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## AMERICAN TRADITIONS CONCERNING PROPERTY AND LIBERTY\*

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When, over a century and a half ago, a poet saw a group of his countrymen about to set sail on their way to a new home in Georgia, he took a gloomy view of their prospects. He believed that they were leaving a land of scattered hamlets, sheltered cots, and cultivated farms, where ease, health, and plenty had prevailed, for a "dreary scene" around the "wild Altama"—a region of blazing suns, wild tornadoes, poisonous fields, and matted woods where lurked the "dark scorpion . . . vengeful snake . . . crouching tigers . . . and savage men more murderous still than they." Posterity has liked best the poet's fond memories of his native village. Goldsmith, however, considered the practical politico-economic aspect of his poem to be its best feature. He had indeed paid some attention to actual economic changes that were causing a depopulation of the English countryside. His compatriots, he believed, were crossing "half the convex world," not because they were dissatisfied with a land where simple pleasures and "light labour . . . gave what life required but gave no more," but because such a manner of living was no longer possible in Britain: "trade's unfeeling train" had "usurped the land" and made it a place where the "man of wealth" extorted pleasures "from his fellow-creature's woe" and took up "a space that many poor supplied." So he insisted, in his dedication to Sir Joshua Reynolds, that he was not writing of events to be found only in a "poet's imagination." "I here attempt to display," he declared, "real miseries" observed "in my country excursions for these four or five years past;" and "I expect the shout of modern politicians against me." He was considering a theme familiar in his time and not yet disposed of: "What constitutes a nation's prosperity?"

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Most of those who came to settle in America left a nation whose increasing prosperity, from an expanding trade and industry, they were not sharing with satisfaction to themselves. They sought to find here not only freedom to pursue their own ways in religion and government, but also greater economic freedom. Some of the settlers, it is true, had been substantial proprietors in the mother country, and in America they continued to obtain wealth or a livelihood chiefly from the labors of people without property—slaves and indentured servants. Most of them, however, had been small owners in England and expected to obtain greater security of ownership here. As a French visitor said of the colonists, “the rich stay in Europe, it is only the middling and the poor that emigrate.”<sup>1</sup> Such men gained a living here by their own labors with tools and materials they owned.

## I

Where a society permits an individual to own property, it usually allows him to increase his property, and some individuals accumulate more than others. By the late eighteenth century, there was in America a substantial and influential minority of richer owners, even outside the regions of large landed estates. In the Middle and New England colonies, there were wealthy manufacturers, ship-owners, bankers, and merchants. It was particularly these latter groups, as American historians have made plain, that were dissatisfied with governmental policies under our first central government. For well understood reasons, these men disliked the monetary, commercial, and fiscal policies of the state governments controlled generally by the smaller owners. They took effective leadership in assembling the convention of 1787 and in having incorporated in the new constitution the provisions limiting the powers of the states over trade and finance, and endowing the federal government with broad powers to tax, control money, and regulate all commerce crossing state lines. Under Alexander Hamilton's vigorous and able leadership, the new central government began at once an effective exercise of its greatly enlarged powers. It funded the entire national debt at its full face value, despite the fact that most of the bonds were held by persons who had purchased them for considerably less than their face value. It assumed,

<sup>1</sup> J. Hector St. John Crèvecoeur, *Letters from an American Farmer* (1904), pp. 75-76.

at full face value, the revolutionary debts of the states. It passed a tariff, which included some protective rates. It set up, against a vigorous opposition led by Jefferson, a central bank in which the federal government was made owner of one-fifth of the stock, and which was empowered to conduct a general commercial banking business, issue notes made legal tender for all payments due the United States, and act as fiscal agent for the government. In approving this last-mentioned measure, President Washington took a course widely condemned by timid souls today; he disregarded reasonable doubts as to its constitutionality expressed by high legal authority—his attorney-general—and signed the measure he judged necessary and expedient.

There was no attempt at that time to conceal the main objectives of the movement for the new constitution and for the first legislation adopted under it. "The mass of the Federalists," said Fisher Ames of Massachusetts in 1805, "are the owners of the commercial and monied wealth of the nation."<sup>2</sup> Said Daniel Webster forty years later: "We may look at the debates in all the state conventions, and the expositions of all the greatest men in the country, . . . and we shall find it everywhere held up as the main reason for the adoption of the Constitution, that it would give the general government the power to regulate commerce and trade."<sup>3</sup> Alexander Hamilton chose an honest title ("Report on Manufactures") for the document in which he set forth the advantages of large-scale industries and trades and the reasons why these needed active promotion by the intervention of a centralized government. During most of our history we have adhered to the Hamiltonian policy. Our federal government has generally rendered whatever aid our expanding industrial and commercial capitalism has seriously needed—in the way of protective tariffs; land grants to railways; aids to the development of foreign markets and protection of foreign investments; creation of favorable credit conditions; and intervention of federal courts, in behalf of large employers, in labor disputes that can be related to interstate commerce. This favorable governmental policy, in conjunction with our rich natural resources and the enterprise of our energetic business men, has been successful, in a real and important sense. Our industrial and commercial wealth has increased generally at a rate greater than the rate of our increase in population.

<sup>2</sup> *Works* (Boston, 1809), pp. 425–426.

<sup>3</sup> *Works* (Boston, 1851), Vol. II, p. 174.

Since the beginning of our national history we have had theoretical and practical defense of this politically sanctioned and aided system of private industry and trade. The theories generally begin with doctrines as to the nature of man and proceed to doctrines as to the essential function and structure of government. "Every man," said Hamilton (quoting and endorsing David Hume), "ought to be supposed . . . to have no other end, in all his actions, but *private interest*. By this interest we must govern him; and, by means of it, *make him cooperate to the public good*, notwithstanding his insatiable avarice and ambition. . . . The safest reliance of every government is on men's interests. This is a principle of human nature, on which all political speculation, to be just, must be founded."<sup>4</sup> John Adams, Fisher Ames, and Chancellor James Kent expressed substantially similar ideas. Today, ex-President Hoover maintains that "instincts and impulses of self-preservation, acquisitiveness, curiosity, rivalry, ambition for self-expression, for adulation, for power" supply the most effective stimulants to man's most useful endeavors; and the struggles for security and superiority which these instincts and impulses engender supply "the sifting test of competition" from which alone we can recruit successful social and political leaders.<sup>5</sup>

We know that Hamilton, Adams, Ames, and Kent held a poor opinion of the average man's competence, of a constitutional system that gave him an equal voice in government, and of a political policy that sought to give him an equally secure place in the economic order. Hamilton always made it plain that he was "not much attracted to the majesty of the multitude." Adams declared that "democracy never had been and never can be so desirable as aristocracy or monarchy." If you give to representatives of the majority "the command or preponderance in the sovereignty, that is, the legislature, they will vote property out of the hands of you aristocrats."<sup>6</sup> When, a few decades later, the states were repealing restrictions on suffrage, Chancellor Kent observed: "My opinion is that the admission of universal suffrage and a licentious press are incompatible with government and security to property, and that the government and character of this country are going to ruin."<sup>7</sup> Today, Mr. Hoover more mildly recalls our attention to the

<sup>4</sup> *Works* (New York, 1851), Vol. II, pp. 51, 298.

<sup>5</sup> *Challenge to Liberty* (1934), p. 30.

<sup>6</sup> *Works* (1851), Vol. IV and Vol. VI, p. 516.

<sup>7</sup> William Kent, *Memoirs and Letters of James Kent* (Boston, 1898), p. 218.

“hard commonplace truth” that “no economic equality can survive the working of biological inequality.”

The older writers were frank in expressing the view that the chief end of government is to protect private property, and that accordingly power over government should be apportioned generally according to the value of one's property. Said John Adams: “The moment the idea is admitted into society, that property is not as sacred as the laws of God, and that there is not a force of law and public justice to protect it, anarchy and tyranny commence.”<sup>8</sup> Joseph Choate said many years later that he had supposed that “all educated, civilized men believed” that “the preservation of the rights of private property . . . was the very keystone of the arch upon which all civilized government rests.”<sup>9</sup> “The power which holds the purse-strings absolutely must rule,” said Hamilton. Adams declared the principle that “power always follows property” to be an “infallible . . . maxim in politics.”<sup>10</sup> Webster praised James Harrington for having recognized that property is “the true basis and measure of power; . . . political power naturally and necessarily goes into the hands which hold the property.”<sup>11</sup>

Thus these earlier writers recognized the need for a close working alliance between property and government—a strong and centralized government, willing and able to restrain any individual whose free action interfered with the advance of the nation's trade and industry, and also ready to come to the help of any trade or industry that needed public support. They talked in terms of social utility and power, not of individual liberty and justice. Whatever we may think generally of the older Hamiltonians, we must concede them an honorable distinction: they did not claim to be Jeffersonians.

The present-day spokesmen for the rights of private industry and trade do make that claim. They are upholding principally, they say, not a particular distribution of wealth and economic power, but a traditional system of liberty. “We have to determine now,” Mr. Hoover says, “whether, under the pressures of the hour, we must cripple or abandon the heritage of liberty for some new philosophy which must mark the passing of freedom.”<sup>12</sup> Many

<sup>8</sup> *Works*, Vol. VI, p. 9.

<sup>9</sup> *Pollock v. Farmer' Loan and Trust Co.*, 157 U. S. 429 (1895), at p. 534.

<sup>10</sup> *Works*, Vol. IX, p. 376.

<sup>11</sup> *Works*, Vol. III, pp. 14–15.

<sup>12</sup> *Challenge to Liberty*, pp. 1–2.

others today are talking in similar terms. It seems clear, however, that their real interest is in a very special sort of liberty. It is true that they are emphatic, though brief, in expressing general respect for an American tradition of religious and intellectual liberty—the freedom of each man, individually or in association with fellows, to worship, hold and express opinions, challenge injustice and oppression, according to the dictates of his own conscience and reason. When they talk more concretely and specifically, however, it is usually about some threat to economic liberty. They set forth in concrete detail their objections to the policies today which they regard as tending toward the destruction of that sort of liberty. They name specifically the acts of the federal government in manipulating the currency, fixing prices, limiting crop production, regulating the sale of securities, centralizing control over banking, drastically limiting utility and holding companies, and competing with private enterprise in the supply of electric power. Thus they leave no doubt as to the actual governmental interferences with economic liberty that disturb them. They appear to be less sensitive to the immediate dangers to any other sorts of liberty. I have carefully read the recent books by such men as Mr. Hoover, Mr. Ogden Mills, and Mr. Jouett Shouse, and the pamphlets of such organizations as the American Liberty League; and I do not find a single complaint against any of the familiar interferences, by public authorities or by armed private bodies, with free assembly and protest, or against the still more notorious proposals recently put forth for further drastic interference with freedom of discussion and teaching in our schools and colleges.

The critics explain their preoccupation with economic liberty by arguing that moral and intellectual liberty is dependent upon economic freedom, and imply that if you respect the latter, the former is in no danger. "Human rights and property rights are inseparable," declares the American Liberty League. "The denial of property rights," the League's statement continues, "has always been the prelude to a denial of human rights. . . . Confiscation of old was the prelude to the guillotine." "Other freedoms cannot be maintained," declares Mr. Hoover, "if economic freedom be impaired. The most insidious mastery of men's minds and lives is through economic domination." It is no criticism of this doctrine to say that Karl Marx and his numerous disciples set forth an es-

sententially similar doctrine. And there should be no complaint that these exponents of Marx's philosophy of history are talking exclusively of the evils of our present-day economic policy. We should not demand that every publicist cover the whole field of public affairs. Each has the right to concentrate his attention on some particular social problem that he considers to be peculiarly pressing for solution. If Mr. Hoover and Mr. Shouse believe that our most immediate dangers come from the present-day threats to a certain sort of economic freedom, there is no reason why they should not say so. My complaint is that they do not say so explicitly and emphatically enough. I believe Mr. Hoover would have made his intentions clearer if he had named his book "Challenge to an Economic Liberty" instead of "Challenge to Liberty." Furthermore, despite the sweeping statements by these publicists on the threats to liberty that inhere in too much governmental activity, their own programs, we shall see, generally allow an extensive and varied scope for regulation and aid.

Where can we find the key to the discrimination between the types of governmental regulation and aid which these men accept as not incompatible with the liberty they prize, or indeed approve as essential to its preservation, and the regulation and aid they condemn as regimentation and as tending to the annihilation of liberty? I think this key may be found in the sort of economic order and the sort of distribution of wealth that they are interested in preserving. They are defending a system of large-scale private industry and trade, and its concentration of income and control. Much has often been ably said in behalf of the system they approve, tending to show that wherever the system has been in operation the masses of men have had shorter working hours, better homes, clothes, and food, greater security against preventable bodily ills, and wider opportunities for culture and pleasure than the masses have ever enjoyed under any other economic system. A relevant complaint again is that the writers and organizations are not more explicit in announcing their aim. Surely a better name for the American Liberty League would be "American League to Preserve Large-Scale Capitalism in Private Hands." Are there reasons to be ashamed of such a title, apart from its cumbersome form? The League has been criticized on the ground of the great wealth and the large corporate connections of the members

of its executive committee. The criticism is unjust. It would be complete chicanery for the League to announce any other sort of sponsors for its program.

## II

Despite the general success of large-scale industry, from the standpoint of its productivity, we have always had expressions of doubt as to its net human values. At all periods of our history, notable Americans have condemned its moral standards, or disparaged its cultural implications and consequences, or even questioned its general efficiency. The counts in the moral indictment are familiar. We need not stop to recall the complaints made by such men as Theodore Roosevelt, Henry Cabot Lodge, the numerous "muck-raking" journalists of the nineteen-hundreds, and others disturbed by "corrupt wealth" and "the gigantic modern plutocracy and its lawless ways" (to use Mr. Lodge's terms). These complaints have been in part over the financial pressures that business men bring to bear on public agencies, in efforts, often successful, to secure a particularly favorable treatment of special business interests; in part, over the private methods of business-men in crushing out competition. Mr. Hoover agrees that useful profit-making motives tend to become hypertrophied into what he calls "economic greed," "enviousness," "malice," "over-pugnacity," and "will to destruction," which often require governmental restraint.

Many have maintained that a large-scale industrial system tends to be inhumane, even in its honest, normal, and necessary processes. When Theodore Roosevelt said that "very wealthy people . . . are singularly callous to the needs, sufferings, and feelings of the great mass of the people,"<sup>13</sup> he did not mean that rich men remained adamant in the face of actual misery or that they were generally unwilling to contribute generously to charity. He meant, rather, that they were too blindly tolerant of normal business methods which often, in this very rich country, left many competent and industrious people in need of charity, or at least in positions of great economic insecurity. This moral indictment of modern industrialism has been voiced by distinguished Americans from the very beginnings of our national life. Benjamin Franklin, Richard Henry Lee, John Taylor of Caroline, Theodore Parker, and Horace Greeley in earlier times, and socialists, "progressives," "liberals," and others too numerous to name in later times, have

<sup>13</sup> *Works* (Memorial edition, New York, 1926), Vol. XXIV, p. 82.

expressed dismay over the effects of an industrial civilization on the lives of great masses of workers, receiving such scanty portions of the abundant comforts and luxuries which their labors have played so important a part in producing.

Another familiar indictment of the dominant American economic tradition is the charge that there has been something essentially inelegant, shoddy, ignoble about it. Inevitably, it is said, our strenuously competitive pursuit of industrial wealth has made us more concerned with material than with aesthetic and cultural values. "This invasion of Nature by Trade," said Emerson, ". . . threatens to upset the balance of man."<sup>14</sup> Another New Englander, Charles Francis Adams, said that he regarded successful money-getting in business as generally unassociated "with the finer and more interesting traits of character."<sup>15</sup> Many of our poets and novelists have expressed grief over the "thin and vulgar life" we lead because we sacrifice beauty, refinement, and content to mass production. The great Georgia poet, like Goldsmith, wrote poems "with a purpose." He painted the natural Georgia scenes, which he knew, in lines exactly opposite to those of the Irish poet's dreary picture; in the land which Goldsmith thought cursed with matted forests, tornadoes, tigers, bats, and savage men, Lanier found "gentle leafage," a "riotous noon-day sun," "tissues of moonlight shot with songs of fire," "scented South-winds," "languid doves," and mocking birds that "summ'd the woods in song." Yet he voiced the same laments over the desecration of a quiet and steadfast rural life by fickle trade. The farmer who had contentedly raised crops whose worth he knew because they had sustained him in the place where he was born had been tempted to stake "his life on games of Buy-and-Sell," and so, lured on with "small loans by pledges great renewed," he became a "gamester's catpaw and a banker's slave," until "sick with deep unrest, he fled away into the oblivious West." "O Trade! O Trade! would thou wert dead!"<sup>16</sup>

Lanier was concerned as much with the economic as with the aesthetic consequences of the march of trade. Other Americans, thoroughly practical-minded, have shared his doubts about the efficiency of our industrial trade and economy. They are not satisfied by a comparison of our average living standards with standards

<sup>14</sup> *Journals* (Boston, 1911), Vol. V, p. 285.

<sup>15</sup> *Autobiography* (Cambridge, 1916), p. 190.

<sup>16</sup> See especially the poems "Corn" and "The Symphony."

in other times and countries. They believe that the efficiency of our methods should be tested rather by a comparison of our realized with our probably realizable standards. They do not believe that imperious economic and biological laws require us to have such frequent periods of unemployment and such constant poverty and insecurity for so large a number of our citizens. They believe that a better administration of our economic affairs could secure not only an equal or larger production but also a better distribution, so that we should not have vast numbers of competent people living so near a mean subsistence level in a country as rich as ours. They hold that very rich men may ordinarily administer affairs efficiently for themselves and for one another and yet inefficiently for the rest of the community. Big business-men, they say, may be skillful and economical in the pursuit of quick profits but reckless and wasteful in their long-run policies, as these policies affect the general welfare. They note that our latest and greatest depression came after eight and a half years of uninterrupted direction of our economic policy by master-minds of business, both in private life and in the strategic positions of our national government—the offices of president, secretary of the treasury, and secretary of commerce. It was an earlier President Roosevelt who remarked that “business-men, with a few exceptions, are worse when they come to deal with politics than men of any other class.”<sup>17</sup>

### III

What remedies have Americans proposed to cure the physical, moral, and cultural ills of a mass production managed by a small minority of the producers? Some have believed that escape from the inequality, instability, and drabness of mass production comes only by a subordination of industry and trade to agriculture as the main way of life. Certain of the founders of our nation had adopted in part the doctrine of the French economists who held that real increase in the wealth of a nation comes only by additions to its raw materials, which in turn come only through the labors that extract these materials from the earth. Jefferson, Franklin, and Paine believed that this doctrine supplied the safest guide for a just and efficient economic policy. Jefferson believed also that the preservation of worth-while cultural and moral values was de-

<sup>17</sup> *Selections from the Correspondence of Theodore Roosevelt and Henry Cabot Lodge* (2 vols., New York, 1925), Vol. I, p. 542.

pendent upon keeping the majority of people close to the soil; and many later Americans have followed him in that. "Those who labor in the earth," said Jefferson, "are the chosen people of God, if ever he had a chosen people. . . . Corruption of morals in the mass of cultivators is a phenomenon of which no age nor nation has furnished an example." "Let our workshops remain in Europe;" we had better import their products than their "manners and principles."<sup>18</sup> Forty years after the adoption of the Constitution, Calhoun declared his determination to do all he could to "turn back the government to where it commenced its operation;" and he made it clear that he meant a return to a governmental policy supporting a predominantly agricultural economy.<sup>19</sup> "I should not be pained," said Emerson, "at a change which threatened a loss of some of the luxuries or conveniences of society, if it proceeded from a preference of the agricultural life, out of the belief that our primary duties as men could be better discharged in that calling."<sup>20</sup>

We have had several widely divergent conceptions of a desirable agrarian society. Jefferson looked forward to the disappearance of a plantation economy resting on slave labor and on a concentration of landed property in the hands of a privileged minority. The object of other agrarians has been to preserve or restore an aristocratic agrarianism. According to Calhoun's conception, not only was slavery justified by the natural needs of both master and slave, but there was even among freemen such ineradicable differences in intellect and character that property inevitably concentrated into the hands of a few, and an unequal allotment of political power followed rightly the unequal distribution of wealth. Other mid-nineteenth-century Southerners attacked Northern industrialism by arguing that since, by inescapable laws of human nature, every fine civilization rests on an exploitation of the incompetent by the competent, that economic order is best in which the exploitation is tempered by the humane restraints to which every strong man of normal sympathies submits himself when his working life is closely associated, in place and function, with that of his dependents; and that this intimate relation between owner and worker (slave or employee) can be maintained only in an agrarian economy.

<sup>18</sup> *Writings* (Ford ed., New York, 1894), Vol. III, pp. 268-269.

<sup>19</sup> *Works* (Charleston, S. C., 1851), Vol. III, p. 399.

<sup>20</sup> *Complete Works* (Riverside ed., Cambridge, 1883), Vol. I, pp. 224-225.

Something of this conception of an agrarian life reappears today in the recent pictures of the old South painted by the talented authors of *I'll Take My Stand*.<sup>21</sup> Advertise Northern communities, one of the authors urges, as horrible examples of industrial slavery. Represent industrialism as "a foreign invasion of Southern soil, which is capable of doing more damage than was wrought when Sherman marched to the sea." Proclaim that "the carpet-baggers are again in our midst." These Southerners are not exclusively sectional in their appeals; for they suggest a pooling of forces with Western agrarians in a struggle to "make the world safe for farmers." They also signify a willingness to admit a moderate amount of industrialism. Their concrete proposals for avoiding too much of it are few. Reserve higher general education, they suggest, for the intellectually elite, selected in the secondary schools; confine the rest of the youth to training in agriculture and the smaller crafts and trades. Let farmers make many of their necessities, reduce their luxuries, combine with their neighbors in careful buying, and thereby put a crimp in the expanding markets for highly exploited but intrinsically valueless "comforts" and "benefits." "Throw away the radio, and take down the old fiddle from the shelf."

Still other Americans have believed that it is impossible to make any sort of competitive system, agrarian or industrial, operate fairly and humanely. For they believe that the whole system of competition—in the sense of bargaining only for your own gain, even though in many cases your gain may be measured by the other party's loss—is opposed to man's essential nature. Human nature, they maintain, expresses itself in benevolent ways, in economic as in other dealings, except in so far as conventional social institutions require other sorts of expression. Man in his normal aim is coöperative and generous, not competitive and exploitative. These Americans, holding to a belief in equality, have meant not an equality existing only in some vaguely remote past (usually described as "equality of opportunity at the beginning of the race"), but an equality in the chances existing at all stages of the race, particularly in the living present. This sort of doctrine was set forth a century ago by such Americans as William Leggett, George Ripley, Albert Brisbane, Theodore Parker, Bronson Alcott, and

<sup>21</sup> *I'll Take My Stand: The South and the Agrarian Tradition*. By Twelve Southerners (New York, 1930).

William Ellery Channing; and later in novels by such men as William Dean Howells, Winston Churchill, and Robert Herrick.

On the basis of this conception of the incompatibility between competitive economics and benevolent human nature, many respectable Americans have elaborated plans for a coöperative economic life. Alcott, Ripley, Brisbane, and others sought to set up small voluntary communities, and thus teach by example the practicability and desirability of communism. Greeley accepted their ideas, for a time. Later writers have believed that a coöperative economic society can be reached only in a large-scale collectivism, achieved by governmental action of some sort. Henry Demarest Lloyd, Vera Scudder, Graham Taylor, W. D. P. Bliss, and other "Christian Socialists" have advocated a governmental socialization applied principally to natural monopolies. Others have urged that we should—quickly or slowly, peacefully or forcibly—abolish the whole competitive system. Here, European doctrines have had significant influences on American socialism. Nevertheless, leadership in the formulation of a socialist program for America has continued chiefly in the hands of thoroughgoing Americans. Such men as Alcott, Brisbane, and Wendell Phillips in earlier days, and Algernon Lee, Eugene Debs, and Norman Thomas more recently, are, by birth and rearing, as qualified as any one else to devise American remedies, good or bad, for the ills of American society.

For the most part, however, we have believed that relief from the major practical and spiritual disadvantages of large-scale private industry can best be obtained, not by abolishing the system, but by regulating and aiding it. We welcome an expanding industrialism, under more or less of private initiative, with all its narrow concentration of ownership and power, because of its greater productive efficiency; but we want to compel it to be honest and humane, and not too palpably inefficient in the distribution of its vast product. This is the familiar attitude of our "liberalism"—exemplified notably a short while ago in the programs of Roosevelt and LaFollette "Progressiveness," and today in the plans of Roosevelt "New Dealers" and "Progressive Republicans." Reformers like these have taken the lead in putting through our vast and varied "social legislation." "Conservatives" also come around in time to allow an extensive scope for governmental restraint and assistance. Today, Mr. Hoover declares that "abuses in the economic field . . . have been our most serious problem for the past

two generations." "The march of science and invention," he says further, "is constantly toward larger economic instruments," which, "with all their blessings . . . offer new methods and new opportunities for wickedness and economic oppression." Accordingly, it is no violation of sound American traditions for government to intervene forcibly in order to restrain "unfair competition," "betrayal of trust," "financial manipulation of business agencies, vicious speculation in their capital stocks, exploitation of the investor," and "use of property to oppress others."<sup>22</sup>

Mr. Hoover and other present-day conservatives (e.g., Mr. J. P. Warburg and Mr. Ogden Mills) set forth the specific sorts of governmental aid and regulation they accept.<sup>23</sup> The approved measures make a formidable list. They include the familiar restraints and compulsions designed to promote public health, maintain decent living and working conditions for wage-earners, prevent monopoly and unfair competition, check careless methods in the businesses of banking and insurance, and secure fair rates and adequate services from the railroads and other public utilities. Conservatives also approve positive activity by government in conserving natural resources, reclaiming waste lands, and constructing public works to aid navigation, irrigation, and flood control. They endorse the older governmental favors to big business, through tariffs, subsidies, etc., and the newer services, through loans to banks, railways, and other large private enterprises; and they sanction the recent aid to small business through the loans to farmers and householders. They generally approve, at least for periods of "emergency," moderate public works for the relief of unemployment, assistance for the low-income groups through old-age pensions and unemployment insurance; and special measures to lighten the burdens of the heavily mortgaged small homeowner, farmer, and shopkeeper.

Thus both liberals and conservatives approve wide and varied governmental intervention; the latter condemning it, it is true, when the former propose it, but endorsing it, after it has become a fixed part of the status quo, as so beneficial in its effects that no more of it is needed. Our history for the last half-century shows that each important governmental intervention we have adopted

<sup>22</sup> *Challenge to Liberty*, Ch. 9.

<sup>23</sup> James P. Warburg, *It's Up to Us* (New York, 1934); Ogden L. Mills, *What of Tomorrow?* (New York, 1935).

has been called socialistic or communistic by contemporary conservatives, and has later been approved by equally conservative men who now accept it both for its proved benefits and for the worthy traditions it has come to represent. Both liberal and conservative supporters of our large-scale business under private ownership advocate or concede the amounts and kinds of governmental limitation and aid which they regard as necessary to make the system work efficiently and humanely. Sooner or later, they are willing to have government intervene for the purpose of preventing the system from being too oppressive to the masses of the people, protecting it from its self-destructive errors, and coming to its help in other ways when it appears not to be able to take care of itself.

Most liberals and conservatives believe the system to be supremely worth saving. They defend it on the grounds of the indispensable moral, cultural, and practical benefits that flow from private property. Private ownership, it is said, calls out the ordinary individual's best productive efforts, offers freest play to his creative capacities, makes him generally self-reliant, gives him a sense of security and freedom.

#### IV

Many of the arguments for private property have no validity except in reference to a situation in which the ordinary individual owns the property upon which he labors for his livelihood. But certainly most Americans now own no property of that sort. Accordingly there are many who now contend that we can escape the major disadvantages of our present order only by a restoration of private property. This would mean returning to an old American tradition. Most of the colonists settled here as owners of the properties on which they produced commodities for consumption or sale. When we adopted our Constitution, an overwhelming majority of the citizens were still property-owners. That condition continued for awhile. There are reliable estimates tending to show that as late as a hundred years ago some eighty per cent of the enterprisers in the United States were small farmers, traders, mechanics, and craftsmen, all owning the means of their livelihood.

From time to time we took steps to facilitate by law a wide diffusion of ownership. Colonial legislation established free aliena-

tion and provided simple forms of conveyance. The Ordinance of 1787 provided for equal division of estates among the children of deceased persons. Legislation by early state governments rescinded the quit rents formerly payable to proprietary families, removed other burdens from land-owners, confiscated some of the large Tory estates and sold them in small lots at low prices, and abolished the system of entails and primogeniture. Congress began in the early nineteenth century to encourage settlement of the public lands by small owners, through a policy of low prices and conveniently accessible land offices.

When in the third quarter of the century the farmers believed that their chances to continue as free property-owners were threatened by monopoly prices for their necessities and oppressive interest rates on their loans, they entered actively into politics, demanding strong national and state action to control railway rates and services, break up monopolies, and provide a cheap currency regulated as to its amount by public rather than by private agencies. Government, national and local, had for a long time offered special aid and protection to large owners in industry and commerce; it was now called upon to concern itself equally with the interests of farm owners.

We have referred above to various theories setting forth the advantages, respectively, of a system of large-scale industry under private ownership, of an aristocratic agrarian economy, and of collective ownership in varying forms and degrees. We have also had arguments in defense of a genuine system of private property. In the minds of many social philosophers among the seventeenth-century colonists, belief in individual ownership was associated with the general belief in political equality and individual liberty. Much of the later eighteenth-century opposition to the development of industrialism was associated with a fear that manufacture and trade spelled the end of both individual ownership and political liberty. So Franklin and Samuel Adams felt. Locke's theory, said Adams, that protection of property is a primary end of legitimate government, "necessarily supposes and requires that the people should have property."<sup>24</sup> Thomas Paine, celebrated as an extreme opponent of governmental intervention, recommended governmental action to break up land monopoly and check excessive

<sup>24</sup> *Writings* (New York, 1906), Vol. II, p. 299.

accumulation of personal property in the hands of a few.<sup>25</sup> One of the chief grounds for John Taylor's opposition to the Hamiltonian policies was his belief that they tended to aid the creation of monopoly. Emerson explained that his chief reason for preferring agriculture to industry was that in the former one was less likely to find a small and idle owning group living from the labors of a large non-owning group. Horace Greeley, who was the most influential among those promoting a federal land policy favorable to small owners, and who introduced the first homestead bill in Congress, said: "The right of owning property, or of owning land, is one thing; the right to own thousands, and even millions, of acres of land is another."<sup>26</sup> Greeley was equally concerned over the effects of the prevailing economic policies in dispossessing industrial and commercial workers; and loss of proprietorship by these latter groups has become increasingly the concern of social reformers.

There is no doubt that the percentage of independent owners in our total population has been decreasing for a considerable while and that the decrease has proceeded at a considerably accelerated pace in the last quarter-century. During this latter period, the number of independent producers in manufacturing, mining, and construction has decreased, not only proportionately but absolutely; and the tendency among storekeepers is in the same direction, the independent merchant becoming a salaried employee of a chain-store company. The proportion of owners in the whole number of those engaged in industry, commerce, and trade is now less than one in four. The recent tendency has also been away from farm ownership. Owners now constitute only slightly over one-half the total of those engaged in farming. In the eight Southern states of Mississippi, Georgia, South Carolina, Alabama, Arkansas, Texas, Oklahoma, and North Carolina, sixty per cent or more of the farmers are tilling land owned by others. The general tendency appears to be toward a transformation of farm-owners into propertyless tenants.<sup>27</sup> It is no answer to all this to cite the in-

<sup>25</sup> *Works* (New York, 1895), Vol. III, pp. 338, 340.

<sup>26</sup> Quoted in an article by W. L. McKenzie, in *New York Tribune*, April 24, 1849.

<sup>27</sup> For figures, see United States Department of Commerce, *Statistical Abstract of the United States*, 1933; United States Department of Agriculture, *Yearbook of Agriculture*. See also Robert R. Doane, *The Measurement of Wealth* (1933); Lewis Corey, *The Crisis of the Middle Class* (1935).

crease in the number of stockholders among the salaried and wage-earning groups; for it is doubtful whether the pace of increase here is as great as the pace of the decrease in the number of independent owners. Moreover, whatever diversification in ownership we have is more than offset by concentration in management and control; and even where the nominal numbers of independent units is maintained, there is an increase in the proportion of control exercised by the larger units.

We find today expressions of deep concern over this disappearance of private property, and urgent recommendations that we do something about it. Socialists, and others called "radical," often direct our attention to this significant phase of our recent development; but they are not the only ones. I have statements to quote from three men who at least are not socialists. The first is by a conservative British writer, Mr. Gilbert Chesterton; the second, by Senator William E. Borah; the third, by Mr. Ogden Mills.

Says Mr. Chesterton:

"Either Private Property is good for Man, or it is bad for Man. If it is bad, let us all immediately become honest and courageous Communists; and be glad to have joined the movement while the support of it still calls for some little courage and honesty. But if it is good for Man, it is good for Every Man. . . . There is a case for Capitalism; a case for Landlordism; . . . there are arguments for all the various processes by which property is placed in specially trustworthy hands, or administered from recognized centers, or made part of a smooth and stricter machinery of social life; there are arguments for Trusts . . . for big employers. But they are all arguments *against* Private Property. They are all more or less philosophical reasons why a man, as such, should not be an owner, as such; why the tenant should *not* own his house; why the workman should *not* own his workshop; why the farmer should *not* own his farm. All Capitalistic arguments are Communist arguments."<sup>28</sup>

Says Senator Borah:

"There can be no such thing as economic liberty or economic freedom where all the vast wealth and natural resources, and all that which contributes to the daily life of the individual, is under the control of a dozen or so, or even 2,000 or 2,500 people. It is impossible to contemplate the future of the American citizen with any conception of freedom upon his part or of economic liberty upon his part, under such conditions." It is accordingly "the duty of Congress . . . to exercise whatever power it has and whatever power it may command to the breaking down of that concentration of wealth."<sup>29</sup>

<sup>28</sup> *G. K.'s: A Miscellany of the First 500 Issues of G. K.'s Weekly* (1935), pp. 15-16.

<sup>29</sup> *Congressional Record*, June 11, 1935, pp. 9386-9387.

Says Mr. Mills:

"The distribution of the ownership of property . . . is the all important question. . . . There are many millions . . . that have little or no property. . . . It is the size of this group that constitutes the challenge to our American civilization. Theirs is the problem we must solve in our march toward that ideal state contemplated by our fathers." Accordingly we must restore to this country a system in which "freedom will be combined with security through the distribution of the ownership of property among so large a proportion of the families of the country as to fix the character of society, making it neither Communist nor Fascist, but Proprietary. . . . There is an ideal, neither visionary nor unattainable, well worth the best thought and efforts of the nation. I would like to see it indelibly inscribed on our Republican banner."<sup>30</sup>

Mr. Chesterton was writing in support of the views of the British "Distributists," with whom we can deal no further here. Mr. Borah was speaking in the Senate, on June 11 of this year, in support of the death-sentence clause of the bill against utility companies and in explanation of his well-known anti-monopoly views. Mr. Mills was addressing the Women's Republican Club of Massachusetts, on May 8 of this year. He supplied no information as to how he would achieve his "Proprietary" Society—beyond inscribing it on the Republican banner.

Others go somewhat further and offer proposals for legislative changes. None of the proposals seems radical, although some seem utopian. Most of the plans are concerned with the preservation or restoration of independent farm ownership.<sup>31</sup> To protect present owners, measures are proposed to revise our tax and credit systems in favor of the farmer; to reduce the prices (by repealing protective tariffs, for example) of the articles he has to buy; to increase the prices of the commodities he sells (as by export bounties); and to persuade him to engage mainly in "agrarian" (raising for his own consumption) rather than "commercial" (raising crops for the market) farming, and thereby save him from the practices that are likely to take him into bankruptcy. To help tenants and share-croppers become farm owners, there are the proposals to compel further reduction of mortgage interest rates; to require landlords to deal more liberally with their tenants; and to pro-

<sup>30</sup> *New York Herald-Tribune*, May 9, 1935.

<sup>31</sup> See Troy J. Cauley, *Agrarianism; A Program for Farmers* (1935); Frank L. Owsley, "The Pillars of Agrarianism," *The American Review*, March, 1935; John Crowe Ransome, "Happy Farmer," *ibid.*, Vol. I (1933); John C. Rawe, "Agrarianism: the Basis for a Better Life," *ibid.*, December, 1935; Herbert Agar, *The Land of the Free* (1935).

vide a system of government loans, at low rates, and with easy conditions of amortization, in order that tenants and croppers may purchase lands, dwellings, equipment, and livestock. To secure a wider distribution of ownership in the trades and industries, there are the familiar measures for a more drastic action against monopolies; for legislation requiring owners of large enterprises to set up schemes enabling employees to acquire shares in the assets and control of the enterprises; for special taxation of chain stores; for a tax on other corporations in general, graduated according to size of the corporation; and for heavily progressive income and inheritance taxation—to help break up large estates.

I am speaking chiefly as a recorder of ideas and aims, and claim no competence to appraise the probable practical effects of the proposed measures. I can see that if the farmer is induced to change his occupation very extensively from “commercial” to “agrarian” farming—that is, to live directly off the products of his farm, sell little to others, and purchase little from them—there may be a danger of a substantially lowered living standard for himself and others; and that measures proposed to secure a wider diffusion of industrial and trading ownership may fall far short of their objectives.

Are there any effective substitutes for the value of owning one’s means of livelihood? If we must lose the zest and pride and independence that come from fashioning commodities from our own materials, with our own instruments, and according to our own designs, can we find other adequate means of self-expression in economic life? Some say that the substitute satisfaction can be found in a freedom to display our skill, judgment, and taste in selecting the things we buy to consume or to occupy our leisure. This sort of economic freedom, however, depends in considerable measure on how much we have to spend. Large-scale capitalism under the ownership and management of a small minority cannot continue to contribute much to the freedom of the ordinary individual unless it concedes him something above the bare necessities of life. Does it?

The Brookings Institution of Washington has recently published detailed analyses of the practical operation of recent governmental measures designed to remove some of the inequality, or to mitigate some of the effects of the inequality, in the distribution of property

and income. Critics of the New Deal acclaim these reports as supplying a reliable factual basis for a devastating condemnation of the measures. The same institution has also published recently a report setting out in considerable detail the distribution of incomes in the United States in recent prosperous years. The report shows that in 1929, at prices then prevailing, a family income of \$2,000 could be regarded as "sufficient to supply only basic necessities;" that in that same year sixteen million families, or practically sixty per cent of the total number of families in the United States, had incomes of less than that sum; and that more than twenty-one per cent of the total number of families had incomes less than half large enough to supply the basic necessities.<sup>32</sup> What, then, constituted our prosperity in those prosperous days?

I do not know by what piecemeal means a better distribution of our income or a better distribution of ownership can be achieved. Secretary Wallace admits that there are practical objections to a policy of crop restriction as a long-run policy. Even I can see dangers in Mr. Townsend's pensions, in Colonel Knox's promised bonuses and bounties, and in other such inflationary schemes. But I am not sure that a return to the practices of our pre-depression prosperity would be altogether safe and sane, from a practical standpoint. It is probably a problem, in part, for economists; that is, for economists who are informed and concerned as to real experiences of a majority of Americans in times of prosperity as well as in depression. Most of the economists whose utterances on the New Deal I have recently read or heard have been concerned more with the theoretical than with the practical aspects of the measures. The Brookings report is exceptional. It criticizes the New Deal for contributing to an artificial freezing of the price level at a higher point than methods of production warrant. It advocates generally a price program of reducing prices correspondingly with improved methods of production. The only hint it gives as to a method of attack is to list the factors which keep prices from dropping normally. It assumes that the sort of price drop it recommends is normal to a free competitive system, and states that among the factors that have kept prices up are monopolies, cartels, trade associations, and the recent codes. In general, the Brookings writers appear to expect that a lowered price level

<sup>32</sup> Maurice Leven, Harold G. Moulton, and Clark Warburton, *America's Capacity to Consume* (1934), Ch. 5.

would mitigate some of the bad effects of the mal-distribution of income disclosed in their figures.<sup>33</sup> I do not know how reliable their analyses are, or how practicable their suggestions. The report seems to follow the right method of attack. If other economists have anything worth while to propose, let their proposals be concrete, set forth with specific estimates as to expected changes in prices and profits and in the incomes of all substantial groups of the people. Economists appealing to economic laws, or crusading against the Communist Manifesto, seem to me to be of not much more practical value, in the actual situation, than politicians and propagandist organizations eulogizing liberty and misrepresenting Jefferson.

## V

If we look back on our history, then, we find somewhat varying ideas and practices in respect to property. We have frequently given special favors to large-scale industry and trade in private hands, although we have not always acknowledged the policy when we have pursued it. We have often restrained large-scale private industry and trade in order to avoid some of its acknowledged consequences. Some among us, believing that many of the disadvantageous features are inseparable from large-scale private ownership, have advocated a partial or complete substitution of public for private ownership. From time to time, we have adopted some of these socialist proposals, and we seem likely to adopt others in the future.

Thus there are respectable American traditions for Capitalists, for Socialists, for Reformers, and, finally, for genuine Individualists—those who (following Jefferson) desire to see private property maintained along with guarantees for some sort of equality in the operation of the system. It has not been the object of this paper to exalt any one of our economic traditions over the others. The purpose has been rather to urge that before any of us ventures to charge others with abandoning traditional American ideas, we familiarize ourselves with the rich variety of our heritage; and, more particularly, to suggest that we read Jefferson somewhat extensively before proposing a restoration of his ideas of property and liberty.

<sup>33</sup> Leverett S. Lyon and Others, *The National Recovery Administration; an Analysis and an Appraisal* (Washington, 1935).

In America in Jefferson's time there was a wide diffusion in the ownership of productive property. Accordingly, he opposed Hamilton's regulatory plans, which he believed tended toward the concentration of ownership and control in the hands of a small number of manufacturers, traders, and financiers. On the other hand, writing from a country where he observed this concentration of ownership already in existence, he said: "I am conscious that an equal division of property is impracticable. But the consequences of this enormous inequality producing so much misery to the bulk of mankind, Legislators cannot invent too many devices for subdividing property."<sup>34</sup> Whether legislators inventing devices for redistributing incomes rather than subdividing property would have pleased Jefferson, I do not know. It seems very clear, however, that we shall have many interferences with what Mr. Hoover, the Liberty Leaguers, and the Crusaders call liberty, if we are ever to restore generally the sort of liberty prized by Jefferson.

<sup>34</sup> *Writings*, Vol. VII, p. 35.