

The Full Significance of Freedom

By E. C. HARWOOD

EVER SINCE John Stuart Mill wrote his famous essay "On Liberty," there can have been no further doubt in the minds of reasoning men that freedom of thought, belief, and expression is an essential ingredient of freedom for the individual. That the ownership of one human being by another could not be tolerated in a society of free men was established in the United States by the Civil War and has been confirmed by most of the rest of the world as men, coming to understand what freedom means, have grasped at its elements. In our country, there is also constitutional recognition of the fact that freedom for the individual includes inalienable rights or defenses against even the most powerful State or Federal Government; defenses that long-established customs have now made an integral part of our legal procedure.

Freedom for the individual is the acknowledged primary aim of our form of government. This government was based on the assumption that freedom for the individual makes him responsible for his actions (because authority to act implies responsibility for the consequences of the act); that such responsibility leads to the cultivation of judgment, ability, and character in men; and, finally, that the best society and the one most fitted to endure in the long run is one composed of the most highly developed individuals rather than one composed of the slaves of an all-powerful State.

It is sometimes forgotten that enslavement of the individual must inevitably make him irresponsible and thereby retard growth of judgment, ability, and character. The childlike gayety of the slaves we had in our country long ago was frequently construed as the acme of happiness (although no free men seemed eager to enjoy that happiness by sharing their bondage). But the plain truth is that the human being who is not permitted to assume the responsibilities of grown men must remain a child. And in our Constitution there is implicit the assumption that the best society will result when human beings are permitted and encouraged to become responsible adults.

When this theory of society was first elaborated and put into practice, it was scoffed at as a theory that had not been tested by experience. More than a century and a half has elapsed since then, however, and there is now the strongest conceivable proof that the theory is sound. In this relatively short period of history, the nation has grown, and civilization within the

United States has flourished. We have leaped ahead of the great industrial nations of Europe, one after another, in our ability to create what mankind wants; art and science have benefited on a scale beyond the imagination of the peoples of the Old World; and our progress has surpassed the comprehension of the vast populations of India and Asia. That this great advance of civilization was attributable neither to greater natural resources nor to a basically more intelligent people is evident; Europe, South America, Africa and China each has natural resources that exceed those of the United States. Our people are descendants of European stocks, for the most part. There remains only the great difference in application of the principle of freedom to account for the flowering of civilization in the United States.

I

NEVERTHELESS, FEW BELIEVE that our society in the United States is perfect. It is unnecessary to describe its defects in detail, so apparent is it that many exist. Consequently, reasoning men are forced to conclude either that our fundamental theory of the good society is unsound or that we have failed in part to apply that basic theory.

Some men have accepted the first alternative and would turn back the clock of history and establish a society in our country in which the individual would be less free and more a chattel of the State (as has occurred in some nations of Europe during our time). Rarely do we find such thoughts given clear expression, but men are to be judged rather by actions than words; and the actions of many men clearly show that they either have never understood or no longer believe in the principle of freedom for the individual. Before we accede to the desires of these backward-looking individuals, it may be well to consider the alternative possibility: that we have failed in part to apply the theory of freedom, and that we have not yet fully explored the road toward freedom and therefore may find our goal further along the road we have traveled rather than somewhere back upon it.

At first glance, our concept of freedom seems to be complete. We choose those who govern our cities, states, and the nation; we have reasonably well-observed constitutional defenses against usurpation of individual rights by the government; and we have freedom of religion, thought, and expression. There is some talk of freedom from fear, but every adult mind knows that there will never be freedom from fear in general, although there already is freedom from some fears in particular. There is also talk of freedom from want, but most people realize that men who are free to dispose of their goods as they please can never be guaranteed freedom from

want; valuable slaves are the only human beings who have ever had this freedom. (Possibly even these wanted more than they received.) What then, if any, is the additional feature or features of the principle of freedom that may have been overlooked?

Sometimes, when an idea is difficult to grasp in all its aspects, it is helpful to consider its opposite. In this way we may obtain a clue to the application that seems to elude us.

The opposite of freedom is slavery. Aside from the loss of freedoms already discussed, are there other important features of slavery? The answer becomes obvious when we ask why men have been enslaved in the past.

The one most compelling reason for a man to enslave his fellows apparently has always been so that he, as master, could require them to work for him without giving them in return more than part of the fruits of their labor. To put the matter bluntly, chattel slavery was, and still is in parts of the world, a legalized robbery, a means by which some men are forced to live a part of their lives for the benefit of others called masters. From this fact, we may draw the conclusion that, when some men are privileged to take from others part of the fruits of their labor without recompense in kind or in corresponding value, to precisely that extent the men whose wealth is thus appropriated are slaves.

Inasmuch as slavery in any degree is the negation of freedom, it is apparent that the theory of freedom also implies that every man should receive the fruits of his labor, either in kind or in corresponding value. Possibly some persons will assume that the freedom to make employment contracts, which citizens of the United States have to a marked degree, automatically prevents any interference with freedom to retain the fruits of one's labor. If a man thinks his efforts are worth more than he gets for them, he is at liberty to resign his employment and seek other work for which he may be adequately compensated. Of course, freedom to seek does not guarantee finding, but most citizens probably believe that, as a practical matter, a man can find a full reward for his services if he will but seek diligently enough, except perhaps in occasional periods of business depression.

The question therefore becomes, is this general assumption true or is a substantial number of the members of our society actually deprived of a portion of the fruits of their labor and to that extent enslaved? Again we can more readily gain enlightenment by considering the reverse side of the picture.

Nothing more than ability to add and subtract is needed to prove that, when some men are robbed of the fruits of their labor, the appropriators

get something for nothing; at least they get something without giving in exchange its full equivalent value. It follows, then, that if there are men in a society who are able to get something for nothing, other men must be getting nothing for something. We must therefore ask, are there people in the United States who are able to get something for nothing?

The answer to this seems obvious; there are thousands, perhaps millions, of persons in the United States who get something for nothing. The more conspicuously fortunate of this class constitute part of the idle rich, and there are successive gradations of fortune in this class of persons.

II

LEST THE FOREGOING be misunderstood, it is necessary to distinguish carefully between three classes of the wealthy. Unfortunately, the usual reaction of the underdog is to resent all wealth, earned or unearned. The three groups to be considered are:

1. Those who have earned their wealth and large incomes by extraordinary ability. Such a man as Henry Ford, perhaps, would be in this group.

2. Those who have inherited wealth that represents a reward for work done by their ancestors. The younger Edison is perhaps an example of this class.

3. Those who have acquired, by inheritance or otherwise, monopoly privileges of one sort or another which enable them to demand an income without giving anything in return. The present generation of the Astor family, to some extent, is an example of this class.

Now there can be no question about those in the first group. They give value received for their incomes, and therefore cause no one to be deprived of the fruits of his labor. It is not so easy for many people to understand that those in the second group likewise give value received. That they do so is clear if they simply spend the funds (dissipate the capital) accumulated by their ancestors. But what if they live on the interest or dividends from securities representing buildings or manufacturing plants produced by their ancestors?

The early religious view was that all interest was usury and all usury was sin, a robbing of the needy by the rich. This is still the Socialist point of view. However, it is now well established that capital in the form of buildings, machines, factories, etc., is itself a partner in the productive process and earns its share of the product. If this is so, the individuals in the second group do not have the power to appropriate the fruits of the labor of others without an equivalent return.

Now capital (which is defined as that part of tangible wealth or goods used for the production of more goods) is actually wealth (goods) in the process of manufacture and exchange; that is, it is wealth (goods) not yet placed, in its entirety, in the hands of the ultimate consumer. To illustrate:

1. Cattle on the range are capital goods part way along in the overall process of production and exchange.

2. A manufacturing plant is a form of capital, which is in some stage of a gradual conversion to goods for the ultimate consumer. A lathe wears out as it is used to make wooden spindles for chair rungs. This product, therefore, has embodied in it both the human effort immediately involved and the human effort originally devoted to making the lathe. Making the lathe, in effect, stores up human effort in a certain form that can be converted into other products farther along toward the ultimate consumer. It is clear, therefore, that such capital is in the process of production and exchange.

3. A merchant's inventory or stock of goods for sale is quite obviously in the process of production and exchange en route to the ultimate consumer.

It happens that the process of exchange makes possible more efficient production of goods, because it enables human effort to specialize in types of work yielding the maximum product in each locality. The lumbermen of the Pacific Northwest can produce lumber with relatively little human effort, compared with the effort involved in growing and cutting lumber in Kansas. The farmers of Kansas can grow wheat with less human effort per bushel than wheat could be grown in the lumber areas of the Pacific Northwest, where even extensive clearing to prepare the fields would not better the climate for wheat growing. Provided more wheat is grown in Kansas than is consumed there and more lumber is cut in the Pacific Northwest than is used there, an exchange can be made that is mutually advantageous for the obvious reason that the farmers and the lumbermen thus share a much larger total production of wealth (goods) than they would have if each farmer spent some of his time growing trees and sawing them and each lumberman took time from lumbering to clear fields and cultivate wheat.

It will be noted that capital is required for this purpose. Some wheat and some lumber must be saved (not consumed immediately) and placed in the channels of exchange. En route, some of the lumber may become furniture as a result of adding capital and human effort to it; and the

wheat may become flour, which then includes the original wheat plus the human effort of the miller plus that part of the milling machinery (a portion of its useful life) used in making the flour.

It is apparent that capital goods do contribute toward the final product for the consumer. Capital contributes the human effort stored up in the factory or other capital goods. *In addition* capital contributes the increase in the total product that results from specialization with consequent greater product per unit of human effort.

It follows that individuals who provide capital goods can be given the equivalent value of those goods in the form of a share of the final product plus an additional portion of the final product or its money value representing the added production made possible by the use of this capital. In other words, the man who owns a machine can take enough of the money value of the product to compensate him for wearing out the machine plus some more without taking any of that part of the product directly attributable to the later contribution of human effort made by the operator of the machine. And it does not matter whether the owner of the machine built it himself or inherited it from some ancestor.

The additional amount paid to the owner of the factory, over and above that needed to buy a new factory when the existing one is worn out, is usually called interest, or sometimes, dividends. (However, the interest on some bonds, say a Government bond, is not of this character for obvious reasons; and dividends paid from monopoly gains are also not of this character.)

It is clear, then, that, although those who inherit capital get something for nothing, they get it only at the expense of the ancestor whose effort created the capital; and the interest or dividends received subsequently come *not* from the share of the product attributable to the efforts of the factory operatives, but from the additional product made possible by the existence of capital goods (*i.e.*, wealth in the process of production and exchange). Interest and dividends of this character therefore do not ~~deprive~~ those currently applying their human effort in the productive processes of their full share of the ultimate product.

III

IT IS EQUALLY CLEAR, however, that the income derived from a monopoly privilege must ordinarily be at the expense of those devoting their human effort to the production of goods. Consequently, all who get something for nothing as a result of owning monopoly privileges of one sort or another

are in effect and to a degree enslaving their fellow men who work for a living. To the extent that some men are forced to give up part of the value of their effort applied in production, they are enslaved. Do such conditions actually exist? An example will prove that they do.

More than 150 years ago, George III, then King of England, by a stroke of the pen and for no real value received gave certain favorites some monopoly privileges in the New World. Today, the descendants of those favored individuals have an absolute monopoly privilege to demand a substantial fee for the use of hundreds of thousands of acres of the finest farm land in the Middle West. If they choose, they may prohibit the cultivation of the land, even though the produce of it may be needed for food to keep people from starving. Ordinarily, however, the monopoly privilege is used to obtain a share of the product, and the share thus obtainable usually is nearly all that portion of the crop which is over and above the crops that can be produced at the margin of cultivation where crop yields are low in proportion to the human effort expended. Any would-be farmer who will not pay this large share of his produce for the privilege of using the better land has no alternative but to get even less for his effort on the nearest free land available.

In some instances, the monopoly privileges of the type under discussion pertain to areas within growing cities. What was once open prairie becomes a center of productive activity; railroads are provided by capitalists, thereby making it a center for advantageous exchanges; roads built by the county, state, and federal government facilitate local shipments and exchanges; people congregate there, thus providing a pool of potential workers, a good labor market; large numbers of consumers live there; they build churches, schools, theaters, and other attractions that bring still more people because life is pleasanter there; and capitalists find it advantageous to manufacture in this locality where labor and consumers have congregated. What does this do for the holder of a monopoly privilege?

Here is a specific instance. A single plot of land, perhaps an acre in extent, is located in an American city, but the descendant of a king's favorite holds the monopoly privilege, the right to say "If you wish to use this space on the surface of the earth, pay me (in this instance) \$235,000 annually (which means of course a claim on goods produced to that value)." And a large corporation is currently paying this fee, although the holder of the monopoly privilege has written in the contract that the company, at the end of thirty years, must tear down any building erected and give up the use of this space if the holder of the monopoly privilege so desires!

It will be obvious that the specific instance just cited is only one of millions of such instances. What the grand total of the takings based on such privileges would be, no one knows, but it is a substantial share of current production.

Here then is the proof that hundreds of thousands of those who apply their efforts of brain or hand in production are deprived of a portion of what they produce. In effect, part of their time is devoted to making goods for holders of monopoly privileges who give no return for value received. For the indicated portion of their lives, those applying effort in production are, in effect, enslaved; and to precisely that extent are they deprived of their freedom.

It is apparent, therefore, that, in at least one important respect, we have failed to continue on the road toward perfect freedom. We have stopped short of the goal, so much short that by far the most of the people of the United States spend a substantial portion of their lives in virtual slavery, bound by ties they do not understand, bonds strengthened by legal traditions and the growing economic power of the "masters" or owners of the widespread monopoly privilege. And the poorer classes of the population, little understanding the nature of their bondage but suffering its evil effects, follow any demagogue who offers them a hope of change in the belief that any change, even a more backward toward the Dark Ages, will be a change for the better. Thus, men come to power who neither understand nor care for the principle of freedom that is the intended goal of our Constitution, and to satisfy the masses who elected them pass laws that reverse the movement toward freedom and take us back along the road on which mankind has struggled to move forward for hundreds of years.

It is relatively easy to understand that slavery, in effect and to a degree, still exists in the United States. That it stunts the growth, especially the intellectual development and sense of responsibility, of a major portion of the population is all too probable. That it is therefore the principal danger to our form of society, to our civilization in fact, is not beyond the bounds of possibility. But the question is, What is the remedy; how can monopoly privileges of the character pointed out be ended without a complete disruption of the social scheme? It may well be that this is the all-important question to which we must find an answer or perish as have other civilizations before ours.