

can know, each for himself. But it is not too early to give fair notice that every councilman who votes against the policy of withholding franchise extensions until the legislative policy on municipal ownership shall have been declared, or who facilitates in any other way the extension of existing franchises, will be regarded, and reasonably and justly so, as a bribed man.

We had occasion last week to comment (p. 498) upon the complaint of Congressman Norton, of Ohio, "Democrat," that Tom L. Johnson had defeated him for reelection. It seemed to us then that in doing this Johnson had really served the best interests of the Democracy of his State. We are still more strongly of that opinion after reading the following special correspondence from Washington, published in the Chicago Evening News of the 14th:

There is general mourning among the Western members of Congress over the defeat of James A. Norton, who for three terms has represented the Thirteenth Ohio district in the House of Representatives. The regret is not confined to the Democrats, to whose party the defeated statesman belonged, but it is felt keenly in the Republican ranks. "Doc" Norton was one of the handy members of the House. In his early days he was a practicing physician. This profession did not prove as lucrative as the Ohio man desired, so he studied law, was admitted to the bar and secured a position with the Baltimore & Ohio railroad as its tax attorney. Norton is known in the capital of every State through which that railway system runs, as he makes annual visits to the taxing powers to see that "his road is treated right." Notwithstanding that he had abandoned the practice of medicine he always had his medical case with him and when a member, clerk or page showed up sick on the floor of the House "Doc" Norton could be depended upon to give him medical relief gratis. Again if any of the aforesaid members or employees of Congress became involved in any legal difficulties Lawyer Norton only had to be apprised of the fact to make certain his appearance in the police court the next morning to defend them. The convenient points about the Ohio statesman tended to make him a host of friends, but his legal and medical knowledge did not bring

nearly so many to his train as did the fact that he had a book of blank passes over the railroad he represented, and that he could always be depended upon to furnish transportation when others failed. His popularity among the politicians extended beyond Washington and covered the entire State of Ohio. When the Republicans recently apportioned the State there was a terrific clamor raised over the action of Senators Foraker and Hanna, who refused to permit Norton's district, which was regarded as safely Democratic, to be cut up into small parts and distributed between the Republican strongholds adjacent to it. When the time for making the nominations came last spring, the Republicans continued their friendly treatment and nominated A. H. Jackson, of Fremont, who used to be a shoestring peddler, to be their candidate for Congress. Norton carried the district in 1900 by 6,610 plurality, and as Jackson had no apparent political strength it was thought the Democratic physician-lawyer-statesman had a walkaway. Tom Johnson pitched his tent in the Tiffin district for several days, and when he had finished his attacks on the Baltimore & Ohio railroad for not paying its taxes he had ruined the chances of the Democratic nominee for election. Norton's connection with the railroad reversed his 6,000 plurality into a deficit of 500 votes and Jackson was elected, to the great surprise of all concerned. "I don't care so much for myself," said Norton, jocosely, "but I am sorry for the boys. How are they going to get home now when they lose their passes?"

Norton's defeat is another feather in Johnson's cap. By defeating Norton he to that extent defeated Hanna whose Democratic tool Norton is.

Tariff reformers are men who have too much sense to be protectionists but not enough to be free traders.

### AN ECONOMIC EXPLORATION.

To know how a loaf of bread is made and distributed is to know more of political economy than all the text books and all the statistics can teach. That was Emerson's idea, and Emerson was right. But his idea does not imply that one must know all the chemical and mechanical processes. They are manifold and complex, and it would be impossible for one head, large or small, to hold so much. Even if there were a hu-

man brain of this extraordinary capacity, it would very likely be incapable of intelligently using the knowledge it held. Fortunately, therefore, what is necessary is not comprehensive knowledge of technical processes, which is impossible, but intelligent apprehension of familiar economic phenomena, which is easy.

#### I.

A child who knows how to get candy can be inducted into the economic mysteries.

Isn't candy got at the store with pennies? So is bread. A child can understand that. But the same thing is true of everything else with which the human family satisfy their material wants. Whether their wants be of the stomach for food, of the body for clothing and shelter, of the taste for superior qualities of food and clothing and shelter, or of any of the desires for any other of the infinite variety of material things, those wants are all satisfied by buying objects as candy and bread are bought —by buying them, so to speak, at the store with pennies. In civilized society every material desire can be satisfied as it arises, simply by giving money for the things that satisfy it.

But why is that true? Why do pennies so easily fetch us candy or bread or other good things? They wouldn't if we were not living in civilized society. On a desert island no amount of money could procure satisfaction for even the least of human desires. It cannot be, then, that money is the final explanation of economic processes. It is evidently only a superficial expression of something more fundamentally characteristic of civilized life.

#### II.

What that thing is should appear upon a moment's reflection. If money will procure satisfaction for any want, in civilized society where trade is a universal phenomenon, and only for a few in savage society where there is but little trade, and none at all on a desert island where there is no trade, then money must be merely a trade token. It must be something, that is, which passes current among civilized people not because anyone wants it for itself, but because it will buy other things—

things that are wanted for themselves. And isn't this a fact which every intelligent man knows? It is not money but trade that enables the child to buy candy, and his mother to buy bread, or his father to buy a house. If the child's penny couldn't serve the storekeeper in trade when he goes to buy what he wants for himself, he wouldn't take it in trade when he offers to sell candy to the child. He does not want it except to trade it again. It is simply a token whereby he swaps what he sells for it for what he buys with it. And this is true of all money. The economic phenomenon, therefore, which is more fundamental than money, without which money would be of no use and the object of no one's desire, is trade.

Of course we know that trade consists in swapping things. But why is anything swapped for another thing? Why are things traded? You can't trade the free air. You can't trade the waters of the great lakes. There are kinds of things, certainly, which cannot be traded. Yet there are other kinds of things in great abundance and bewildering variety which not only can be traded, but are in continual process of trade. Why? What is it that distinguishes the tradeable from the untradeable?

Isn't it obviously value? Things having no value are not tradeable, but things having value are tradeable.

### III.

As value is commonly expressed in terms of money, it being customary to say of a valuable thing that it is worth so many pennies or so many dollars, it might seem that we had now got back again to money. But that is not the fact. Though value is expressed in terms of money, it does not depend upon money. Things would have value all the same even if there were no money to express their values. Money bears much the same relation to value that the alphabet bears to language or to thought. It furnishes convenient symbols for expression, but is not the thing expressed.

Value is the expression of a comparison. As exemplified in trade it is the name of the ratio at which tradeable things are exchanged. If,

for illustration, one loaf of bread exchanges for five sticks of candy, the ratio of bread to candy is as one to five. It follows that if you give one penny for your stick of candy you must give five for your bread; or, expressing these values in terms of money, that bread loaves are worth five pennies and candy sticks are worth one penny.

Yet it is value, and not its capability of expression in terms of money, that makes things tradeable. The immediate cause of trade is value.

It cannot be, however, that value is the final explanation of economic processes. There must be something still more fundamental. To say that value is the economic base, is almost as weak as to say that money is. Value is not economically self-existent. It in turn must have an economic cause.

### IV.

The cause of value is serviceability, in the restricted sense of capability of serving a human purpose. Unless an object is capable of ministering to some human desire, unless, that is, it possesses the quality of serviceability, it cannot exhibit the phenomenon of value. Value rests upon serviceability.

But serviceability plus something else. For the air is incalculably serviceable, the waters of the great lakes and of the oceans are immensely serviceable, the sunlight is indispensably so; yet none of these have value. It will be observed, however, that while they are serviceable they are not difficult to get. They are not scarce. On the other hand, serviceable objects which are difficult to get, serviceable objects which are scarce, invariably exhibit value. The cause of value, then, is serviceability in a condition of scarcity. But as normal desire for scarce things is not because they are scarce, but because they are serviceable, the inciting cause of value is not scarcity, but serviceability.

True, however, as this obviously is, we have not yet reached the end of our economic exploration. For serviceability, though the inciting cause of value, is itself an effect of anterior causes. If bread were not valuable it wouldn't be tradeable. If it were not serviceable it wouldn't have

value. But if it didn't exist it couldn't be serviceable. So its serviceability, its value, and its tradeability, depend upon its existence. This seems rather obtrusively obvious, but the most obvious facts are sometimes ignored.

### V.

Now, bread does not exist naturally. It is an artificial thing. And that is true of the great mass of tradeable objects. They are artificial. Some tradeable objects, it is true, are not artificial; but these are tradeable for a secondary reason—because they are capable of securing in some way service from articles that are artificial. It is the serviceability that is embodied in artificial objects that makes anything tradeable. We find, therefore, that beneath all the economic phenomena we have thus far explored—beneath money, trade, value and serviceability,—beneath all these in the sense of being their cause, are the artificial objects which possess the quality of serviceability, to which value therefore attaches in conditions of scarcity, which are consequently tradeable, and which may for that reason be bought with money.

What technical name we give to such objects is of no moment, provided we always use the same name to designate those objects, and use it for nothing else. Then why not distinguish them as "wealth," which is a good old economic term? Using the term strictly in that sense, we are able to say that all the economic processes thus far passed in review are caused by wealth.

### VI.

But the end is not yet, for wealth is not self-existent. Consisting of artificial objects it cannot be. As the term "artificial" implies, such objects are produced (which means drawn forth) by human art. If man didn't exist, they would not appear. If man didn't labor, they would not come forth. Without human exertion of brain and brawn, there would be no wealth. Wealth, therefore, is properly called a labor-product. So we trace all economic processes back to labor.

Every material thing is brought to us by human labor—our own labor or some one else's; and if at any stage

in the process labor were to stop, our desires would forthwith begin to go unsatisfied. At first we should have to stint ourselves, perhaps, only a little; but soon a little more, and then more, until almost every want would plead in vain for even the least satisfaction. The whole process of production and distribution is a process of labor. The raw materials are produced by labor; the tools and machinery, simple and complex, little and big, are made and repaired and remade by labor; the transportation facilities are constructed and operated by labor; the factories and store buildings are erected and utilized by labor.

In the loaf of bread there are the labor of the farmer who raises and harvests grain, and of the miller who grinds it; of the mechanics who make the tools and machinery for both farmer and miller, and of those who make the tools and machinery for these mechanics; of the miner who unearths the metals and the woodmen who cut the lumber; and then again of those who make miners' and lumbermen's tools; of the labor that builds railroads and the labor that operates them; of the labor of the baker and that which equips bakeries; of the labor of the bankers and bankers' clerks in giving mobility to capital, and of that which constructs and cares for their buildings, as well as that which through other complexities of trade furnishes them with stationery and with business furniture; and so on to the labor that slices the loaf at last and that which produces the knife with which it is sliced. From beginning to end it is all a labor process. Nor is it the labor of the past that keeps the process going, but the labor of the present.

The wealth we buy with money, then, for the satisfaction of our desires, is in the last analysis the product of current human labor.

#### VII.

We have now reached a final explanation. Beginning with the economic phenomenon next at hand, and therefore most familiar, that of buying satisfactions with money, we account for it by the phenomenon known as trade, and for that in turn

by the phenomenon of value. Value is found to rest upon serviceability, and serviceability upon artificial objects, while artificial objects come from labor. It is as if in making a subterranean exploration, we had first laid off the surface soil and then cut through the layers of different material, one after another, down to rock bottom. For human labor is the rock bottom of economic research. It supports all the superincumbent layers—wealth, serviceability, value, trade and money.

Unlike the other economic phenomena through which we have picked our way, labor is economically self-existent. It has no anterior cause on the economic plane. For labor is a technical term descriptive of the human family producing satisfactions for human desires. And while that phenomenon is indeed an effect (as what short of Omnipotence is not?), yet its cause lies beyond the field of economic inquiry. It is not an effect of anterior economic causes. On the economic plane it is itself the cause of all effects.

#### VIII.

Nevertheless, labor cannot create. It cannot make something out of nothing. It cannot say, "Let there be bread!" and there is bread.

So far from creating, labor has only the power to produce. That is, it can draw forth artificial objects by so adapting the matter and forces which nature supplies as to fit them for serving human purposes. It can change the shape and place of natural things.

For instance, it can produce coal by changing its shape from the mass in the vein to broken pieces in the mining chamber; it can still further produce it by changing its place from the bottom of the mine to the mouth; it can produce it further yet by changing its place from the mouth of the mine to the coal bin, and finally to the stove or grate of the distant consumer. Or, it can produce houses by changing the forms of trees, rock, sand, clay and ore, and marshall them at one point and in one form or shape from many distant points and different shapes.

But labor can do none of these things without natural resources.

Tools it does not need. For labor, considered as a cooperative whole, makes all its own tools. They are artificial objects—wealth. But it does need raw materials and working places upon the earth. To use the inclusive economic term, it does need "land." Land is the one thing, the only thing, that labor must have. Land is the sole condition of all the economic processes that labor generates. For mining, it must have access to mining land; for farming, to agricultural land; for urban building, to urban land sites; for railroad-ing, to rights of way over land; for sailing, to harbors, and so on. Labor without land, even if life were possible, would be utterly powerless to generate the economic processes. On the other hand, land without labor is unproductive of artificial satisfactions. It only furnishes the natural storehouse and workshop for labor, leaving labor to do the rest. Though labor generates the economic processes, it must have access to land to do so. And land it cannot produce. Land is not an artificial object, but a natural one. But with access to land, labor produces in abundance all those artificial objects having value, which we have called "wealth."

Labor is fundamental and land is fundamental. They are the prime factors of all economic processes, labor being the initial or active force, and land the responsive or passive condition. Thus labor produces wealth from land, and land yields wealth to labor.

#### IX.

Land, Labor and Wealth, then, are the three subjects of first importance in all economic problems. Land passively yields matter, space, and energy to the knowledge and skill of man. The active application of that knowledge and skill to those yielding elements is Labor; and its product—the natural matter and energy so shaped and adjusted as to satisfy the desires that stirred the laborer to activity—is Wealth.

From this starting point the steps we have taken may be retraced, and the way be more minutely surveyed. Back to money and its functions, through all the mazes of serviceability, value and trade, it is now possible

to go, with a certainty born of confidence in familiarity with the route. We have discovered the most fundamental of elementary principles, and in their light problems otherwise perplexing may be easily and correctly solved.

## NEWS

The award by King Oscar, of Sweden and Norway, in the Samoa arbitration, which was announced last month (p. 457), is now published in detail. To understand this international event it will be necessary to turn back to the news from Samoa of nearly four years ago (vol. i, No. 42, p. 11; No. 50, p. 9; No. 52, p. 7; and vol. ii., No. 53, pp. 5, 9), when Great Britain, the United States, and Germany became involved in a dispute over a native election, and warships of the former two nations bombarded native villages near the Samoan city of Apia.

Samoa, formerly known as the Navigator Islands and consisting of 14 volcanic islands in the southern Pacific, has a population of about 34,000 persons, nearly all of whom are natives. Nominally, they are Christians. In 1887 the native king, Malietoa, who had reigned since 1880, was deposed upon charges of robbing and otherwise maltreating Germans, and King Tamasese took his place. A year later Tamasese was overthrown by the native chief Mataafa; but Germany, to prevent Mataafa's taking Tamasese's place at the head of the native government, declared war against him. As this involved the Samoan interests of British and Americans as well as Germans, a treaty was signed at Berlin, June 14, 1889, between Great Britain, the United States and Germany, in which these powers joined in assuring the independence of Samoa and in guaranteeing equal rights of trade, residence and personal protection to the citizens of all three powers. Under that treaty the natives were to elect a king pursuant to their own customs, and a supreme court consisting of one chief justice was to be appointed by the treaty powers, which were also to administer the municipal district of Apia. At the time of the disturbances that necessitated the arbitration in which an award has now been made, the chief justice was an American, Will-

iam L. Chambers, while the municipal president of Apia was a German, Dr. Raffel.

Pursuant to the Berlin treaty Malietoa Paupepa was restored to the throne upon which Tamasese had been placed; but a new rebellion was raised by Mataafa in 1893, upon the failure of which the three treaty powers condemned Mataafa and his immediate followers to exile. They were allowed to return, however, when King Malietoa Paupepa died, which was on the 22d of August, 1898. Mataafa thereupon became a candidate for the vacant throne to be filled at a popular election to be held in the Autumn. His opponent was Malietoa Tanus, son of the late king and then a boy of 15. At the election Mataafa received 75 per cent. of the votes, Tanus receiving the remainder. The latter thereupon contested, and the American chief justice decided in his favor on the ground that Mataafa had been disqualified by the treaty of Berlin. He certainly had not been disqualified in terms by that treaty, but the judge reasoned that his rebellion and condemnation had operated to effect the disqualification. Upon the announcement of this decision, Mataafa declared war against Tanus, who was supported by Tamasese, whom the judge held to have been elected vice-king. In January, 1899, Mataafa conquered both, and they took refuge on board a British war ship. In this struggle the German representatives at Apia favored Mataafa while the British and American representatives favored his adversary.

Provisionally, the local representatives of the three treaty powers recognized the new government which Mataafa now established, but this provisional arrangement was soon reversed under orders from the home governments at London and Washington. In March, 1899, Rear Admiral Kautz, of the American navy arrived at Samoa in command of the warship "Philadelphia," evidently instructed, and at a conference on board the Philadelphia it was decided to put down Mataafa's government. Accordingly, on the 15th of March, 1899, Admiral Kautz proclaimed an ultimatum commanding Mataafa to submit by one o'clock that day and threatening bombardment in case of refusal. Mataafa responded (so it was reported at the time,

but the arbitrator finds otherwise) by crossing the bay and invading Apia in the direction of the British and American consulates. The allegation that he had done this was made the pretext for attacking him. The "Philadelphia" and two British war ships opened fire on the outlying native villages and continued their bombardment for more than a week, destroying several native villages and much human life. Finally, March 23, 1899, Tanus was crowned king under their protection. In this assault and the subsequent crowning of Tanus the German authorities at Samoa took no part. The German consul general had issued a proclamation at the outset, saying that the facts asserted by Admiral Kautz as the basis for his ultimatum were false, and announcing that he would uphold Mataafa's provisional government. Two weeks later Mataafa ambuscaded a detachment of American and British marines near Apia and after a terrific fight drove them back to the beach with loss.

Soon after the bombardment mentioned above a joint high commission of Great Britain, the United States and Germany was formed (vol. ii., No. 53, p. 9), which arrived at Samoa on the 13th of May (ib. No. 61, p. 11). Both Mataafa and Tanus appeared before the commission and agreed to abide by its decision, each laying down his arms (ib. No. 62, p. 10). The commission decided (ib. No. 65, p. 9; No. 68, p. 9) against Mataafa's claim to the throne; evidently as a compromise, however, for Tanus immediately resigned the kingship, and the commission agreed to recommend the abolition of the office. Pending the adoption of their recommendation by the powers the official duties of the king were reposed in the consuls. An amended treaty was accordingly ratified (id., No. 90, p. 10; No. 94, p. 9) which completely altered the relations of the three powers to the Samoan islands, dividing up the group between them; and in a supplemental treaty they referred all private claims growing out of the military operations against Mataafa, waged by Great Britain and the United States, to the arbitration of the King of Sweden and Norway. It is under that supplemental treaty that King Oscar now makes his award.

This award, which is too lengthy for reproduction here, sustains Ger-