

In a speech at Charleston, S. C., on July 4, 1778, David Ramsay said: "The tyrants and landlords of the old world, who hold a great part of their fellowmen in bondage, because of their dependence for land, will be obliged to relax their arbitrary treatment when they find that America is an asylum for freemen from all quarters of the globe."

In some respects history supports this assertion, while in other respects denying it. Still, at the beginning of Mr. Hoover's administration it was declared that economic distress was of the past. Suddenly, however, we were introduced to the worst depression that has afflicted our country. It would seem that we would do well to remember the warning that "A frequent recurrence to the fundamental principles of civil government is necessary to preserve the blessings of liberty." At any rate, idle boasts, foggy optimism and hopeful waiting for prosperity concealed just around the corner avail not.

FUNDAMENTAL PUBLIC FUNCTIONS

The power of the whole people, functioning as a unit, is sovereignty. Its especial business is the administration of public affairs. Its exercise is determined by the major force that asserts itself. In a genuinely democratic society that force is the majority.

In any civilized society of considerable population this power is primarily expressed in three forms: Police Power, Land Tenure, and Highways.

Police Power is public, because it is a necessary function of sovereignty.

Land tenure, which is inevitably related to the revenue system, also is public, because it is a necessary function of sovereignty.

The highway, which includes the right-of-way of any public utility, is public, because it, too, is a necessary function of sovereignty. The public character of each of these functions is proved by the fact that no power save that of the whole people is able to institute it and secure its orderly and impartial administration.

If these public functions are equitably administered, no need arises for governmental regulation or direction of private activities. Such interference is so prone to error that reasonable prudence dictates that it be avoided entirely.

Individual activities then become the legitimate and untrammelled field of "contract", while the governmental relation is that of "status". In such condition one citizen is the same as another in the eyes of the law. No one is then privileged.

The public organization has certain rights and duties, of course, but it has no proper concern with private matters. Its business is the administration of public affairs. It may quite

properly establish a uniform system of weights and measures, as well as a monetary system.

These, however, are secondary. Even money is not primary, for it necessarily implies trade. Trade necessarily implies objects of trade. Objects of trade necessarily imply their productions, and if trade is to be peaceful, orderly and secure, the three prime factors—police power, land tenure, and highways—are implied.

These primary functions are matters of first importance, because the natural physical conditions in which human beings exist compel civilized society to adopt some plan for their orderly administration.

With regard to these primary functions, special emphasis is placed upon private possession of the public power evidenced by land titles and revenue derived therefrom. This emphasis is so placed because title to, and revenue from, land are still enveloped in feudal fog-banks. Rights-of-way, however, are in process of securing full recognition as public quantities, and that character is in no way denied the police power.

The separation of land titles from right-of-way privileges is for convenience, rather than because of any difference in either economic or

legal principle. This legal likeness was asserted by the supreme court, in the Dartmouth College case, in declaring that "a grant of franchise is not distinguishable in legal principle from a grant of any other property".

This position is sound, because while a land grant gives perpetual right of possession and use for all lawful purposes, a right-of-way grant extends the same kind of power, but limited as to quantity; that is, as to the degree of possession and use, and usually as to duration.

The court properly held that the legal principle involved in all such cases is the same. Doubtless it was believed that this principle amply secured to private parties revenue derived from land holding, while it was desired that revenue from other privileges should be equally well secured. Lawyers trained in the English system would not be likely to entertain other views.

At all events, the proposition that land grants and franchises are the same in legal principle is sound law. This argument is valuable to real democrats, because legal privileges, especially right-of-way privileges, are rapidly coming to be recognized as matters of public concern. Thoughtful minds cannot fail to con-

nect this growing custom with the sound opinion expressed by the court, and thus is furnished a plain and simple doctrine by which the great American experiment in popular government may yet be established upon a foundation of just law.

To reach this desirable result new forms or functions are not needed. In fact, the alteration suggested is in the direction of simplified government, as all beneficent changes have been since the days of barbarism. The laws of those days were complicated. Genuine civil law, on the contrary, is merely honesty and conformity to decent custom.

Such simplicity as has been attained in the laws of modern civilized states is the result of partly abolished feudal restrictions. Further benefits of like character may reasonably be anticipated from continuation of the same process. For instance, that contemptible relic of feudalism, known as a poll tax, should be abolished; also license and personalty taxes. Needed revenue should be secured by taxing the value of privilege at higher rates. This would involve no increase of governmental function, but, on the contrary, the elimination of much annoying, harmful and absurd legal

interference with wholly proper and useful enterprise. No general disturbance of business is desirable; none is here contemplated.

Removing taxes and other legal interferences with legitimate business undertakings surely could not be injurious to industry. All that is necessary to attain this end is to secure to the public the revenue that naturally and properly flows from public contribution to productive process. Such action will relieve the government from the necessity of making levies for revenue upon property that is the legitimate reward of private contribution to productive process.

Property, both public and private, will then afford its highest benefits and fulfill its proper functions. For the first time in human history a society of really free men and women will then make its appearance on earth.

Inherited custom will then have given place to demonstrated truth, as suggested by St. Augustine. The members of that society will be free to eat untaxed food; free to wear untaxed clothes; free to enjoy untaxed furniture in untaxed homes. In short, they will be free to learn the true import of that word as used in the great Declaration, whose intent, mean-

ing and purpose seem nearly to have faded from American literature.

Had the people of republican Rome understood and applied this simple mechanism of just government, their long centuries of tyranny, silly ostentation, poverty, degradation, misery and ultimate collapse would have been avoided. With such administration of public law the Roman state would have continued to develop a just power that would invite the antagonism of no citizen; that no foreign foe could overwhelm.

Their knowledge, however, was too limited; their barbarian heritage too powerful. American citizens are confronted with a similar problem, but are without the Roman's excuse for failure to reach a just conclusion.

The Romans inherited the traditions of barbarian societies that, because of surrounding dangers, necessarily suppressed individual freedom. They knew nothing of representative government. Thus handicapped, they failed. From their feudal ancestors Americans also inherited traditions and laws suppressive of individual freedom, but this inheritance was largely offset by the hardy independence that developed in a frontier life, extending from

the northern wilderness of Maine to the southern border of Georgia. From their beginning, also, they were familiar with the representative system, although their early use of this device was somewhat partial and cramped.

Thus happily launched upon their career as an organized public body, Americans have established individual freedom in principle, and great even if incomplete application of it has been made. Accordingly, chattel slavery is no more; imprisonment for debt has but faint existence; toll roads are few; piracy has essentially vanished, as has brigandage; torture has no legal recognition, regardless of what police practice in a few localities may reveal; women are practically equal with men as holders of property and in the polling booth; property qualification for voters is rare, and voting is nearly universal.

Some of these measures are technically defective, but it is a record of which Americans may justly be proud, and the work must be carried forward, because only by such forward movement can the true glory of American institutions be realized. To this end private monopoly must be destroyed. Otherwise we must be prepared to meet Hamilton's illumina-

ating sentence: "Bad principles in a government, though slow in their operation, are sure, and will gradually destroy it."

No truer words were ever uttered. Surely no one will deny that if we erect a shrine to freedom, it should be genuine. A counterfeit here as elsewhere is—a counterfeit.

America is nearer than any other great nation ever has been to the solution of the age-long problem of human freedom, and her record to the present time is such that none may fairly doubt her final victory.

We have, of course, many shallow, ill-informed, so-called "radicals", (a word that is viciously misused), and also many stubborn, stolid conservatives, who, like Greeks and Romans, are concerned only to maintain the status quo* by regularly indorsing accomplished facts. Thereby they illustrate the popular assertion that the radical opinion of today becomes the conservative opinion of tomorrow.

*In Harvard Classics Professor Roscoe Pound tells us that primitive men sought vengeance for injuries, and maintained a legal order to secure the peace, or to avert private war, by giving the injured party a substitute for vengeance. Greece and Rome maintained a legal order to preserve the status quo, by keeping every one in his proper place, and thereby avoid friction that primitive men sought merely to mitigate.

By this process, radicals have furnished conservatives with a quite valuable collection of ideas. Of course, conservatives pride themselves on never having produced a new idea of their own, nor are they expected to accept a correct notion, if new, as long as it is avoidable. The corn laws, for instance, were abolished in Great Britain when it became impossible to do anything else.

In spite of all resistance, however, conservatives do finally accept correct notions, and it is both valid and friendly to compliment them upon their tenacity.

Reference to the "mechanics of government", with which we are dealing, may excite feelings of uneasiness among idealists. The phrase may possibly suggest materialistic considerations. But mechanical forces are based on natural forces. Thus the lever and the inclined plane are but modes of using forces that are latent in nature. Our legal friends give expression to the same notion in saying, "We must do the right thing in the right way". Correct practice, in fact, is not antagonistic to sound ideals, but demonstrative of them.

Evidently our legal friends should require no assistance to discover the origin of property.

The most casual inquiry reveals its source, or rather its sources, as clearly as that of light is revealed at sunrise. Property in public power plainly comes from the state. From what other source could any mind expect it to issue? Property in buildings, vehicles, machinery, clothing, food, like the boy's property in his string of fish, is, on the contrary, the legitimate result of productive toil.

Among a people organized as a popular government, then, the profits of property that issue from the state surely should enure to the people, simply because the government is their public agent. Keeping the peace and securing to the people the market value of their public power, for this reason, are not only the legitimate, but also the most important purposes of government.

It can hardly be denied that establishing and maintaining title to land is such an expression of public power. The value issuing from it is most assuredly a public value. To permit it to flow into private pockets causes the value of land to rise, but in no way adds to the wealth of the people as a whole, nor does such policy add to the security of the state.

On the contrary, this policy stimulates un-

necessary and harmful speculation that apparently accelerates business, but soon reveals its true nature by depressing industry through artificially advanced rents, and by diverting much energy to this entirely speculative field. It is merely a process of capitalizing the value of both actual and potential public power. It destroys industrial equilibrium by inducing artificial and unnecessary speculation in land value and by turning public wealth into private pockets, whereby the state is compelled to impair the purchasing power of consumers by collecting revenue from products. This is the source of political factions that necessarily develop from antagonistic interests thus established by law.

Obviously, then, the value of land should, and normally would, express the worth of the public contribution to the wealth and security of the people. By present practice, however, it also measures the worth of public power as an agency by which wealth may be taken from one citizen and given to another, and, in addition, the speculative value of such power. This is private taxation.

The franchises of public utility companies are subject to the same judgment, and their values to the same disposition.

It is not necessary, however, that formal public ownership of land or public utilities be maintained. It is only necessary that profits issuing from such property shall reach the public treasury. Failure at this point turns into private pockets the wealth that belongs to all. It compels the state, in order to secure necessary revenue, to levy taxes upon legitimate private property, which, save in the event of war or other calamity, it has no right to do.

Such policy does not destroy, but does seriously retard the normal progress of industry. That is, ground rent increases with the use of new inventions and improved management, and speculation in land follows and often precedes such use. This burden, accentuated by taxes on production and its processes, checks industry.

With industry thus hampered, demand for land diminishes, and thereby rent is slowly undermined and reduced, until industry is able once more to advance, but only to repeat the same process. This is called the "industrial cycle".

In attempts to elucidate these matters, some writers have employed words not common to this subject. Apparently they entertained the

notion that an unusual word might be helpful, in spite of the ancient aphorism that "simplicity of symbol facilitates comprehension". At all events, they have called products of industry "industrial property", while property in governmental grants has been styled "institutional property".

Accepting their phraseology, it is clear that the law affirms that title to the former originates in producers. Thus our mechanic's lien, which permits a producer to place a legal claim upon his product to secure his wages, evidences his property right. When his wages are paid, he releases his lien, and, "in effect", to use the language of the supreme court, sells his property.

In common speech we say, of course, that he sells his labor, just as we say that the sun rises. Neither statement is accurate, because a man sells the product of his labor, not labor itself. Labor is a phase of human life; that is, the exertion of human energies in the production of wealth, and men have not been bought and sold in the United States since Lincoln signed the emancipation proclamation.

We buy and sell products, then, not labor. The former can be transferred from one pos-

sector to another. Can labor be so transferred? Skill, for instance, is an attribute of labor. If a man is paid \$100 for his skill, how much of it will be transferred by the transaction?

Title to institutional property, on the other hand, originates in public authority. This kind of property being founded in public authority, of necessity carries actual or potential power to levy tribute or taxes, and its disposition determines the character and the fate of society. If its profits are secured to private parties, private monopoly ensues and economic tyranny develops. If, on the other hand, such profits are secured to the public, the people grow strong, courageous, free and prosperous.

Governmental failure thus to secure to the state the profits arising from the necessary assertion of public power is a sin of omission. A consequence of this sin is a lack of public revenue. To provide for this lack government levies taxes upon legitimate private property to which it has no just claim. It thereby becomes guilty of a sin of commission.

In fact, the aggressive acts of the state flow almost wholly from its own failures in administration. Remedy for this state of affairs seems almost as obvious as the complaint, but

our leaders appear to be obsessed by the notion that lumbering up our statutes with a mass of regulations, outrivaling the efforts of barbarians, is an expression of wise statesmanship. They seem not to realize that most so-called "remedial" laws are applications of socialistic doctrines; nor do they appear to know that these are but modifications of feudalism. Such movement is backward, not forward.

In fact, practically all the evils of civil life have their source in governmental incompetence—or rascality.

Private possession of the income that flows from institutional property is evidence of such incompetence. It is a legacy brought down to us from feudal times, and is the disturbing force in our economic activities. It is the object of aristocratic government; the source of aristocratic power; the cause of final ruin.

When public wealth, issuing from the exercise of sovereign power, is made the source of private fortunes, the germs of dry rot are planted in the body politic, and time only is needed to mature the crop. Small movement in this direction produces but slight effect, but once begun tremendous energy is required to stay its farther march.

A right-of-way granted to a public utility corporation is such a public power. Wealth issuing from this source should be paid into the public treasury. It cannot too often be said that a grant of this character is a delegation of sovereign power, and that a delegation of sovereign power is not a contract.

It does not follow that private administration of such a grant should be unrewarded. A grant of this kind is often made with the intention that it shall be administered privately, but it is always subject to Hale's Rule,* which requires public regulation and control.

The profits that issue from the private administration of such an enterprise properly reach private pockets, but the grant itself is not a product of private effort. On the contrary, it is wholly of public authority.

The matter to be determined is the value of the public power involved. This value grows with advance in productive power, which comes with greater population and improved processes and management. The value of the New York Central Railway grant, for instance, is now much greater than it was in 1860. This

*"Any business affected with a public use is subject to public regulation and control".

is true because the more people there are to serve in a given territory, and the better the equipment and management of the railway, because of invention and growing knowledge, the more a right-of-way through that territory is worth.

Wise policy, of course, dictates liberal treatment of such public utility corporations, but this does not mean the nearly complete surrender to them that has often occurred. The value of such a grant should periodically be determined, and that value subjected to a tax that will absorb its monopoly force; or rates of service should be reduced to a point that will produce only legitimate profits for the private enterprise.

In the latter case no tax would be levied, and it is the policy to be preferred, because it fulfills the purpose of the grant by serving the people at lowest cost for satisfactory results.

To charge higher rates and then to recover the public value by taxation would be to take two bites at a cherry that may more readily be disposed of by one. In any event rates are subject to regulation under Hale's Rule.

Land grants are subject to the same reasoning, with the exception that the state must re-

cover the public value by taxation. Ground rent cannot arbitrarily be limited, as can the rates of public utilities. After the war some European states attempted arbitrarily to do so, and merely added to existing confusion.

Such collection of rent is a tax only in form. In fact, it is collecting payment for public services rendered, for which land holders always collect full value from land users.

As the establishment and maintenance of private possession of land is, commercially, the most valuable of the public's contributions to productive process, it is evident that this collection of ground rent is of highest economic importance. If we are to maintain property rights in their fullest integrity this public right must be fully conserved.

Failure at this point has been the great blunder in all attempts to establish democratic societies. Such societies are necessarily defective unless they are supported by democratic states, and these are possible only through the application of sound law.

The consequences of errors in this respect give rise to the repeated demands for sound economics, sound money, sound law, etc., with which the press is burdened. It is popularly

understood, for instance, that President Coolidge vetoed the "farm bills" because they were not "sound". Just what is meant by "sound"? Do we not mean "normal"? That is, such condition as naturally would develop in the absence of violence and private privilege? Is not this precisely the democratic ideal, and the condition necessarily precedent to honest common law?

Common law, as is well known, is founded in custom; but shall customs that develop from restricted freedom and denial of obvious common rights be accepted as legitimate expressions of this legal system? Such notion is too absurd for serious comment, and would not merit notice but for the fact that the repeated call for sound issues is frank admission that existing conditions do not express sound principles. On the contrary, they are proof of fundamental error in our legal structure.

That such errors did exist is attested by accomplished reforms like abolition of chattel slavery, and it will hardly be asserted that all wrongs have been expelled from our legal system. Nevertheless, sincere attempts are made to justify the essentials of our present public establishment. These attempts clearly indi-

cate that one of the evil effects of unguarded public power in private hands, because of the almost overpowering inclination to accept established habit, is to corrupt the understanding, and such corruption is necessarily accompanied by perversion of ethical perception.

For instance, slave holders resisted appeals for the freedom of slaves politically, through influence of the church and the press, by mob action and ultimately by civil war. Still, it doubtless is true that many thousands of them were unconscious of ethical error. More than fifty years after the civil war, at a dinner of eight or ten, all of whom were relatives except myself, a woman emphatically asserted that Abraham Lincoln was a thief in that he had robbed her father of his property—referring, of course, to the emancipation proclamation.

There is no room to doubt, indeed, that unguarded public power in private possession invites latent and suppressed criminality into activity. In fact, it is the cause of most modern crime. Over one hundred years ago Gibbon called the attention of the world to this simple truth. In the "Decline and Fall" (i. 102, Harper), he said:

"Most of the crimes that disturb the internal peace of society are produced by the restraints which the necessary but unequal laws of property have imposed upon the appetites of mankind, by confining to a few the possession of those objects that are coveted by many. Of all our passions and appetites, the love of power is of the most imperious and unsocial nature, since the pride of one man requires the submission of the multitude".

Gibbon mentions the "necessary but unequal laws of property". These laws are plainly necessary, and are in fact unequal, but the inequality that issues from the unjust disposal of public power is not necessary. All that is needed is to turn the revenue arising from the exercise of public power into the public treasury. By way of comparison, it may be said that all that was needed to avoid the evils of chattel slavery was to free the slave by abolishing the law that robbed him of his freedom. The fact that the men then having the matter in charge preferred civil war rather than justice indicates that social peace and good-will depend upon the maintenance of "sound" property relations.

In the constitutional convention, on August 14, John F. Mercer of Maryland, maintained the position that we have quoted from Gibbon, by declaring: "It is a first principle of political science, that whenever the rights of property are secured, an aristocracy will grow out of it".

So long as legitimate public revenue that issues from land grants and other legal privileges is allowed to flow into private pockets, this declaration will remain true.

With equal certainty it may also be affirmed that inequality in property possessions that springs from varying individual capacity, if unaided by legal privilege, has never been known to cause serious social disturbance. When, however, products of toil and legal privileges are confusedly mixed as equally private property, the aristocracy that Mercer visioned inevitably causes social disturbance in any vigorous and growing community.

Such disturbance really results from the insecurity of industrial property, which is the certain result of unguarded privilege, or the taxing power in private possession. If, however, private income is extended only to the results of private effort, and revenue issuing from public acts is turned into the public treasury, security of property becomes a sure defense against social disorder, and also against socialistic stupidity. In such condition, secured property gives the highest assurance of the continuance of democratic justice, and it should be known of all men that where prop-

erty is the fair reward of honest industry, people do not resort to revolution.

We have found, then, that all production is from either public or private effort, and that justice is done when products are distributed in harmony with their origin. With such honest distribution established, products, whether in public or private possession, save as they might be consumed by their immediate producers, like the garden truck of a farmer, would appear upon the market as purchasing power. There would be no other way to dispose of them.

The truth of this statement is apparent if it be remembered that taxes collected from land values are a part of total annual products. This portion of total products, or its representative revenue, is spent in payment for public services, thereby creating market demand to the extent of the tax fund. The rest of products, remaining untaxed in the hands of producers, can find no private monopoly value in which to invest. Therefore, they can be spent only for better homes, better equipment, better clothes, better food, for the cost of entertainment and education. All of these combine to raise market demand to equality with productive power.

Of course, permanent investment may be made in all manner of productive enterprises, but this is merely part of the process of securing the various benefits mentioned in the preceding paragraph.

In the condition suggested the total product of industry must return to the market as purchasing power simply because there is no private monopoly to be purchased.

Private monopoly does not exist unless created by law. If the state does not create it, producers can only swap products with each other. This means, because of invention, an ever mounting standard of living and greatly increased leisure; in other words, human betterment. If this is not the legitimate purpose of invention and toil, pray what may that purpose be?

This condition may easily be attained. It involves no more than a continuation of the movement that has carried us thus far out of the feudal morass. The next important departure from feudal practice is the removal of taxes from productive process. This would, of course, necessarily cause an increase of taxation on privileged property. With the adoption of this measure, business would become a

matter of intelligent production in place of the present high-pressure salesmanship, which may fairly be defined as systematized insolence.

Demand for labor in private employment would then be limited only by the total of private products, and thereby secure to workers the highest possible wages. Besides, the pressure for public employment would practically be eliminated. In such conditions clean politics would normally result.

Labor for both public and private service thus being in highest demand, production would be carried to its highest point, and thereby the greatest possible provision made for national security as well as for individual comfort and independence.

That this action was in some degree appreciated by the men of the convention was shown when, on June 25, with regard to a wealthy class in this country, Mr. Pinckney asked: "Is it to spring from merchants? I believe it would be the first instance in which a nobility sprang from merchants".

He thought that land in this country was so plentiful and cheap as not to constitute a menace, although he knew that in other countries it had been made the basis of class privilege.

Beyond question, he would hold a different opinion if he could observe parcels of land in Chicago valued at the rate of ten million dollars per acre, and twice that sum in New York City.

An interesting question now confronts us:

In the United States we began with the Great Declaration, which in the most unequivocal terms asserts human freedom.

A little more than a year later, on September 9, 1777, John Jay, the first chief justice of New York under the new state constitution, charging the grand jury, said: "The highest respect has been paid to those great and equal rights of human nature which should forever remain inviolate in every society. You will know no power but such as you create, no laws but such as acquire all of their obligation from your consent".

Then, too, our celebrated preamble recites: "We, the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this constitution for the United States of America".

Surely clear understanding of the nature and origin of property is easily within the capacity of most ordinary minds.

No unknown quantity interferes with clear judgment in economic matters.

It is also obvious that the concept and legitimate operation of sovereignty are quite plain.

How comes it, then, in view of these quotations, to which a thousand of similar import might be added, and which seem to reveal a full appreciation of democratic equality; how comes it that we have so far departed from our original high ideals and strong faith that the term "politician" is spoken with ever increasing contempt in ordinary conversation, in the daily press, in magazines, in books, on the rostrum, and even in the pulpit?

Facts that show a great discrepancy between the democratic ideal and actual conditions reveal a situation that ought to engage the attention of democratic minds, if in a proper sense there are any such, but the question, "How comes it?", remains unanswered.

The facts are startling. We learn that, according to income tax returns of 1928, the latest available at this writing, there were twenty-six personal incomes of five million dol-

lars or more, and that they averaged nearly ten million dollars each. This does not look like an expression of democratic society.

Also in 1921 there were twenty-one personal incomes of one million dollars or more; in 1922, sixty-seven; in 1923, seventy-four; in 1924, seventy-five; in 1925, two hundred and seven; in 1926, two hundred thirty-one; in 1927, two hundred and ninety; in 1928, five hundred and eleven. These figures hardly reveal democratic growth. In fact, they rather indicate an aristocracy in the making, or maybe fairly well grown.

We further learn that in 1928, 1,010,887 taxpayers, less than one per cent of our population, or slightly over four per cent of our families, (if we assume each taxpayer represents a family), paid over ninety-eight per cent of the personal income tax. Over three million tax returns paid less than two per cent. Meanwhile, nearly five-sixths of our families made no return, being too poor to come within the tax minimum.

These facts may reveal increasing economic power, but they will hardly be offered as evidence of growing democracy. Such revelations of the great and increasing concentration

of wealth in the United States has called forth much complimentary and much uncomplimentary comment, but the cause of this development apparently eludes the vigilance of most writers. In fact, there appears to be a disinclination to deal definitely with the essential and necessary mechanics of the civilized social structure.

It is not the action of wealthy monopolists that hampers American economic freedom, but legal principles endorsed and supported by the people themselves. If the people support protective tariffs, upon what ground can they blame steel men and sugar producers for profiting by them? Do they expect leading monopolists, by their ability, character and energy, to voluntarily supply the deficiency of the laws?

Why do we continue to build larger and swifter ships that facilitate travel and promote trade with other peoples, and then increase our tariff taxes with the declared purpose of checking the trade that the splendid ships so greatly aid? Such conduct indicates a perverted apprehension of economic activities. The effects of this contradictory policy can only bewilder the people.

Again, our producers pay heavy duties on

wool, while British manufacturers import their materials without tariff obstruction. This makes woolen cloth expensive here. It also makes shoddy substitutes profitable. It is a policy that has filled our market with all manner of adulterated goods.

In economic discussion, however, this argument is hastily brushed aside, and we are informed emphatically that when goods are purchased here American labor is employed, whereas products bought in Europe employ foreign labor. This presentation of the case is thought to be conclusive. But as all of the facts have not been presented, it seems necessary to examine the matter somewhat farther.

We can agree, then, that goods bought here employs American labor. We can also agree that goods bought in Europe employs foreign labor. Foreigners, however, insist upon payment for goods delivered. It is then discovered that we must make something that the foreigners desire in order to pay for the goods imported. Making this something requires American labor. In fact, when we consume goods in the United States our labor is thereby employed whether the identical goods consumed were produced here or elsewhere. If

these goods were imported we must produce other goods with which to make payment.

Reference to current happenings, in this connection, should be more illuminating: Before entering the world war we did a colossal business by supplying Europe with a vast amount of goods. This enabled us to pay the great debt that we owed to Europe, and also to acquire large claims against many nations. Therefore, we were able to lend great sums to our foreign customers, and consequently they bought heavily in our market. Our commercial exports were then the greatest in our history. This process employed our labor, but it did not pay the debt resulting from the loans made to Europe.

To achieve this end it is necessary for Europe to send goods to our market, but our tariff tax prevents fulfillment of this purpose.

Consequently the debt due the United States is represented by paper only. In view of this situation our capitalists found it desirable largely to decline further loans to Europe, and our exports declined in due ratio. In short, so long as we sent value to Europe, the people of that continent returned the compliment. When we reduced our loans and in-

creased the tariff tax, we checked trade that was profitable to both our country and Europe. In some circles it is assumed that this action was an expression of high grade statesmanship. It is curious that so many people believe that taxing trade is beneficial when, obviously, it can only make the acquisition of the taxed articles more difficult—an end not sought by most buyers. Thus contradictions abide in the same mind by virtue of what psychologists call "partitioning".

We seek, then, to learn why it is that secured property, as Mercer said, seems inevitably to eventuate in class privilege, or aristocracy; or what in the structure of our government, or the management of its affairs, has led from the approximate equality of our early days to the glaring inequality of the present. To this end attention is called to a few cases decided by the supreme court, the first being *Fletcher vs. Peck* (6 Cranch, 861).

In presenting these cases, we desire to fix attention upon the character of the political and economic structure that the decisions reveal. There is no desire either to praise or blame the court as a whole or particular justices, although Chief Justice Marshall's in-

fluence was so emphatic that references to him may be thought to evidence prejudice.

This caution is offered because the habit of crediting or debiting to individuals events due to our public or governmental forms is still very strong. This tendency has been emphasized in the United States by the dominant Puritan strain in our population. Puritan philosophy has always stressed individual virtue, and, under-valuing the influence of public institutions, has arrived at the point of failure fully to understand them.

As remarked before, the headman in a barbarian group is of first importance; but in a large civilized population the character of the public laws, particularly those respecting the three fundamental functions to which attention has been called, dwarfs the importance of those who execute them.