

SOCIALIST IDEALS AND THEIR ATTAINMENT

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THERE was a time when Socialism was a mere nebulous notion, when in its aspiring weakness it pictured to itself lofty ideals, and followed fancies born within the enchanted castles of the brain. But that day is past. The Socialism of to-day as formulated by Marx and Lassalle, and advocated by the German school, is possessed of a scientific character, is based upon generally accepted doctrines of orthodox political economy, and boldly challenges its opponents to open encounter in the arena of scientific discussion.

From a value ideal that for centuries flitted through the minds of men, tincturing the teachings of the fathers of the Church and the sages of philosophy, it has developed into a theory armed with all the logic of the schools; and thus accounted, it stands to-day the most powerful of all forces that menace the existing order of society.

Wages under the "Iron Law"

The theory which the great German Socialist, Lassalle, borrowed from the English economists, and from which he drew all his deductions, is that theory which has been termed the "iron law" of wages, and which is briefly this: That the tendency of wages is to the minimum necessary to existence and reproduction; that, however wages may fluctuate, this is the point to which they inevitably tend. That such is true under existing adjustments cannot be successfully denied, and it has long been the theory of standard economists.

It is the acceptance of these doctrines of political economy as taught in the schools that give Socialism its formidable character. It is the relentless logic that they apply to these tenets which wins for the socialistic theory such favour in cultivated minds. With faultless reasoning they show how the competition between wage earners, in which, pitted against each other, they bid away a greater and greater share of what they produce for the mere privilege of producing, finally, results in their accepting what is barely sufficient for their subsistence.

Regarding this law of wages to be as immutable as the laws which govern the physical universe, the Socialists declare that in order to rescue the wage-earning class from its relentless force, all the means and instruments of production should be owned collectively, as being the only possible way in which labour can secure its full earnings, unimpaired by the profits of the capitalist or the exactions of the landlord. There are other arguments that the Socialists advance in support of their programme, but they are merely incidental to the theory and in no wise form any essential part of the basis upon which their scheme rests.

What Governs this Condition?

If this so-called law of political economy, from which the deductions of Socialism are drawn, merely expresses what is true under conditions which are the result of antecedent laws, what becomes of it when the restrictions which give rise to these conditions are removed? Is it not clear that the whole fabric must give way? If it can be shown that the diminishing returns to labour result from the power which the ownership of land gives, of appropriating a gradually increasing share of what labour produces, is it not evident that under a condition in which

land owners are deprived of that power that the "iron law" of wages will no longer hold good?

When we make clear that this law is true only under a condition that permits of the private appropriation of rent, we shatter the foundation upon which the whole structure of Socialism rests, and when we show how, by a method both simple and feasible, economic rent may be restored to labour, thus giving to it the full unimpaired product of its exertion, the last vestige of the scientific basis of Socialism is swept away.

Where Competition Comes In

If we analyse production, we find that there enter into it three factors—land, labour and capital—or more strictly speaking, two factors, land and labour; capital being merely stored-up labour which is employed to facilitate production. All wealth produced is the product of these three factors, and is shared between them. Now, if as production advances, wages, the share which goes to labour, and interest, the share which goes to capital, decreases, it is evident that rent, the share which goes to the land owner, must increase. The most obvious facts go to sustain this inference. We have but to look around us to see that the very index of increasing production, of advancing wealth, is not increase of wages, or interest, but the increase of land values—while wages are declining rent is gradually advancing.

Instead of competition being the demon which has its hand upon the throat of labour, as the Socialists would have us believe, it is rent, which follows in the wake of advancing production and swallows up all the increase in wealth which springs from the increased skill and efficiency of labour, and the invention of labour-saving machinery.

It is true there is competition, merciless competition, among the disinherited, but it has no basis in nature—it has no analogy or natural relation in the law of the survival of the fittest, or the struggle for existence in the natural world—it springs from the restrictions which men have laid upon the bounties of nature, from the existence of social laws that rob humanity of its birthright, and send masses of men forth into the world disinherited, and dependent upon the few for the privilege to toil.

Labour and Capital

There is another doctrine of the economists to which I wish to refer, and which fortifies the Socialists in their enmity against capital, viz., that the rate of wages depends upon the ratio between the number of labourers and the amount of capital devoted to their employment. The fact is that wages do not depend on the amount of capital at all, but primarily depend upon what labour can earn by employing itself upon the most productive natural opportunity open to it free of rent.

However sharp competition among labourers may be, it is clear that the labourer will not work for another for less than he can earn employing himself. On the other hand, it is equally clear that so long as there are two men after the same job, the employer will not pay more than what the man willing to work for the least will take; and while competition among labourers serves to bring wages to a level with what men could earn by employing themselves, it is apparent that whatever

restricts the labourer's efforts to employ himself, or diminishes the amount he can thus earn, must serve to lower wages. This private ownership of land does, by depriving labour of free access to natural opportunities except at a very low limit of productiveness, where the returns are barely sufficient to support existence. Labour is thus driven to a competition that enables the owners of the superior natural opportunities to appropriate all that labour produces above what it could earn on the poorest land in use.

Not only this, but it withholds inferior land from use for speculative purposes, anticipating the growth of population and the increasing needs of the people, and forcing the point at which labour can obtain free access to land far beyond the margin of cultivation, or that limit at which the value of the entire product is barely sufficient to afford the average rate of wages.

How to Raise Wages

Now, since increases in the value of land is always at the expense of labour in both its forms, and since all wealth produced finds expression in three quantities—wages, interest and rent—it would seem clear that by appropriating rent by taxation, and applying it for the common benefit labour would have restored to it that share of its produce which, under existing adjustments, goes into the pockets of private individuals, and of which it is unjustly deprived; and this we show can be done without creating any new machinery of government, or disturbing the existing order of society.

The effect of the Single Tax (on Land Values) would be to throw open to labour vast natural opportunities now held out of use for speculative purposes, while it would cause those who continue to hold land to put it to a productive use. There would be no inducement to hold it for speculation, for as rapidly as the value of land increased so rapidly would it be absorbed by the increased tax. Thus no one would care to hold land unless they wanted to use it; the result would be that the margin of cultivation would rise—that is the productiveness of the natural opportunities open to labour free of rent would then be vastly greater than it is now, and the rate of wages of common or unskilled labour depending upon this would be increased proportionately; and to raise the wages of labour of the lowest class would be like lifting the base layer of a pyramid—it would lift all others with it.

True Basis of Property

The tax upon land values would stimulate improvements, owners would seek to put land to its fullest and best use, there being no taxes upon improvements or commodities, houses and commodities would be cheaper. A tax upon houses, or any of the products of human labour, increases their price, while a tax upon the value of land decreases its price. Thus we see that the economic benefits which flow from the Single Tax converge to secure to the wage earner all that he could hope to secure under the socialistic régime.

But, says the Socialist, why should the land be singled out for collective appropriation, and capital, machinery, the artificial factors of production, be allowed to remain in the hands of individuals? We answer, property in things which are the products of labour, and property in land, rest upon widely different principles. This was recognized long before the dawn of economic science. That sacredness which attaches to property in the products of human labour, the fruit of human exertion, has

never attached to property in land. This however, is merely an historical fact, and has no other weight. But it serves to show that the natural perceptions of men recognized this distinction long before the true basis of property had been clearly determined, or even been made the subject of investigation.

Equal Opportunity and Equal Rights

This granted, how are we to secure to all men their right in the land. We cannot divide it up and give each one his share, and even if we could, what would become of the child born to-morrow? Besides, some portions of the land, being more productive or desirable than others, would give to some an undue advantage; but even if we could equalise advantages, the shifting of population would soon produce inequalities of value—for in civilised communities it is the presence of population that gives value to land, while influences which are ever at work under commercial conditions would soon shift it back into the hands of the few. Again, in order to obtain the best results, to develop in the social fabric, system, organisation and stability, security of possession must be had.

It is because of the expediency—the impossibility of dividing land, that we would adopt other means, which would not only secure to everyone their right in the land, but secure it in a manner consistent with its best use. Suppose the captain of one of the tugs which ply about our wharves should die and leave the vessel to his six sons, would it not be the height of folly for them to divide up the craft? How much more sensible, if five of them should say to the other one: "You know how to use this vessel, take it, make what you can out of it, only pay to us what will be the fair equivalent for allowing you the exclusive use of what we all own." This is the principle we would apply to the holding of land. Not only have all men an equal right to land, but it is also true that the value which attaches to land in civilised communities and which makes city lots worth thousands of dollars a front foot, attaches to it by reason of the growth of the community. It is a value which reflects the productiveness of aggregated labour. It is created by the community, and not by reason of any effort on the part of the individual owner, for we see that it attaches to land, often in the highest degree, upon which the owner has never done anything. The right of the community to this value rests upon the same principle as the right of the individual to what he produces—as having created it.

We carry the principle of the sacredness of private property, in its true forms, so far as to declare that what a man produces is his by so indefeasible a right that no government even can justly take from him one jot or tittle of it to defray the expenses of the community, so long as there is a value created by the community, such as the value of land, which may be applied to that purpose.

That is why we distinguish between capital or property in the products of human labour, and property in land, in determining the rights of the community to control the means of production, and stand as the advocates of freedom, as against restriction, and of the sovereignty of the individual in the sphere of individual action, as against the sovereignty of the State.

2d. How THE ENGLISH PEOPLE BECAME LANDLESS. And how to Regain the Land.

3s. 6d. A PERPLEXED PHILOSOPHER. Ethics of the land question and examination of Herbert Spencer's recantation of his earlier declarations. By Henry George.