Economic problems startle us by rising out of familiar conditions into portentous shapes, and finding us at once disturbed and unprepared. Our economic development has gone on more rapidly than our economic education; more rapidly than our capacity to analyze conditions, indicate causes, and prescribe remedies. Thus, too, our impatient and highly individualistic democracy rushes quickly to conclusions without much caution and deliberation. Change is in the air, and action is quick, and thought is slow. The content acts first and thinks afterwards. Perhaps that is the usual law of progress in a democracy.

In matters touching the workingmen, organization has been regarded as the necessary means to progress; and there is little doubt that intelligent organization is the only instrument through which important ends can be accomplished. It is a strange mistake to use organization as a means to create "class consciousness" to form antagonisms where none should be none, to foster "class" hostility in the industrial world, all and laborers from the shoulders to the managers; labor is not only physical effort; some of the most exhausting work in the world is mental and not manual. A high-salaried expert is as
much a member of the laboring class as a
manual worker. Very fitted reflection, therefore,
is needed to realize that patronizing talk about
"The laboring classes" is extremely shallow.

Mutual distrust

The real cleavage is between the rich and the
poor, and not between employers and laborers. It
is the inability of the rich to understand the poor
and vice versa — that is the root of all industrial
conflict. The need, therefore, to appeal for more
sympathy and mutual understanding. "The laborer
is worthy of his hire." These who bear the

The inability of the poor to understand the rich,
burden and heat of the day deserve the consideration due to the vital forces underlying our great economic prosperity and our future progress. Those of us who have often seen the day when it was uncertain where the next meal would come from know what "the struggle for existence" means; the sense of isolation in the face of the great powerful forces of the successful world; to be poor and yet to wander through miles of streets filled with opulent homes; to see absolutely no bridge crossing the impassable gap from ignorance and poverty to intelligence and wealth; to begin to feel as if one were in an inferior class whose interests were all arranged in hostility against those who possess the comforts and luxuries of life; and then to develop somewhat the bitterness of those who have not against those who have. It is difficult to see all sides of a case when one is "down and out"; it is human to think that the lack of success is not in ourselves but in others, not in the want of common-sense, industry, sobriety and skill, but in the greed and mercilessness of those who care only for the value of the service rendered.

Today, in this country of new opportunity, we know there are
legions who have started from nothing and yet who have with honor accumulated a competence. That has been done. Yet everywhere about us are those who have not succeeded; who feel dumb, hopeless, discouraged— but who do not like to accept as inevitable life-long conditions of depressing, grinding poverty. Therefore, when we attempt to discuss the ways by which the laborer may escape from his poverty (or even the ways by which the man who already has something may improve his condition) we must be willing to take into account all sides of the question, to be sympathetic with failure, but to be as just as a surgeon who cuts out the cause of disease. Or, to change the figure, if we are to cross the water in a boat freighted with all our dearest hopes, we must be sure to see whether there is a hole in our boat.
In the most commonplace things of everyday life we find the stuff on which to test our reasoning about life, our theories as to success and failure, our plans to improve conditions of existence. Today, the ugly thing which hits us in the face wherever we turn is the high cost of living. The way we handle that problem is a fair test of ourselves, of our insight, experience, breadth of view, our capacity for fairness and impartial examination, and our freedom from prejudice and emotion.

Viewed from the standpoint of those who have a very limited income— and those are the ones who should most concern us; for the well-to-do can generally look out for themselves— the steady rise in the price of nearly every article of daily consumption is a very serious thing; it is like the contracting walls of a prison closing in on its victim. Either the walls must stop contracting, or the inmates must be able to get out. Which is it likely to be? Shall we stop prices from rising? Or increase money wages? Or how shall we escape our dilemma? These are the things which we ought to discuss together, in all fairness and justice, without prejudice or preconceptions, as sympathetic human beings who would like to see men have more comfort, leisure, beauty and power.
The first indisputable fact we find in the struggle of the working class to better their condition is that, while money wages have risen, prices have risen correspondingly; as money wages have gone up, the higher wages now purchase very little, if any, more than they did before. Consequently, no sooner has an increase in wages been obtained by the hardest kind of effort and struggle between hostile interests than the demand for another wage increase becomes necessary as it ever did before; because increasing prices have again cut into the margin of subsistence. What are we going to do about it? Should this thing go on in this fashion forever? Shall we trail indefinitely in this vicious circle? Where are we coming out? If wages were to increase from $2.00 to $200 a day, and prices to increase 100 times, wherewith would we be better off? Wherewith does it profit us if we take in more, but give out more, and have just the same quantity of satisfactions? The only salvation in this procedure, on the face of it, seems to be to make the wages-increase turn its wheels faster than the price-increases. If the economist is ever to be of assistance, he ought to be obliged to bring to the solution of this problem his best and most impartial intelligence and knowledge.
The "economists" of the Labor Unions, I say "economists", for whether trained, or not, they are in fact applying their minds to one of the most difficult of all economic problems, namely, the causes determining wages -- have very emphatically announced one particular solution of this question of wages and cost of living. They have declared with all the reasoning they possess, enforced by the power of their Unions, that the solution of this vital question is to be found in the "Monopoly of Labor." They have taken a leaf out of the past history of industry; and from that have taken their principle of economics to be the fixing of the price of labor by control over the supply. And why not? Have not the great combinations in many staple articles of general consumption attempted, or even succeeded in fixing prices by control over the supply? Is not sauce for the goose also sauce for the gander? If employers resort to the theory of monopoly, why should not the laborers?

The Unions have a definite objective: to increase wages (not merely money wages, but real wages); that is, to get more per hour, or per day; or, to get the same wages for a less number of hours; to better their sanitary or hazardous conditions of work; and to secure permanence of employment, and a means of advancement for merit and skill.
Such being the workingman's objective, and "monopoly of labor" being the means adopted to secure that end, we must calmly inquire whether it will work. Indeed it is more to the interest of the laborer than anyone else to have the practicability of this method tested — which is in fact the generally accepted method of workingmen's organizations. I am perfectly aware that my motives will be misinterpreted, if I venture to examine critically any accepted labor doctrine, and that I shall be classified as an enemy of organized labor. That result, however, should not deter anyone from going ahead who is confident of his integrity, and who believes this examination to be primarily in the true interest of the workingman. In the long run nothing can succeed which is untrue. If a doctrine is futile, sooner or later it must be abandoned, even by a labor union. Now let us proceed to our examination.

In the first place, this country has declared itself against monopoly, or practices in restraint of competition. As against producers, the Sherman Anti-Trust law has been invoked in a way to draw the attention of everyone. Quite independent of the merits
of the act, it is now on the statute books. In any democratic society the law must have no favorites; it cannot be applied to the poor and not to the rich; nor can it be applied to one combination and not to another. All must be equal before the law.

Labor leaders seem to understand that their theory of monopoly is exposed to the penalties of the Anti-Trust law. Indeed in the closing hours of the last Congress vain attempts were made to except labor unions from the act which forbids monopoly. Without doubt the American has determined to prevent monopoly wherever the federal law can reach it. Now, then, can the doctrine of monopoly of labor continue to exist in the face of definite statutory prohibition? Any law which would except labor unions from the provisions of the Act would not be constitutional, and could not stand.

There is evidently no escape in this direction. Raising the question of hostility to labor unions. Quite the contrary: one would be an enemy to labor who would point out the road up which it should laboriously climb for years only to find out that it was absolutely closed to passage. It is high time to inquire who are the true friends of labor: those who are exploiting the economic ignorance of laborers for selfish purposes, or those who are helping them to a means of permanent improvement and independence.
If, then, monopoly of labor is contrary to law, what is the remedy? Is the law wrong, and should it be repealed? Shall we grant unregulated monopoly to big combinations of capital as well as to big combinations of labor? Both must be equal before the law. Is the law economically unjustified? Could it be shown that monopolistic control of supply is economically so effective to labor that the law is bad legislation? A word or two, therefore, may not be amiss in a brief analysis of monopoly as applied to labor. Perhaps we may discover in this search some new road by which labor may proceed to indefinite and permanent improvement in its rewards and morale.

Monopoly means the control of the supply in a given market. Monopoly is like the wall around an enclosure with no gate in it open to the public. Monopoly excludes competition. Competition is like a gate through the wall by which the public have free access to goods, or Competition is the free entrance into a market of any of the factors of production (such as labor, capital, managerial ability, etc.), or of goods. There is nothing complex about it. A monopoly of labor is a control of the supply of any kind of labor at any point of demand. Free competition of labor is the ability of any man to enter the market for employment on equal terms with any other man.
Monopoly assumes different forms. A "strict monopoly" exists if some authority has a control of the whole supply in the market. We very seldom find a "strict monopoly." The wall must be so high and so tight, that none can enter over or through it; those inside have no competition. But only by the control of the whole supply can the price to the buyer be fixed. If the wall be low, or broken in spots, more or less entrance is afforded to others; and so more or less control over price is wanting.

In the case of labor it is very rare to find any such control over supply as gives a complete monopoly; for the reason that unions do not include all men of a certain trade, nor those who may enter the occupation by a short period of training, nor the supply which may come from another part of the country, or from foreign countries. It is stated in general that unionized labor comprises no more than 10% of the total number of persons engaged in gainful occupations in the United States. Without question, therefore, it may be assumed that unions do not have a "strict monopoly", and cannot control the rate of wages, where such competition exists. This general conclusion jumps with the well-known fact that strikes are usually accompanied by violence exerted to prevent competitors from taking the places of the strikers. In fact, the inability to control the supply and gain the practical effects of monopoly is the very reason why in some cases terrorizing methods and dynamite have been resorted to. A "closed shop" is itself evidence of the inability of a
union to control the supply of its labor and so to fix prices.

The existence of monopoly may be ascribed to (1) natural, or (2) artificial causes. An "artificial monopoly" is a control of supply due to special privileges such as protective legislation, patent or copyright laws; or to undue influence, duress, unfair discriminations, unjust treatment and the like. That is, the kind of monopoly which has excited universal disapprobation is the one founded on unjust suppression of competition and forcible ways of driving out competitors. Recent Trust decisions have been based on that claim. Whatever objections exist to monopoly have peculiar urgency against these forms of "artificial monopoly"; although it must be remembered that certain kinds of "artificial monopoly" may be justified on grounds of some desirability to the State, such as a business artificially created by a patent, or a copyright. But, as a whole, a monopoly due to special privilege, or to unfair or forcible suppression of competition, cannot for a moment hope for support from a fair-minded people like ours. Such a monopoly is today illegal; and the law seems to be good legislation. Since a control of labor by unions is an "artificial monopoly", not based on any natural causes (such as skill, intellect, etc.) it has come under the penalties of the law whenever it has attempted to baffle competition of labor.
Finally, there is "natural monopoly", due to superiority of a personal or physical character.* Under purely competitive conditions, where all have an equal opportunity, the superior person will surpass his inferiors in the industrial world; he will do business more efficiently and cheaply and drive out the inferior rival. "A "Natural monopoly" is based on the admitted inequality of mankind; it is the inevitable expression of superiority in the field of open competition. For instance, law although there was open competition in the land, Daniel Webster occupied almost a monopoly position because he had few rivals. Likewise, a winner of an international marathon race is such by virtue of a natural monopoly. So, too, is a class of laborers who have won a monopoly position, because of the possession of an exceptional skill and personal worthiness. This is the only kind of a monopoly which is legal, and whose position is likely to be permanent. If there is free competition the superior man will always outstrip the inferior; he will do the lion's share of business because of a monopoly due to natural ability. Hence, whenever conditions are equal to all we must expect to find monopoly—natural, not artificial. That is a law of nature. In fact, the labor world is full of monopolistic conditions; there are non-competing strata of workmen superimposed one above the other,—from the unskilled hod-man

*We will not here discuss monopoly due to possession of natural resources, such as anthracite coal beds.
to the skilled engineer of the Panama Canal -- between whom there is no competition for the same kind of employment. Natural monopoly is everywhere: skill gives monopoly and freedom from the competition of those who lack skill. So also brains give monopoly. In fact monopoly is unescapable, so long as men are born unequal in body and mind. When President Wilson in his Chicago address, said there must be "no features of monopoly"; he undoubtedly meant no features of unjust "artificial monopoly"; for natural monopoly exists everywhere.
Since, then, the fundamental economic principles on which Labor Unions are based is the monopoly of the supply of labor (that is, a restriction of efforts for higher wages only to members; or, if possible, the inclusion of every laborer in unions, in order to create a strict monopoly); since a strict monopoly, and control of wages by control over the whole supply, is practically impossible; since monopoly of labor and exclusion of any man from a free choice to compete is already contrary to the laws of the land; and some doubt has already been cast on the wisdom and efficacy of the principle of monopoly of labor as a means of improving the conditions of life for workingmen. It now remains to examine whether, from a purely economic point of view, higher wages, forced by the principle of monopoly as applied by labor unions, will really add to their consuming power and bring about the ends they have in mind.

If a shoemaker had to pay more for leather, he would undoubtedly charge more for his shoes, caeteris paribus. If any increased tax were levied on imported sugar, or coffee, the price would be accordingly raised and the burden of the tax passed on to the consumer. In short, it is an economic commonplace that an increase of any of the items entering into a producer's expense of production will cause an increase in the price paid by the public for that producer's goods.
When the wages of miners in the anthracite coal mines were increased, the price of coal per ton to the consumer was correspondingly raised. The public, not the employers, paid the higher wages. Wages are evidently an important constituent in the expenses of producing most staple articles. An increase of wages paid for the same amount and same skill of labor will raise the prices of the goods they are working on just as surely as will an increase of taxes or of the cost of materials. Reduce taxes, and pro tanto the expenses of production and prices to the public will fall——or ought to fall. Reduce the tariff——taxes on clothing and, pro tanto, prices and cost of living will be reduced. But it must always be kept clearly in mind that the revision of custom-taxes will not in an important way lower the cost of living. Why? Because the item of taxes in the expenses of production is not a large one compared with materials, or wages. If revision makes materials cheaper, that would be very important. In 1905 the total value of manufactured products in the United States were $14,802 millions, of which wages constituted about 18% and materials 60%. Now, as a cold fact, how has the workingman fared on this method of raising wages in recent years? In the principal manufacturing and mechanical industries, leaving out salaried employees, money wages per week had increased from a base of 100 (the average of 1880-1889) to 122.4 in 1907. Suppose this result...
Retail prices

<table>
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<tr>
<th>Year</th>
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<th>1901</th>
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<td>Prices of Food</td>
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<td>96.3</td>
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<tr>
<td>Prices of Wages</td>
<td>120.6</td>
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In the 10 years from 1897 - 1907, wages has increased from 99.2 to 122.4, or 23 per cent., while retail prices of food had increased from 96.3 to 120.6, or 25.5 per cent. That is, the purchasing power of wages fell 2.5 per cent., during that period of unceasing expansion of business.

were wholly due to the influence of labor unions with their principle of monopoly. How did they come out with regard to the purchasing power of these increased wages? Retail prices of food likewise increased from 100 to 120.6, and the purchasing power of money wages had gained only 1.5 per cent. That is, the whole effect of wages-increase had been nullified by the rise in the prices of food usually consumed in the family budget. After all the bad blood stirred up in about twenty years the Unions have accomplished practically nothing toward raising their power of consumption. Obviously, something is very far wrong with the principle on which they are operating. They have climbed this hard up-hill road for decades only to find no passage through at the end. Economically, the principle of monopoly of labor does not work out in favor of the laborer. Why? It is very important that, in their own interest, they should know the reason why.

occupation. The cry for a minimum wage is evidence of the industrial incapacity, the lack of producing power in masses of our people. The concrete ways of increasing the productive power of each man and woman are not unknown. The captain of industry who does not "have a right to all his rights", can introduce into his shops carefully worked out plans for helping his operatives to get on in life; to better the conditions by welfare work; to encourage savings and thrift; to introduce the stimulus of profit-sharing; and, above all, establish civil service methods devised to pick out and promote the promising youth so that the path from the bottom to the top is open to every employee. Thus given unrestricted competition, there will be seen the inevitable results of "natural monopoly" by which superiority comes to its own, and wages are in proportion to productive power.
This applies to men as well as to women.

Face the actual truth of life: is not a skilled carpenter worth more than a blunder? In every business does not everyone agree that it is fair to give a very energetic, live, active, skillful salesman more than a stupid? If he is skillful he earns more, because he brings in more business. That being settled we do not fix his wages on what it costs him to live. He has a right to spend his income as he pleases. Hence if we were to adopt the theory of the minimum wage we should be adopting a new theory of wages, which would justify the refusal to pay high wages based on efficiency.

We find Unions basing action on adherence to the law of "artificial monopoly" of labor. It never has worked rightly; it never can work rightly, for the true interests of labor. Finding difficulties always ahead the loyal unionists fight the harder; implicitly believing that their principles must be right, they begin to create a code of ethics which places loyalty to the union rules above loyalty to the laws of the state. That mere fact ought to cause deliberation. Is it possible that the whole development of liberty under constitutionalism for centuries has been a mistake, and that only the recent theories of unions are worthy of obedience? It would be wiser to study further, and see if the progress of labor upward may not be consonant with the progress of liberty under law. Direct conflict with the state can have but one result for unions. To force the false theory of "artificial monopoly" of labor against the bulwarks of civilization
Monopoly of Labor.

1

Economic problems startle us by rising out of familiar conditions into portentous shapes, and finding us at once disturbed and unprepared. Our economic development seems to have gone on more rapidly than our economic education; more rapidly than our capacity to analyze conditions, indicate causes and prescribe remedies. Then too our impatient and highly individualistic democracy rushes quickly to conclusions without much caution and deliberation. Change is in the air; action is quick, and thought is slow. Discontent acts first and thinks afterwards. Perhaps, however, that is the usual law of progress in a Democracy.

In matters touching the workingmen, organization has been regarded as the necessary means to progress, and there is little doubt that intelligent organization is the only instrument through which important ends can be accomplished. It is a serious mistake, however, to use organization as a means to create "class consciousness", to form antagonisms where there should be none. In the industrial world, all are laborers from the shoveler to the manager; labor is not only physical effort; some of the most exhausting work in the world is mental, and not manual. A high-salaried expert is as much a member of the laboring class as a manual laborer. Very little reflection, therefore, is needed to realize that patronizing talk about "the laboring classes" is extremely shallow.
Without doubt the real cleavage is between the rich and the poor. It is the inability of the rich to understand the poor—and the inability of the poor to understand the rich—-that is the root of all industrial conflict. We need, therefore, to appeal for more sympathy and mutual understanding. "The laborer is worthy of his hire."

Those who bear the burden and the heat of the day deserve the consideration due to the vital forces underlying our great economic prosperity and our future progress. Those of us who have seen the day when it was uncertain where the next meal would come from know what "the struggle for existence" means; the sense of isolation in the face of the great powerful forces of the successful world; to be poor and yet to wander through miles of streets filled with opulent homes; to see absolutely no bridge crossing the seemingly impassable gap from ignorance and poverty to intelligence and wealth; to begin to feel as if one were in an inferior class whose interests were all arrayed in hostility against those who possess the comforts and luxuries of life; and then to develop somewhat of the bitterness of those who have not against those who have. It is difficult to see all sides of a case when one is "down and out"; it is human to think that the lack of success is not in ourselves but in others, not in the want of common-sense, industry, sobriety and skill, but in the greed and mercilessness of those who care only for the value of the service rendered.

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legions who have started with nothing and yet who have with honor accumulated a competence. That has been done. Yet everywhere about us there are those who have not succeeded; who feel dumb, hopeless, discouraged -- but who do not like to accept the inevitable life-long conditions of depressing, grinding poverty. Therefore, when we attempt to discuss the ways by which the laborer may escape from his poverty (or even the ways by which the man who already has something may improve his condition) we must be willing to take into account all sides of the question, to be sympathetic with failure, but to be as just as the surgeon who cuts out the cause of the disease.
In the most commonplace things of every day life we find the stuff on which to test our reasoning about life, our theories as to success and failure, our plans to improve the conditions of existence. Today, the ugly thing which hits us in the face wherever we turn is the high cost of living. The way we handle that problem is a fair test of ourselves, of our insight, our experience, breadth of view, our capacity for fairness and impartial examination, and our freedom from prejudice and emotion.

Viewed from the position of those who have a very limited income—and those are the ones who most concern us; for the well-to-do can generally look out for themselves— the steady rise in the prices of nearly every article of daily consumption is a very serious thing. It is like the contracting walls of a prison closing in on its victim. Either the walls must stop contracting, or the inmates must be able to get out. Which isn't likely to be?

The first indisputable fact we find in the struggle of the poorer classes to better their condition is that, while money wages have risen, prices have risen correspondingly; as money wages have gone up, the higher wages now purchase very little, if any more, than they did before. Consequently, no sooner has an increase of wages been obtained by the hardest kind of effort and struggle than the demand for another wage increase
becomes as necessary as it ever did before; because increasing prices have again cut into the margin of subsistence. What are we going to do about it? If wages were to increase from $2.00 to $200. per day, and prices to increase 100 times, wherewith would we be better off?
The economists of the labor Unions, we say "economists", for whether trained or not, they are in fact applying their minds to one of the most difficult of all economic problems, namely, the causes determining wages—have very emphatically announced one particular solution of this question of wages and cost of living. They have declared with all the reasoning they possess, enforced by the power of their Unions, that the solution of this vital question is to be found in the "Monopoly of Labor." They have taken a leaf out of the past history of industry; and from that have assumed their principle of economics to be the fixing of the prices of labor by control over the supply. And why not? Have not the great combinations in many staple articles of general consumption attempted, or even succeeded in fixing prices by a control over the supply? Is not sauce for the goose also sauce for the gander? If employers resorted to the theory of monopoly, why should not the laborers?

The unions have a definite objective: to increase wages, not merely money wages, but real wages; that is, to get more reward per hour, or for the same effort per day; or to get the same wages for a less number of hours; and to better the sanitary and hazardous conditions of work.

Such being the workingman's objective, and "monopoly of labor" being the means adopted to secure that end, we must calmly inquire
whether it will work. Indeed it is more to the interest of the laborer than anyone else to have tested the practicalbility of this method—which is in fact the generally accepted idea of workingmen's organizations. I am perfectly aware that my motives will be misinterpreted, if I venture to examine critically any accepted labor doctrine, and that I shall be classified as an enemy of organized labor. That consequence, however, should not deter anyone from going ahead who is confident of his integrity, and who believes that this examination to be primarily in the true interest of the workingman. In the long run nothing can succeed which is untrue. If a doctrine is futile, sooner or later it must be abandoned, even by a labor union.

In the first place this country has declared itself against monopoly, or practices in restraint of competition. As against producers, the Sherman Anti-Trust law has been invoked in a way to draw the attention of everyone. Quite independently of the merits of the act, it is now on the statute books. In any democratic society the law must have no favorites; it cannot be applied to the poor and not to the rich; not can it be applied to any combination and not to another. All must be equal before the law. Labor leaders seem to understand that their theory of monopoly is exposed to the penalties of the Anti-Trust law. It is to be assumed that this statement has been established by the Danbury Hatters' case. Indeed in the closing hours of the last
Congress (February 1913) vain attempts were made to except labor unions from the act which forbids monopoly; and in the Civil Appropriation bill of the extra session of Congress 1913 the same question is more or less evident. Without doubt the American has determined to prevent monopoly wherever the federal law can reach it. How, then, can the doctrine of the monopoly of labor continue to exist in the face of definite statutory prohibition? Any law which would except labor unions from the provisions of the Act would be unconstitutional, and could not stand. There is evidently no escape in this direction.

It is childish to assume that raising such a question indicates any hostility to labor unions. Quite the contrary; one would be an enemy of labor who would point out a road up which it should laboriously climb for years only to find out at the end that it was absolutely closed to passage. It is high time to inquire who are the true friends of labor: those who are exploiting the economic ignorance of laborers for selfish or political purposes, or those who would like to help them to a means of permanent improvement and independence.
If then monopoly of labor is contrary to the law, what is the remedy? Is the law wrong, and should it be repealed? Shall we grant unregulated monopoly to big combinations of capital as well as to big combinations of labor? Both must be equal before the law. Is the law economically unjustified? A word or two, therefore, may not be amiss in a brief analysis of monopoly as applied to labor.

Monopoly means the control of the supply in a given market. Monopoly is like the wall about an enclosure with no gate in it open to the public. Monopoly excludes competition. Competition is like a gate through the wall by which the public have free access. Competition is the free entrance of goods or of any of the factors of production (such as labor, capital, managerial ability, etc.). There is nothing complex about it. A monopoly of labor is a control of the supply of any kind of labor at any point of demand. Free competition of labor is the ability of any man to enter the market for employment on equal terms with any other man.

Monopoly assumes different forms. A "strict monopoly" exists if some authority has control of the whole supply in the market. We very seldom find a "strict monopoly." The wall must be so high and so tight, that none can enter over or through it; those inside have no competition. But only by the control of the whole supply can the price
to the buyer be finally fixed. If the wall be low, or broken in spots, more or less entrance is afforded to others; and so more or less control over price is wanting. In the case of labor it is very rare to find any such control over supply as gives a complete monopoly; for the reasons that union do not include all men of a certain trade, nor those who may enter the occupation by a short period of training, nor the supply which may come from another part of the country, or from foreign countries. It is stated in general that unionized labor comprises less than 10% of the total number of persons engaged in gainful occupations in the United States. Without question, therefore, it may be assumed that unions do not have a "strict monopoly," and cannot control the rates of wages, where more or less competition exists. This general conclusion jumps with the well-known fact that strikes are usually accompanied by violence exerted to prevent competitors from taking the place of the strikers. In fact, the inability to control the supply and gain the practical effects of monopoly is the very reason why in some cases terrorizing methods and dynamite have been resorted to. A "closed shop" is itself evidence of the inability of a union to control the supply of its labor and so fix prices.

The existence of monopoly may be ascribed to (1) artificial, or (2) natural causes. An "artificial monopoly" is a control of supply due to exceptional privileges such as special legislation, patent or copyright laws; or to undue influence, duress, unfair discriminations, unjust treatment and the like. That is, the kind of monopoly which has excited universal
disapprobation is the one founded on unjust suppression of competition and forcible ways of driving out competitors. Recent trust decisions have been based on that claim. Whatever objections exist to monopoly have peculiar urgency against these forms of artificial monopoly; although it must be remembered that certain kinds even of "artificial monopoly" may be justified on the grounds of some desirability to the State, such as a business artificially created by a patent, or a copyright. But, as a whole, a monopoly due to special privilege, or to unfair or forcible suppression of competition, cannot for a moment hope for support from a fair-minded people like ours. Such a monopoly is today illegal: and the law seems to be good legislation. Since a control of labor by unions is an "artificial monopoly", not based on any natural causes (such as skill, intellect etc), it has come under the penalties of the law whenever it has attempted to baffle competition of labor.

Finally, there is "natural monopoly", due to superiority of a personal or physical character. Under purely competitive conditions, where all have an equal opportunity, the superior person will surpass his inferiors in the industrial world; he will labor, or do business, more efficiently, and cheaply and drive out the inferior rival. A "natural monopoly" is based on the admitted inequality of mankind; it is the

* Being here concerned with persons, we will not discuss monopoly due to possession of natural resources, such as anthracite coal beds.
inevitable expression of superiority in the field of open competition.

For instance, although there was open competition in the law, Daniel Webster occupied almost a monopoly position because he had few rivals. Likewise, a winner of an international marathon race is such by virtue of a natural monopoly. So, too, is a class of laborers who have won a monopoly position, because of the possession of an exceptional skill and personal worthiness. This is the only kind of a monopoly which is legal, and whose position is likely to be permanent. If there is free competition, the superior man will always outstrip the inferior; he will do the lion's share of business because of a monopoly due to natural ability. Hence, whenever conditions are equal to all, we must expect to find monopoly -- natural, not artificial. This is the law of nature. In fact, the labor world is full of monopolistic conditions: there are non-competing strata of workmen superimposed one above the other, -- from the unskilled hod-man to the skilled engineer of the Panama Canal -- between whom there is no competition for the same kind of employment. Natural monopoly is everywhere; skill gives monopoly and freedom from competition of those who lack skill. So also brains give monopoly. In fact monopoly is unescapable, -- so long as men are born unequal in body and mind. When President Wilson in his Chicago address, said there must be "no features of monopoly", he undoubtedly meant no features of unjust "artificial monopoly"; for natural monopoly exists everywhere.
Since, then the fundamental economic principle on which Labor Unions are based is the monopoly of the supply of labor; since a strict monopoly, and control of wages by a control over the whole supply is practically impossible; since monopoly of labor and exclusion of any man from a free chance to compete is already contrary to the laws of the land; some doubt has already been cast on the wisdom and efficacy of the principle of monopoly of labor as a means of improving the conditions of life for workingmen. It now remains to examine whether from a purely economic point of view, higher wages, forced by the principle of monopoly as applied by labor unions, will really add to their consuming power and bring about the ends they have in mind.

If a shoemaker had to pay more for leather, he would undoubtedly charge more for his shoes, _caeteris paribus_. If an increased tax were levied on imported sugar, or coffee, the price would be accordingly raised and the burden of the tax passed on to the consumer. In short, it is an economic commonplace (for goods freely reproducible) that an increase of any of the items entering into a producer's expenses of production will cause an increase in the price paid by the public for that producer's goods. When the wages of the miners in the anthracite coal mines were increased, the price of coal per ton to the consumer was correspondingly raised. The public, not the employers, paid the
higher wages. Wages are evidently an important constituent in the expenses of producing most staple articles. An increase of wages paid for the same amount of and same skill of laborers will raise the prices of the goods they are working on just as surely as will an increase of taxes or of the cost of materials. Reduce taxes, and pro tanto the expenses of production and prices to the public will fall, -- or ought to fall. Reduce the tariff, taxes on clothing, etc., and pro tanto, prices and cost of living will be reduced.

Now as a matter of cold fact, how has the workingman fared with this method of raising wages in recent years? In the principle manufacturing and mechanical industries, leaving out salaried employees in the ten years from 1897--1907 wages had risen from 99.2 to 122.4 or 23 percent., while retail prices for food had increased from 96.3 to 120.6 or 25.5 percent. That is, the purchasing power of wages fell 2.5 percent, during that period of unusual expansion of business. That is, the whole effect of the wages increase had been nullified by the rise in the prices of food usually consumed in the family budget. After all the bad blood stirred up in about twenty years the unions have accomplished practically nothing towards raising their power of consumption. Obviously something is very far wrong with the principle on which they are operating.

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They have climbed this hard uphill road for decades only to find no passage through at the end. Economically, the principle of monopoly of labor does not work in favor of the laborer. Why? It is very important that, in their own interest, they should know the reason why.

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From the purely economic point of view the reason is simple. An increase of wages paid for the same productive effort increases the expenses of production and the price of the product; an increase in prices of articles consumed by the laborer reduces the real wages of the laborer as much—if not more than—the increase in money wages. He is just where he was before, without any gain for his pains. In an industry producing an article of general use, (supposing entirely free competition) an increase of expenses of production due to an increase of money wages paid for the same effort will be followed by a compensating increase of prices to the consumer; and the laborer is a consumer. Of course, if competition is not free, and monopolistic conditions of production exist, prices might go still higher. This increase of price, mark you, is not under the control of the labor unions. Even if they could control wages, they could not control the prices of the articles they consume. If the laborer, standing in a rising tide of water succeeds in raising the platform under his feet, and if the water then rises about his head by another foot, he is just as near drowning as before.
There is no question whatever that the rise of prices for almost all articles of general consumption during the last decade or two has been due, as much as to any one thing else, to the rise in money wages paid for the same, or even less labor effort. Moreover, the effect is cumulative. The expenses of producing raw materials such as coal, ore, wool and the like, into whose processes labor enters more largely than machinery, the general rise of wages raises out of all proportion the prices of materials from which finished goods are made. In 1905 the total value of manufactured products in the United States were $14,802 millions, in which wages made up 18 percent and materials 60 percent. Thus the cost of wages and materials together unite in pushing up the prices of goods.

Take the prices of food and agricultural products, for example. We have been seeing a silent, irresistible revolution going on in American agriculture. The movement from the farm to the city has been marked in all countries, and made labor scarce and high-priced on the farm. The great rise in the price of farm lands has increased the investment needed for growing food products. Men will stay on the farm only when they receive as high or higher wages as they can get in the city, and when they receive as high a return on the capital invested. If farmers charged up to expenses of production the interest at 5% on the price of land, buildings and improvements, and added reasonable wages for the
labor of themselves and the members of the family, such as they might get in the city, it would be found in most cases that even the present high prices of vegetables, eggs and butter would not cover the expenses of production. They go on practically without systematic book-keeping, not counting their labor and glad to earn a living. Wealth gained in agriculture in the last few decades has not come from growing crops in the main, but from the enormous rise in the value of land. When labor is counted for in agriculture as fully as in manufactures, agricultural products are sure to hold a higher price relatively to manufactured goods, because machinery can be used in the latter to reduce somewhat the labor cost. Increasing farm wages and the expenses of production are increasing the prices of farm products.

The true bearing of the labor situation cannot be mistaken. The Unions are enforcing the theory of monopoly of labor as a means of raising their wages and improving their condition. They may raise their wages but they do not raise their condition. The monopoly created is an "artificial" one maintained by violence or by unfair restriction of competition which is clearly illegal; the increase of wages thus obtained without an increase in the efficiency of production, inevitably carries with it an increase in the expenses of production, and of prices which automatically reduces the purchasing power of the higher wages to the old level. There is no hope for this principle either in law or economics. It does not work in the interests of labor.
There are two sets of forces in action, independent of each other. On the one hand, wages are to be raised; on the other prices are to be raised. These two sets of forces are not under common control. The one nullifies the other. Now, what is the remedy? Nothing under heaven but the bringing of the two into some cooperation for the gain of both. It is of no advantage to the producer to raise prices per se; since with higher expenses of production, would be make practically greater products profits by the higher prices than he did before. It is of no advantage to the laborer to raise wages per se; since with higher money wages he can buy no more than he did before. The result being no gain either to the producer or to the laborer yet creates an impossible situation for the general consuming public by the steady rise in the cost of living. The monopoly of labor principle has not much more to its credit than antago-nisms. The case against is legally, economically and morally is overwhelm-ing. And yet in the recent contest over the immigration bill in Congress the labor unions wished to apply the literacy tests on immigrants in order to prevent an increase in the supply of labor. Economically speaking this is darkest Africa.
The remedy can be found only in the co-operation of both laborers and producers, to the end that real wages may be raised without the increase of prices by the producer. This is not impossible; but it means a complete reversal from the principle of the "artificial monopoly" of the labor unions to the principle of the "natural monopoly" of labor. This is the solution in a nut shell. What does that mean? "Natural monopoly" as regards labor, is based on superiority due to skill and personal worth working under conditions of entirely free and unrestricted competition. Under competitive conditions the more productive labor will obtain the higher wages; and labor that is more productive does not, when it receives higher wages, increase the expenses of production, or cause higher prices. The laborer who works in cooperation with the efforts of the producer to increase production, say from 80 to 100 units with the same outlay can have his wages increased 20 percent, and yet leave 5 percent of new gain to the producer,—without any increase of prices. In short, higher money wages may go up—and frequently have gone in the history of industry—with a fall of prices. This laborers would gain doubly: not only by the higher money wages but by the greater purchasing power of those wages. That is a very different outcome from that due to the "artificial monopoly" of labor. Moreover, it is democratic, legal, moral and economically sound.
But says the objector, the laborer who is unsophisticated enough to follow this advice will not obtain from grasping individual employers the higher wages due to increased efficiency. They organize and get it. Organization of labor is of vital importance. There is no objection to the Union as a form of organization; but there is objection to the wrong use of the Union. The principle of "artificial monopoly" of labor may be all right, but the principle of organizing labor in a Union may be all right. A heavy walking stick may be wrongly used in knocking down and robbing victims; but it may be well used in protecting the owner from foot-pads. If admission to a Union were based on efficiency tests, and its members held a natural monopoly due to superior skill, those outside the union cannot compete with them; and there is no more need of the "closed shop", no for dynamite.

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The hysterical agitation for a minimum wage (today urged chiefly by women) has no conception of a relation between wages and producing power. It is unsound for several reasons which touch the very interests of the laborers themselves.

If it introduces a new and unjustifiable basis of wages --- that wages shall be paid on the basis of what it costs the recipient to live. If it is urged, for instance, that a woman cannot live on $5.00 a week, but can live on $8.00 and hence her minimum wage should be $8., the whole
case has not been considered. If we accept -- what we should not accept the principle that wages should be related to the cost of living, and if it is accepted that she could live on $8 a week, on what grounds should she ever receive more than $8 a week? On what grounds could anyone get $18 a week? At present $18 is paid on the ground that it is earned, that is, on the basis of a relation between wages and the producing power. No other basis can stand for a moment in the actual work of industry. Men go into business to gain profit; if, in their opinion, the employe is not worth $8 a week, she will not be retained no matter what it costs to live. If she is worth to the business $18, that will be the wage. No law can force any one to remain in a business that does not pay.

The theory of a minimum wage based on the cost of living is flatly inconsistent with the facts of daily life and preparation for any occupation. At what age or point is a beginner, or apprentice, to receive the full legal wage? Is no boy, or apprentice, to be allowed to receive a partial reward until he is a full-fledged adult workman? How about the woman, who, in the economic role of domestic labor, knits stockings in odd hours in order to add a little to the family income -- shall she receive nothing if not the full legal wage? Shall the boy, or even a young lawyer just entering an office, be forbidden to receive the small stipend of the preparatory period?
Suppose it were required by law to pay shop-girls $6 a week instead of $5. on the ground that the insufficient $5. leads to vice; then, since no ordinary business would pay $8. unless it were earned, those who did not earn $8. would inevitably be dropped from employment without even the help of $5. to save them. If $5. is no protection from vice, how much less is no wages at all? This proposal of a minimum wage is directly opposed in practice to the very self-interest of the girls themselves.

It is crass to try to remedy wages that are admittedly too low by fixing a legal minimum wage, which can never be enforced unless private business establishments are to be regarded as state institutions. In a state factory wages may possibly be determined by law, but not in open competitive business conditions, where the supply of labor has as much influence on wages as the demand. If the supply of women wage-earners converges on only certain kinds of work, wages will be lowered by the very large supply of the workers. There is no exit by this door of legal enactment as to the amount of wages.

The true and immediate remedy is the creation of ready means by which the industrial capacity of the wage-earning women will be increased. The wrong situation -- of which low wages, possible starvation, and the temptation to vice are only symptoms -- is due primarily to the fact that women thrown on their own resources know no trade and crowd each other in the market for unskilled labor. The remedy lies in the creation of places
of instruction where any woman (no matter how poor) shall be taught a trade and have skill given her by which she can obtain a living wage. The remedy lies in preventing a congestion of unskilled feminine labor by industrial education. There is no other rational or permanent, or human way out of the present wretched semi-titanic situation, if we have the real interest of the workers at heart - and are not interested chiefly in getting some cheap political notoriety.

This conclusion applies to men as well as to women. Is not a skilled carpenter worth more than a blunderer? In any business does not everyone agree that it is fair to give a very energetic, live, active, skillful salesman more than a stupid? If he is unskilled he earns more, because he brings in more business. That being settled we do not fix his wages on what it costs him to live. He has a right to spend his income as he pleases. Hence if we were to adopt the theory of the minimum wage we should be adopting a new theory of wages, which would justify the refusal to pay higher wages based on efficiency.
We find Unions basing action on adherence to the law of "artificial monopoly" of labor. It never has worked rightly, it never can work rightly, for the true interests of labor. Finding difficulties always ahead the loyal unionists fight the harder; implicitly believing that their principles must be right, they begin to create a code of ethics which places loyalty to the union rules above loyalty to the state. That mere fact ought to cause deliberation. Is it possible that the whole development of liberty under constitutionalism for centuries has been a mistake, and that only the recent theories of unions are worthy of obedience? It would be wiser to study further, and see if the progress of labor upward may not be consonant with the progress of liberty under law. Direct conflict with the state can have but one result for unions. To force the false theory of "artificial monopoly" of labor against the bulwarks of civilized society would be like sending a derailed locomotive at full speed down a crowded city street: it may destroy and maim others, but the end is ruin for the engine.

I once heard Phillips Brooks urge in a sermon that "a man does not have a right to all his rights, legal or moral." He may be able to enforce them if he wishes; but, as human nature goes, it is better not to expect the last scrap of what is due. It is good for the successful man to feel that he has a large responsibility to the less successful. Those who are climbing up without looking around would do well to take in
the world about them, and their relations to others, as they begin to reach the top. It is they who should do the most to assuage the bitterness of unsucccess, not matter if discontent is unreasoning. It is they who must temper the wind to the shorn lamb, in the great world of industry. Men do not want charity. The task is to create conditions where men by self-help can work out their own salvation and make charity unnecessary.

The key to the problem so far as it concerns labor is the principle of superiority due to "natural monopoly". The only real permanent aid to low wages is to increase the productivity and skill of the persons at the bottom. Instead of talking of such injurious palliatives as minimum wages, create institutions at once where those persons can be given a trade or training for a gainful occupation. The cry for a minimum wage is evidence of the industrial incapacity, the lack of producing power in masses of our people. The concrete ways of increasing the productive power of each man and woman are not unknown. Moreover, the captain of industry who does not "have a right to all his rights", can introduce into his shops carefully worked out plans for helping his operatives to rise in life; to better their conditions by welfare work; to encourage savings and thrift; to introduce the stimulus of profit-sharing, and above all, establish civil service methods devised to pick out and promote the promising youth so that the path from the bottom to the top is open to every employee. Without unrestricted competition, there will be seen the inevitable results of "natural monopoly" by which superiority comes into its own and wages are in some proportion to productive power. Thus
organization may be used to forward merit; and our individualistic democracy may forward their economic development on the satisfactory basis of correct economic education.