like mathematical accuracy.

The only claim that is made for the discussion is that the moral judgments are fairly reasonable, and the proposed remedies fairly efficacious. When both have been realized in practice, the next step in the direction of wider distributive justice will be much clearer than it is to-day.

Although the attainment of greater justice in distribution is the primary and most urgent need of our time, it is not the only one that is of great importance. Neither just distribution, nor increased production, nor both combined, will insure a stable and satisfactory social order without a considerable change in human hearts and ideals. The rich must cease to put their faith in material things, and rise to a simpler and saner plane of living; the middle classes and the poor must give up their envy and snobbish imitation of the false and degrading standards of the opulent classes; and all must learn the elementary lesson that the path to achievements worth while leads through the field of hard and honest labor, not of lucky "deals" or gouging of the neighbor, and that the only life worth living is that in which one's cherished wants are few, simple, and noble. For the adoption and pursuit of these ideals the most necessary requisite is a revival of genuine religion.