

state, or federal, according to the nature of the undertaking." He begins his book by attempting to hammer in the "lesson" that as Civilization improves, coöperation takes the place of individualism. The golden age of individualism, he says, is among the wild tribes of Australia. They never coöperate with each other in their economic efforts, or in anything else. No one expects anything from his neighbor, and every one does unto others as he thinks they would do to him. The life there is one prolonged scene of selfishness and fear. But as civilization comes in, he says, individualism goes out, and coöperation takes its place. The fine old Bentham principle of *laissez faire*, which most English thinkers for a century past have regarded as established forever in the nature of man and in God's plans of providence and government, is gently tossed by Dr. Ely into the wilds of Australian barbarism.

There are some propositions that are *certainly* true, and one of them is, that no man can write like that, who ever analyzed into their elements either Economics or Politics, who ever gained a clear conception of the sphere of either science in its relation to the other, or who ever saw distinctly the relations of either to the nature of Man. The sole motive in Buying and Selling is the gain of the individual, each for and by himself. That always was the motive, is now, and always will be. No complications of modern business, no complexities of credit, no combinations of capitalists or laborers, ever altered or ever can alter one particle the motives of men in buying and selling. In a natural and progressive state of things, Individualism, instead of going out, comes more and more into play, through the Division of Labor and the falling of all sorts of services more and more into specialties. To talk glibly, as Professor Ely does, about Government taking up easily and carrying on in a better way and to better ends

branches of pure business as they are dropped or forced from the hands of Individuals, is ignorance at once and alike of the real nature of Government and of Business. Let us look at a few of the native incongruities and logical fallacies of this nationalistic position.

(1) What is human Government? Is there anything substantive and continuous in its *personnel* and purposes, as there is in the government of God? Is government anything more, can it be anything more, than a transient Committee of the citizens charged and changed to do in certain few particulars the changing will of a Majority? Government is indeed a necessity, as men are, to restrain the lawless, and to shape the ends of the law-abiding; but it has to be administered, if at all, by precisely the same kind of men as the rest are, chosen for brief periods, their duties sharply prescribed by constitution or custom, and impeachments or other punishments provided for them when they transgress. One President of the United States and one Judge of its Supreme Court have already been solemnly impeached by the sovereign people themselves.

Government, then, is an *Agent*, and nothing more. Even nationalists will not contend for the divine right of kings. And the duties of every decent government on earth are *political* in their character. The agents are chosen and dismissed with a direct reference to that kind of action. Politics has a sphere wholly distinct from Economics. The true and only end of politics is the greatest good of the greatest number, so far as that end can be mediated by governmental agents of the people. Individualism as such does indeed sink out of sight under a true Politics, and the inalienable rights of one are maintained for the sake of and in consistency with the greater rights of all. But Economics is all individuals from beginning to end.



"*It takes two to make a bargain.*" Only two. Each of the two has his own motive, estimates for himself, gives and takes for himself, and enjoys alone his own gain. All this is involved in the very idea of *Property*, which is derived from *proprius*, and which means *one's own*. How illogical, then, and incongruous, to suppose, that a set of limited human agents briefly trained to purely *political* action, and liable to be turned out of office by every change in party administration, can be competent at the same time and in addition to perform *economical* functions for the people!

Notice, too, that governmental agents in all good countries are already *overburdened* with their mere political duties. Work is behindhand in every portfolio, on every court calendar, and in every legislative body, in Christendom. How absurd it is, therefore, to talk about throwing upon shoulders, already overburdened, additional loads of a different kind, for which shoulders and heads are wholly unfitted!

Why not, then, inquires our nationalist innovator, organize new bureaus to undertake in their behalf the buying and selling of the people? Ah! Who pays the taxes needful for the support of the present *political* bureaus? And who would have to pay the taxes needful for the support of the new *economical* bureaus? Besides not having any substantive existence of its own Government has not one cent of money, except what the people voluntarily pay in taxes out of their own personal gains, in order to maintain their own agents to do certain political things for them, which they cannot do as well for themselves directly; and when it comes to the cold question for the people themselves to answer, whether they will organize a new set of hired men to do their trading for them, and pay them for doing this out of aggregate gains certainly to be vastly

diminished by the process, our nationalistic leaders will perhaps find out that the people have common sense, whether the said leaders have it or not.

But the damning difficulty with this governmental business association is, after all, in the inevitable *lack of motive* on the part of the hired men doing the buying and selling. It is an honor to human nature, that hired men never have and never can have the zeal and enterprise of principals and owners to forecast and to perform and to lay up; because it shows that man is a rational animal, made in the image of his Maker, always acting under the pressure of personal motives, and always estimating what is his own more highly than what belongs to another. Business motives act in their fulness only on the individual, whose is the effort and whose is the return. Any policy whatever on the part of Government, which lessens the number and the eagerness of individual operators in favor of great artificial combinations resting in the shadow of the Law, lessens of necessity the gains of exchanges, and the progress of the nation, because it lessens of necessity the press of motive on the many to work and save.

Government, accordingly, is quite too far off in every respect from the business, that is to say, from the buying and selling of the people, to undertake any branch of it when "it becomes necessary to abandon the principle of freedom in the establishment of enterprises." It will then be high time to "abandon" the "enterprises" themselves. If the "principle of freedom" cannot compass the "establishment of enterprises," is it likely that the "principle" of secondary and irresponsible agents can do it? To show the people how to make their bargains, how to buy and sell and save and spend, is a function government is not fitted for, was not established to perform, and never undertook without making a botch of it.



In the Preamble of the Constitution of the United States there is a careful and complete and elegant enumeration of the purposes, which the body of the instrument was designed to attain. These purposes are six. No one of them contains even a hint of any purpose to enter upon the "establishment of enterprises," still less of any necessity "to abandon the principle of freedom." The last of these six purposes is phrased: "AND TO SECURE THE BLESSINGS OF LIBERTY TO OURSELVES AND OUR POSTERITY." The liberty to buy and sell freely was precisely that "liberty" of the Colonies which was most threatened and infringed by the British Government, to vindicate that special "liberty" was the chief cause of the American Revolution, and "to secure the blessings" of that and other forms of similar "liberty" was the final purpose of the Constitution of the United States.

It is true indeed that the Constitution empowers Congress, a creature of the People, "to establish Post Offices and Post Roads"; but the purpose of this was *political*, and not pecuniary; it was to bind all the States together in one Union of intelligence and intercourse; it was to keep the outlying and distant parts in touch with the central and seaboard; it is not in any sense a "business" enterprise; the department of the mails is not now and never has been, for any length of time, self-supporting; and it illustrates through and through in its "Star route frauds" and other contracts, in its appointment and removal of post-masters, and in the sickening dependence of primal Service of the people on partisan and corrupting impulses, many of them inherent evils of the much-vaunted Nationalism.

But besides all these vital and political objections to the assumption on the part of government of any direct industrial functions whatever, there remains two other fundamental objections, of which the first is, that our

national government has received no powers to any such end, and is emphatically prohibited in the Constitution itself from exercising them:—"THE POWERS NOT DELEGATED TO THE UNITED STATES BY THE CONSTITUTION, NOR PROHIBITED BY IT TO THE STATES, ARE RESERVED TO THE STATES RESPECTIVELY OR TO THE PEOPLE."

(2) The second remaining objection is, that such proposed action of government could have no tendency at all either to enlarge the Wages-portion, or to increase the industrial efficiency of the laborers, or to diminish the number of competitors at any one point of the wages-scale. As a matter of fact, such governmental action would have precisely the opposite effect at each of these three vital points of wages: employers would have less motive to swell the wages-portion, laborers less motive to improve their capacity, and more motive to congregate locally. Suppose, that at some given point in the scale of wages, free and intelligent competition has been had on both sides, and that the average rate of wages as thus determined proves one dollar per day for each laborer. Suppose further, that everybody outside the employers thinks this is quite too little, and that government accordingly issues a decree that wages at that point must be thereafter one dollar and a half per day. That decree can have no tendency at all to enlarge the *wages-portion* of those particular employers, because *that* has already been determined for the next industrial cycle by the general productiveness of the cycle last past, and by the last division under free competition between wages and profits; if, therefore, the decree were carried out, as it never practically could be, the result would be that only two-thirds of the laborers previously employed could be employed then at all, and the remaining third would certainly be worse off than before; and besides the Division of Labor being necessarily lessened,



production would be less profitable to the employers, and the next wages-portion would certainly be less than the one before, and thus the outcome of the *remedy* would be worse than the *disease*. Now let alone the artificial interference of government, and all natural accessions to Capital at that point, all investment of profits in an enlarged business, all saving from expenditure for the sake of further production, tend strongly of their own accord to enlarge the wages-portion, and thus, the number and intelligence of the laborers continuing as before, are sure to raise the rate of wages. Or, if there be no accessions to Capital, or other influence swelling the wages-portion, and the number of laborers be diminished at that point, as by migration to new fields of effort or enlistment in armies, the competition of wages-givers for laborers will be quickened, and the rate of wages will rise. Reversed conditions will of course give reversed results.

2. A second popular remedy for low Wages, not only proposed, but also for a long time brought into practical action, is Labor-Unions in their various forms and with their manifold methods of operation upon employers. It is important to note here and to remember, that the Guilds of the mediæval times, from which the modern Trades-Unions have borrowed something of form and much of nomenclature, were in substance extremely different from their modern imitators. Those were combinations of Masters with their journeymen and apprentices and dependents in order to control the entire manufacture and sale of a certain class of products, from the name of which the Guild usually took its own name, as "Cloth-workers' guild," "Shoemakers' guild," and so on. Whittier, himself a shoemaker in his boyhood, apostrophizes the latter guild in words which more or less describe them all:—

"Ho! workers of the old time styled  
The gentle Craft of Leather!  
Young brothers of the ancient guild,  
Stand forth once more together!  
Call out again your long array,  
In the olden merry manner!  
Once more on gay St. Crispin's day,  
Fling out your blazoned banner!"

These masters thus organized with their laborers were the capitalists of their time, and in this vital matter differed from the Unions of to-day, which are made up of laborers as such organized to confront, and if need be, to antagonize, capitalists. A royal charter was indispensable to the legal existence of those craftsmen. It took money for them to start their guilds, and in progress of time most of them became very rich. "A common fund was raised by contributions among the members, which not only provided for the trade objects of the guild; but sufficed to found chantries and masses, and set up painted windows in the church of their patron saint. Even at the present day the arms of the craft-guild may often be seen blazoned in cathedrals side by side with those of prelates and kings." This radical difference between the two must always be borne in mind in all arguments and inferences drawn over from the mediæval "unions" to those of the present day.

Two points may be freely conceded to these labor-organizations before we pass to the economic objections to them. In the first place, the employers *set the example* for the employees in a tacit if not open combination as against the employees in their own interest and emolument. The so-called "protective" tariff, for instance, is nothing in the world but a strongly-linked combination of certain rich capitalists to extort from the masses (their own laborers included) artificially lifted prices for the necessaries of life; and the certain result of shutting out imports by



tariff-taxes is the shutting in of would-be exports, to the certain lowering of general wages in a country, because there is a lessened demand for laborers in consequence. For a second good instance of combinations as against employees on the part of employers, take the well-known understanding among manufacturers of the same sort of goods in the same general locality, that laborers discharged from one establishment shall not be hired in any of the rest; and that if the general voice call for a "shut down," or for three-fourths time or less, all in that line of goods shall comply. How can laborers be blamed for organizations in their own behalf when they find themselves confronted as individuals with an organization of employers.

Then, too, it must be acknowledged, that, had it not been for united action of some sort on the part of the laborers, the unreasonable hours of fifty years ago in mills and factories would probably not have been shortened to this day. Capitalists as a class are conservative of methods, as well as of ends. The cotton and woollen manufacturers of Berkshire County, for example, who may doubtless be taken as a fair sample of the manufacturers of New England, stiffly refused the demands of their work-people that the hours might be reduced from an average of 14 throughout the year to an average of 11. When the late Civil War was going on, and the manufacturing became extremely profitable, and the mills were more or less depleted by enlistment, and the remaining hands felt more independent from the consequent rise of wages, the combined demand in one mill for fewer hours was reinforced by simultaneous demands for the same in other mills in the neighborhood (the time and manner having been agreed upon beforehand), and visits in force by the work-people from mill to mill completed the desired reform. The

mill-owners were sullen and indignant, and submitted of necessity. The work-men were right. The reform was imperative. Credit must be given to them for the good they have done acting as a body on this and other occasions.

On the other hand, all this is not *business*. All this is contrary to the very old, and the very good adage, that it takes *two* to make a bargain. If we express this adage in the language of our science, it will take some such form as this: When two men have mutual services to exchange, let them come to a fair agreement as to the terms on which they will exchange. Certainly, let each make the best terms he can, but let the bargain always be free. If one party, who happens to have the power to do it, uses anything like compulsion upon the other, it ceases so far forth to be a bargain at all, and becomes a sort of robbery, of which in some cases courts will take cognizance. Now, workmen bring a certain valuable service to the market, just such a service as the capitalist wants, and he has to offer just such a service as they want, namely, wages: let the two parties come to a free and fair agreement on the terms of their exchange: let each workman by all means make the very best terms he can, insisting to the last penny on all he can get elsewhere, for the value of his service is determined, as other values are determined, by what it will bring: let the employer do just the same on his side, and so let a fair bargain for the time present be struck. This is a very good kind of *striking*, and the more intelligence and skill and self-respect a workman has, the better prepared he is to strike the bargain and secure his just due by and for himself alone; and this gives a good chance for every man who has any peculiar gift, who may have surpassed his fellows in diligence and skill, to secure a proportionate reward now and to go on



higher in future; all this gives opportunity for *diversity of relative advantage*, which, as we have seen, lies at the basis of all exchange, which itself starts in individualism and naturally proceeds in a still higher individualism to the end. This is the only way for a laborer of talent and diligence to secure fully what belongs to *him* as a man and a workman. If he cannot get from a given employer what he thinks he ought to get, what he thinks the service is worth in another market, let him exercise his perfect right to quit and go elsewhere. All this is fair and above-board and individual and progressive.

Everybody knows that there is a kind of *striking* now in vogue wholly different from this, in that it brings a sort of compulsion into play. *A fair bargain should be broken, if at all, just as it was made, with the two parties face to face, and everybody else aloof; and a new bargain should be made, just as the old one was, with the two parties face to face, and everybody else aloof.* But a combination among workmen to leave an employer in the lurch, and especially a combination which forces into its ranks by cajoling or menaces those who are unwilling to join it, as is so commonly the case in Strikes, is not only contrary to the inmost nature of a bargain, but is also of itself a sort of confession of the injustice of the claim. If the claim be just so far as *all* the individuals are concerned, there is no occasion to extort it. If the value of the service rendered by each be equal to the sum demanded, and especially if this can be obtained elsewhere, which is the only gauge of the value of any service anywhere, there is no need of conference and combination and conspiracy. Of course, this radical argument against Strikes implies that employers of that grade have not entered into a combination not to hire dissatisfied laborers from other establishments; if they have, then the agreement can be

turned with equal force against the employers themselves, for *they* are resorting to means outside the nature of a bargain, means of the same nature as a Strike. Let, then, each workman tell his employer the present facts just as they are, and if this appeal prove ineffective to secure his commercial right, let him go quickly where he can get the most for his service. That this is not done, that means of the nature of a threat are brought to bear upon the employer, that the justice of the claim is not relied on in a case where more than anywhere else justice can enforce itself, that free and full explanations are not had, that no notice is given, that great damage is expected by their action to accrue to the employer, — all this seems to forget that the transaction between employers and employed is a case of pure exchange, a simple bargain of one service against another service.

The above is the universal and fundamental objection to Strikes. *The remedy for economical evils, real or supposed, must ever be found in economical considerations.* The strong but foolish tendency of the times is to mix up things that are quite distinct; to try to apply to the evils of Trade the rules of Morals, which is a useless task; to appeal to Politics in matters of pure Bargain; and to resort to Force to cure the evils that flow from the wholly voluntary action of individuals. This is like the doctor who would cure bodily ailments by mental and spiritual recipes. It has all the absurdities of the late famous "Mind-cure." The mind is indeed higher than the body, but bodily maladies must be treated as such, or the patient will die; the imperatives of Ethics are certainly superior to the profitables of Economics, but the latter are well able to take care of themselves on their own ground; Religion is loftier than Morals, but it becomes a very poor substitute for morals in the daily routine of life.



*Similia similibus curantur.* Economical evils can only be removed by a better Economics better applied. Strikes are an outside and irrelevant remedy for low Wages.

A bad principle works badly in practice of course; the principle that underlies strikes is so opposed to the fundamental nature of exchange, that we might know beforehand that it would work badly; and as a matter of fact, it does work badly enough both upon employers and employed, because strikes are certain to embitter the relations between the two classes, which ought always to be cordial and free, and especially, because strikes must work on the minds of the capitalist to lessen the Wages-Portion for the next industrial cycle. Fortunately, we possess authentic statistics gathered about Strikes by the Massachusetts Bureau of Statistics of Labor, and published in detail in the Report of December, 1888. The information given is exact in relation to five principal States, and approximate in relation to the other parts of the United States. We will copy first the table exhibiting the Losses in six years on account of Strikes of both Employers and Employees, and the outside assistance received by the latter:—

EMPLOYEES' LOSS AND ASSISTANCE AND EMPLOYERS' LOSS IN THE FIVE PRINCIPAL STATES ON ACCOUNT OF STRIKES AND LOCK-OUTS FOR 1881-1886.

STATES.	Employees' Loss.	Employees' Assistance.	Employers' Loss.
<i>Strikes.</i>			
Illinois, . . . . .	\$6,636,208	\$238,452	\$5,251,829
Massachusetts, . . . . .	4,200,489	266,708	1,970,881
New York, . . . . .	8,581,784	726,696	5,966,421
Ohio, . . . . .	6,378,757	415,568	2,793,427
Pennsylvania, . . . . .	12,890,346	781,338	3,897,757
Other parts of the United States,	13,127,139	895,795	10,821,238
THE UNITED STATES, . . . .	\$51,814,723	\$3,324,557	\$30,701,553

The large percentage of establishments represented in this table, in which the strikes were ordered by labor-organizations, is particularly noticeable. In New York 94.26% of the establishments had strikes which were ordered, in Illinois 83.96%, in Massachusetts 81.91%, and in the United States 82.24%. The "walking-delegate" so-called became the principal personage in all these strikes; he brought the orders to the men from the "central-union" of their special organization, and became in most cases the sole means of communication between the two. "*You are the strike,*" exclaimed the Lord Mayor of London the other day to Mr. Burns, the walking delegate of the dock-laborers now on strike in that city. That the daily bread and home comforts of tens of thousands of men depend on the secret and irresponsible decision of a little knot of agitators, sending out their verbal and often ambiguous written orders by a walking-delegate or two, is one of the monstrosities of Strikes often witnessed in the United States. The laborers sometimes do not know even the causes of the strike. There has been great want and suffering for three months past among the striking coal-miners in the State of Illinois; and a brief editorial in the "Springfield Republican" of Aug. 24, 1889, describes the state of things so justly, that we quote it:—

"Ex-Congressman William L. Scott, who owns coal mines at Spring Valley, Ill., has offered to pay 75 cents a ton for mining to the strikers who in their destitution have been subsisting for some time on public charity. This is 2½ cents a ton more than the miners have asked for, but it is coupled with the condition that each man must seek work individually and not through some outside union committee. Although the men have been reduced to a state of abject want it is said the conditions imposed will prevent a settlement. In that case we may conclude that



a few well-fed walking delegates are acting for the men and not they for themselves. It is a strange time to quibble over such a matter. The worst and most oppressive enemy of labor is the parasite who lives upon its distresses."

A strike is a state of war, and like war, there are two parties to it, and it cannot be expected that the party of the other part should not strike back. The "lock-out" is the counter-stroke of the capitalist to the "strike" of the laborer. Lock-outs, however, are comparatively infrequent. Capitalists, as a rule, are conservative and forbearing. Massachusetts took the statistics of lock-outs as carefully as those of strikes, and the following is the table:—

STATES.	Employees' Loss.	Employees' Assistance.	Employers' Loss.
<i>Lock-outs.</i>			
Illinois, . . . . .	\$533,497	\$5,374	\$347,065
Massachusetts, . . . . .	952,310	136,626	550,675
New York, . . . . .	3,150,123	392,316	845,262
Ohio, . . . . .	848,829	231,870	493,100
Pennsylvania, . . . . .	712,956	77,038	237,735
Other parts of the United States,	1,960,002	262,814	988,424
THE UNITED STATES, . . . .	\$8,157,717	\$1,106,038	\$3,462,261

Like war too, strikes and lock-outs are wasteful and demoralizing to both parties. Why should there be a resort to force to settle an industrial dispute any more than to settle any other private dispute? Will such a resort be long tolerated by public opinion in civilized countries? The Legislature of Massachusetts in 1886 provided for a State Board of Arbitration for the settlement of differences between employers and employees. The statute was crude in some respects, and the basis of it not very firmly fixed in the nature of things, but the Bureau of Labor

reports that it has been justified by the results in its practical application during the short time of its operation. The broad truth is, that the value of Commodities and the value of Credits is now left to the safe action of Demand and Supply under free competition in every country in Christendom: why should not the value of Services be left to the same safe and inexorable action? Governments gave up long ago all idea of regulating directly or indirectly the prices of merchandise and the prices of commercial claims of all kinds: will they not shortly give up also all idea of regulating directly or indirectly the rates of Wages? They will. The three kinds of things bought and sold are on an exact level in the nature of things, so far as Government is concerned. Wages are abundantly able to take care of themselves in the ordinary way, as goods do, and stocks and bonds; and an enlightened Public Opinion is fast coming to see, that a man's personal service rendered needs no more the oversight of the State in its sale than his horse, or note of hand at interest. Strikes, and lock-outs, and all extraordinary courts or boards to settle quarrels between a labor-giver and a labor-taker as such, since it is a case of ordinary buying and selling, are foredoomed to pass out in the good time coming.

Towards this good end works strongly the common *futility* of strikes and lock-outs. Carroll D. Wright, chief of the Bureau of Labor in Massachusetts, now the head of the National Bureau of Labor, in his State Report for 1880, gave a succinct account of all strikes in that State from their beginning in 1830. They were 159 in all, of which 109 were unsuccessful, 18 apparently successful, 16 compromised, 6 partly successful, and 10 "result unknown." In Great Britain during the year 1878, there occurred 277 strikes, of which 256 were failures, 17 were compromised, and only 4 were successful. The following table taken



from the Massachusetts Report of 1888, gives on a broad scale the results of Strikes in the United States for six years:—

GENERAL SUMMARY OF STRIKES IN FIVE PRINCIPAL STATES FOR 1881-1886.

Percentages.

CLASSIFICATIONS.	Illinois.	Massachusetts.	New York.	Ohio.	Pennsylvania.	Other Parts of the United States.	THE UNITED STATES.
<i>Strikes.</i>							
Ordered by labor organizations, . . . . .	83.96	81.91	94.26	71.21	61.59	73.06	82.24
Establishments closed, . . . . .	70.70	79.10	51.01	81.21	70.11	57.57	60.13
<i>Causes:</i>							
Against reduction of wages, . . . . .	5.35	6.23	2.50	20.73	22.65	8.61	7.77
For change of hour of beginning work, . . . . .	—	—	3.86	—	—	0.05	1.61
For increase of wages, . . . . .	41.54	35.28	39.09	52.42	46.97	45.01	42.32
For increase of wages and reduction of hours, . . . . .	17.85	0.50	9.37	1.85	1.06	4.96	7.59
For reduction of hours, . . . . .	18.35	42.71	24.31	5.32	5.32	17.23	19.48
For reduction of hours and against being compelled to board with employer, . . . . .	—	—	7.32	—	—	2.19	3.59
Other causes, . . . . .	16.91	15.28	13.55	19.68	24.00	21.95	17.64
<i>Results:</i>							
Succeeded, . . . . .	54.16	35.28	*51.05	49.44	32.60	42.69	*46.52
Succeeded partly, . . . . .	10.33	45.93	*8.14	8.87	17.57	17.27	*13.47
Failed, . . . . .	35.51	18.79	*40.65	41.69	49.83	40.04	*39.95

\* In 15 establishments the results were not ascertained.

3. The third popular remedy for low Wages, which has at least the merit of being in the line of economical considerations, as the other two are not, is "Co-operation." The interest in this proposed remedy is much less both in Europe and in the United States than formerly, owing to the failures that have mostly attended the attempts to put the scheme into practice, although there have been some remarkable successes also, particularly in England. The idea of Co-operation is this, namely, that certain laborers within given classes combine of their own accord, (1) *either to pur-*

*chase their necessaries in common and at wholesale, hence at cheaper rates because avoiding all profits of the middlemen; or (2), more especially to engage in the joint production of the commodities they are familiar with, the laborers furnishing the capital also from their little hoards or borrowing it on the strength of their individual or associated credit, managing the business themselves, all being co-partners, and of course all sharing pro rata the entire profits of the concern.*

All this is well; and in countries where laborers have been under traditional disabilities, it may be in some cases very promotive of their self-respect, activity, frugality, and general welfare; but any one can see that no new economic principle is involved in the plan. As in all other production, so here, there must be (1) capital from some source, (2) steady and skilful labor, and (3) superintendence or management of the business. It is at the third point that schemes of co-operation have mostly broken down. The faculty of good management is rare; the organizing and executive ability needful to carry through any scheme of co-operation will not come upon call; if any of the co-operators chance to possess it, the scheme may succeed, although he who is conscious of having it will prefer to use it for his own gain in his own way, to say nothing of the practical impossibility of any man's working with the same spirit when the gain or loss is to be largely another's as when it is to be wholly his own; moreover, it has been well said, "it is impossible to hire commercial genius or the instincts of a skilful trader"; so that, while there is no trouble about the workmen uniting the character of capitalist and laborer in their own persons, and no doubt that they will work harder and more skilfully while sharing profits as well as receiving wages, it is still true, that the difficulty of securing a real "captain of industry," and thus a perfect organization and management of the whole



business, puts the scheme of co-operation out of the question as a means of raising wages, or promoting the general welfare of laborers.

In this country, where there is nothing to hinder any laborer from becoming a capitalist, where the savings-banks are open to the smallest gains, where nothing is more common than for two or more workmen to organize a firm to carry on some branch of business, where most of the present capitalists proper were formerly laborers proper, and where the shares of most of the joint-stock companies are open to everybody who has the means to buy them, there is only one consideration that seems to justify any special jealousy of laborers as such towards capitalists as such; and that is the fact, that Legislation, every now and then, sometimes on a small scale and then on a gigantic one, now by means of corporate charters and then by other means more indirect and effective, *does confer certain extraordinary privileges upon capitalists*. So long as capitalists and laborers rest upon their natural rights and positions, neither can get any undue advantage of the other; and just so far as each recognizes their identity of economic interest and the consequent reciprocity of obligation and effort, the prosperity of each will help build up the other; but, on the other hand, so far forth as any advantages are given to capitalists by special laws, either of State or Nation, these become necessarily unjust to laborers, and ultimately also injurious to capitalists; and in this case, the laborers, seeing just what it is that hurts them, *ought to combine together and to strike, not capital (their best friend), but a piece of perverted legislation (their worst enemy)*.

## CHAPTER IV.

## COMMERCIAL CREDITS.

POLITICAL ECONOMY is the Science of Sales; and because it is the science of sales, its definitions and principles must cover equally all cases of sales actually occurring or possible to occur. We have seen repeatedly, that only three kinds of things are ever bought and sold, or ever will be, and these are Commodities and Services and Claims. The first two kinds have been fully elucidated already in the two preceding chapters, and it belongs to the present chapter to explain and illustrate clearly the peculiarities of the third kind of things salable. Ours is the only science that has to do with the motives and facts and economic results of all sales as such.

The discussions of the present chapter will proceed orderly through the following topics:—

*The Nature of Credit.*

*The Forms of Credit.*

*The Advantages of Credit.*

*The Disadvantages of Credit.*

1. Certain things are essential in every sale of anything, and of course are common to all sales of everything, such as two persons and two desires and two estimates and two renderings; while there are certain *peculiarities* in the sale of things belonging to each of the three special classes of things salable; for example, in the sale of a commodity there is a rendering of a tangible object that has been