

Guide, the leading real estate paper of New York if not of the world. This note tells of the wonderful growth of Long Island City. Quoting a prominent real estate broker it says: "Long Island City is destined to become a great factory center, with homes for the operatives. I expect within the next five years to see the population multiplied by three, provided we have as capable local government as we have now." There is in that remark a pleasant suggestion of good times to come for the people of Long Island City. But observe what follows in the same article: "Some owners of property," he said, "were so confident of a continued rise in values that they were holding property for what it might fetch five years hence." So it isn't the people of Long Island City, after all, that are to benefit by "population multiplied" and "capable local government." It is the land speculators who, foreseeing this growth, hold land at prices based upon the expected demand of five years hence, when there will have been not only continued "capable local government," but "population multiplied by three." It is not difficult to understand where that prosperity will go to if it comes.

A Republican paper is delighted with the following clause in the Republican platform of Ohio:

Always supporting genuine progress, evolution, not revolution; liberty, not license, the Republican party continues to oppose every insidious device to undermine and destroy the stability of our civil institutions.

The Republican paper in question interprets this as condemning what it calls "the tendency to state socialism." That is one of the advantages of being on the inside. The outsider would have to interpret the clause as a neatly constructed paraphrase of the good-natured clown's reply to the boy at the circus who had asked whether a cockatoo was an elephant or a rhinoceros: "You pays your money and you takes your choice," said the clown.

GENESIS OF THE TRADE UNION.

Industrial warfare, with its enormous waste of energy and destruction of wealth—how long must it continue before the belligerents will come to realize its futility?

Incredible as it seems to those who understand, it is nevertheless a fact that employers generally, or at least a very large and important body of them, imagine that it is going to be possible for them to destroy trades unions! Not so incredible, but nevertheless a fact it is, that most wage-men believe employers to be oppressors of labor.

Neither party has any intelligent conception of what they are fighting for. They both imagine that the division of their whole joint product is the bone of their contention. Both are oblivious to the fact that they are being systematically and perpetually plundered by a third interest, whose devastating trail is hidden amid the complex intricacies of the economic labyrinth.

They do not know that the increasing spoliation by this third party—who is neither employer nor laborer (though often masked in employer guise), who never produces nor helps anybody else by so much as a thought, word or deed to produce—they do not even suspect that the increasing spoliation by this third party keeps pace with the increasing productivity of capital and labor, thus projecting into the industrial world the mystifying paradox of a rapidly expanding volume of produce per capita of population together with, at best, a comparatively slow increase in the amount available for consumption by producers.

The laborer knows, both by hearsay and by observation, that productivity increases by leaps and bounds, while his savings do not greatly increase, by comparison. Who then gets the lion's share of the increase? Why, his employer (he thinks), of course!

The employer also is cognizant of the rapidly increasing productivity, and, finding that his net profits do not advance proportionately—often do not advance at all—he naturally and inevitably resents the imputation of an un-

fair division laid to his charge by the workmen.

Concerning the science of the industrial scheme, the average employer is as much in the dark as his workmen are. He is as likely to imagine the wageman to be the chief beneficiary of productive advance as the wageman is to imagine the same of him. The increased product exists, and as each knows that he himself does not get any great share of it, why, of course, it stands to reason that the other does get it! Plain as day, isn't it? At least, each thinks it so—honestly thinks it so. Of course, they both know that one or the other is—to put it mildly—mistaken. And each is perfectly sincere in the conviction that the error is not his own!

Firm in this conviction, what more natural than that each should resist, with all the power at his command, any attempt on the part of the other to capture a larger portion of the total net returns from their joint industry? And on the other hand, what more natural than that each should strive to get an increase at the expense of the other?

"Wealth is power;" the employer has, at the outset, the advantage that wealth gives. But, "In union there is strength"; the wagemen unite, and the result is written in the wretched conflict between capital and labor.

Place eighty million producers—laborers and employers—upon a continent, and they will not be at all crowded for space. They will occupy but a small portion of it; and all that they produce will be theirs to enjoy. The same economic law that distributes the comparatively small product of one year's industry will continue to distribute pro rata the increasing product of each successive year; for competition takes no account of the volume to be distributed, but only of the share of the total volume—whether that total volume be small or great—which goes to each producer.

But now introduce private monopoly into this continent, and the eighty million producers—employers and laborers—will strive with one another for whatsoever is left of their produce after Monopoly has taken what it can.

If the producers knew enough,

they might, by united action—both the employers and the laborers joining against the common enemy—kill Monopoly, and have all the produce to themselves.

In the absence of Monopoly, the whole field is free to employer and laborer. The effect of free competition is merely to crowd each individual into the place that fits him best—into the place, therefore, where he is most productive. The method or means by which the successful competitor crowds the individual into the place that fits him is by surpassing him in service to the consumer. The successful competitor accepts a diminished compensation for a given service; thus yielding up a measure of purchasing power from one individual producer to the whole body of consumers—he distributes purchasing power. Mark that. He distributes purchasing power.

The tendency of free competition is to induce the largest possible volume of production, and to compel the most equitable distribution. These conditions we might have if employers and laborers would unite and kill Monopoly. But not knowing any better, they fight each other for such portion of their joint product as Monopoly has found it impossible to divert to non-producers.

Mr. D. M. Parry, president of the National Association of Manufacturers, elucidates with marked exactitude the office of competition as the distributor of the joint product of capital and labor. Mr. Parry points out the fact that unrestricted competition would determine to the laborer an increasing proportion of that joint product. But he makes the fatal mistake of assuming that unrestricted competition would exist in the absence of the trades union.

While it is true that the absence of union among laborers would leave practically unrestricted competition in that field, yet, I beg to ask, would it leave competition unrestricted in other fields?

Would the railroads charge any less than the traffic would bear?

Would free competition in the field of labor squeeze the water out of the steel trust?

Would it curtail the Astor rents? Or would it have the effect of causing Astor's taxes to be advanced to an equitable basis as compared with taxes on the laborer's possessions?

Would it affect the icing charges of the private car lines?

Would it release the unused coal lands to competitive exploitation?

Would it cause the steel trust to forego the extra profit afforded by the tariff?

Would free competition in labor prevent legislatures from selling privileges? Would it nullify the effect of the giving of passes, and other forms of bribes, to public officials? Would it cause our system of personalty taxation to be other than a scheme by means of which the rich escape their just share of taxation, thus proportionately increasing the burden of the poor? Would it result in the farmer's getting a higher price for his cattle when the price of beef to the consumer is raised? Or would it enable the laborer to get his beef at a reduced price when the price of cattle on the hoof declines?

Would free competition in labor produce equitable taxation of railroad land values?

Mr. Parry in fact begins at the very tail end of the monopolistic train in his endeavors to eliminate the monopoly element from our economic system. What is much worse, his efforts halt right there.

The labor union is a product of monopoly far more than a creator of monopoly. Organization is the laborer's means of protection against the exploitations of monopoly. The labor union would never have come into existence but for the fact of pre-existing monopoly. Extinguish all other forms of private monopoly and the labor union would die for want of a reason for its existence; because then, as Mr. Parry says, competition would determine a constantly increasing proportion of the total industrial product to the laborer. Unrestricted competition would, in fact, distribute the produce of industry with impartial equity to both the laborer and his employer, the wages of both increasing commensurately with the increase in the productivity of the unit of labor.

But what will befall the laborer

if you destroy his union without first removing the cause which forced him into union?

Again, how will you destroy the labor union without first destroying the cause of its existence? The answer is: Nohow. It cannot be done.

Neither is it desirable, from the standpoint of the competing employer's interest, that it should be done.

If the general wage rate decline, will not the selling price of labor products decline equally? Impartial men of the intelligence of Mr. Parry will answer, Yes.

If the meanest employer in a group of competitors extend the working hours to twelve a day without advancing the day's wages, as a means of enabling him to undersell his competitors, will not the rest be forced to follow suit? Undoubtedly yes.

And if twelve hours, why not fourteen? And since the purpose of lengthening the hours of labor is to make possible a reduction in prices, for the purpose of underselling competitors, what final advantage or benefit of any kind do the employers get from it all?

And now mark: If the workmen's wages fall, and the employers' profits are kept down by competition, where goes the product of the additional hours of toil?

It goes to the monopolists—precisely the same as if wages and profits and the prices of commodities had remained stationary, and monopoly prices had risen.

Private monopoly is the generator of the labor union; and nothing short of its removal will extinguish labor unionism.

EDWARD HOWELL PUTNAM.

NEWS NARRATIVE

Week ending Thursday, June 1.

The Russian-Japanese War.

Interest in the Russian-Japanese war (p. 24) has been revived by authentic reports that the Japanese have achieved one of the most stupendous naval victories of history.

The destructive battle in which this victory was won, took place in the Straits of Korea and the