

CLUE TO THE ECONOMIC LABYRINTH.*

THE author of this very big book, of some 540 pages, is apparently a man of considerable leisure who has done much reading, if but little real thinking, and who, from a more or less superficial observation of some of the complex facts of our present social life, and by a process of reasoning peculiar to himself, has arrived at certain conclusions, in which he apparently has the utmost confidence. He is evidently also inspired by the most laudable ambition to be a leader and instructor of his fellow-men. However, as our author should by this time have realised, to play such a part something more is requisite than desire or the most enthusiastic convictions. For he has already written to all sorts and conditions of men, including Henry George, Professor Huxley, the two Chairmen of the Co-operative Wholesale Societies of Great Britain, yet nobody seems to have been impressed by his views, or to have taken much notice of his somewhat wordy effusions, many of which help to fill up the pages of this big book. He has also made strenuous appeals to social reformers of almost every school of thought, and with the same want of success; and he betrays the fact that he is specially cross, almost peevishly so, with Australian Single Taxers in particular, because they refused to accept him at his own valuation, or to endorse certain conclusions merely because he assures them they are correct; they, too, appear to have listened, but to have remained unconvinced. Nor is the reason of Mr. Flurschheim's failure to convince anybody far to seek. With certain fundamental truths, to-day the common property of every social reformer, Mr. Flurschheim blends the most obvious fallacies, and earnestly defends them by such inconsequential, illogical reasoning as cannot possibly deceive anybody who looks beyond the words for the ideas they are intended to convey.

One example will suffice. On page 384 Mr. Flurschheim writes as follows:—

"There can be no doubt that without the restoration of mother earth to her children, without the liberation of land from the fetters of private monopoly, no reform of any kind can bestow lasting benefits on the masses, but, as in the past, must eventuate in the greater power and wealth of the few, contrasted with the misery and dependence of the many."

A conclusion which every land reformer will most cordially endorse. Mr. Flurschheim, however, immediately continues—"Still that time has not yet come, and certainly we have to look for other causes if we want to explain the extraordinary spectacle we daily witness: poverty caused by progress." The meaning of this passage is not quite clear to us. But if it means, as the words seem to us to imply, that *because* the time for "the restoration of mother earth to her children has not yet come," that *therefore* "we have to look for other causes" to account for the continuance of poverty in the midst of plenty: we can only smile at such inconsequential reasoning. However, whatever he may mean, he continues—

"Still the bias of preconceived ideas and of inductive reasoning† [!] has tremendous influence. In my case I had been over ten years in the van of Georgeism‡

* "Clue to the Economic Labyrinth." By Michael Flurschheim. Published by Swan, Sonnenschein & Co., London.

† Of the bias of preconceived ideas Mr. Flurschheim's book is one long testimony. But we trust he will pardon us expressing the doubt, awakened by the perusal of this and other similar passages, as well as by the peculiar and characteristic method of reasoning he invariably adopts, as to whether Mr. Flurschheim has yet any real idea of the meaning and processes of inductive reasoning, to their admitted bias in favour of which he seems to regard some eminent Single Taxers as the unfortunate martyrs or victims.

‡ We think it necessary to point out here that Mr. Flurschheim's idea of what it is to be "in the van of Georgeism" and our own differ exceedingly.

before I awakened to the part played by money in the social problem."

And the following is Mr. Flurschheim's own account of what enlightened his ignorance—

"The veil began to fall at Topolobampo, a socialist colony founded by Americans on the shores of the Gulf of California, in Mexico. I had gone there full of the predominant part played by land in the economic process, and I left penetrated with the importance of the money problem. Land was easily obtainable for half a dollar an acre; *but money was so scarce that I was offered half the crop on the settlers' land if I only provided money to buy seed and machinery.*"

Italics are ours. Here, then, is the central fact to which Mr. Flurschheim owes his Clue to the Economic Labyrinth he so laboriously creates in his book; to which he owes his conviction of the supreme importance of the money question. But surely even Mr. Flurschheim should recognise that what his poor settlers wanted was, *not* money, but seed and machinery, for which they, by hypothesis, had nothing marketable to offer in exchange. It was the want of commodities, *not* of money, that impelled them to the trouble and charge of borrowing. If his settlers had possessed stocks of any marketable commodity—hides, tallow, bark, or what not, but no money, they would, by exchange, soon have secured the things they were in need of. Social life, consisting as it does of association and co-operation, is based upon the reciprocal exchange of services, either direct or by means of the exchange of commodities. This forms the basis of the world-wide commerce of the present day. Those who desire to share in its advantages must be prepared to render equivalent counter services. Mr. Flurschheim's illustration or experience leaves us "penetrated with the importance" of such exchange of services, or of exchange generally, in the economic process. If otherwise unable to do so, we can well understand that his settlers would be quite willing to offer half of their crops on their land, whatever these may have been worth, for the means of participating in its benefits. But manifestly the command of any stock of marketable commodities would have served their purpose, even if not the special commodity in use as money. Moreover, if in every civilised community those whose labours render all the services, and produce all the commodities, are deprived of the larger portion of the fruits of their industry without equivalent counter services, then, as our readers are well aware, it is not in the money question that we have to seek the causes of such legalised iniquity.

Let us somewhat vary the hypothesis. Suppose that Mr. Flurschheim's settlers had been possessed of ample supplies of food, seed, tools, machinery, *and* money; and had offered our philosopher and economist half the crops then on their land if only he would secure them an ample supply of slaves to do all the necessary work. Then, we presume, in accordance with his former reasoning, this would-be saviour and instructor of his fellows would have returned "penetrated with the importance" *not* of the predominant part played by *labour* in the economic process, but of the slavery problem; and we might have been afflicted with another learned book, filled with quotations from innumerable obscure sources, pointing to slavery as the clue to the economic labyrinth, and advocating the re-establishment of this time-honoured social institution.

After the above example of our author's powers of reasoning, our readers may not be surprised to learn that, besides claiming to be "enthusiastic and eager for land reform," Mr. Flurschheim is also a bi-metallist, a protectionist, *and*, above all, a money reformer.

Into the sacred mysteries of his money reform we shall not venture to enter, though we must admit that his views on the money question seem to us as hazy as his views on the land question; nay, far more hazy, for these latter he has borrowed from other and clearer thinkers. Despite his

wide and varied experiences, our author has apparently never been present at an auction sale of valuable land, or heard of any rich manufacturers or agriculturists being hampered by want of the necessary land on which to employ their skill and industry. For he tells us that "one never hears of money-lords (whoever these may be) begging for land on which to employ their wealth." No, they don't go begging; but they do compete one with the other for the use or control of the more favoured sites. It was only yesterday that we heard of one such gentleman paying over half a million of money for the control of a small part of London; and of another, a Mr. Beit, promising to pay £18,000 per annum for the use of a comparatively small block in the city on which to employ his wealth.

One more illustration of our author's peculiar method of reasoning, reasoning which he evidently thinks ought to be convincing, may amuse our readers. Over-production as a cause of poverty, or of those commercial crises which periodically afflict the world under the prevailing social conditions, has been so riddled and satirised as to be utterly discredited even in the most childish minds. Hence we find Mr. Flurschein gravely assuring his readers that "over-production is in reality under-consumption, and attributing to this new word the ills similar writers once thought explained by the old. In other words, the cause of such evils, we are given to understand, is not that the workers *produce* too much, but that those who can command the fruits of their toil *consume* too little. From this and his remarks on page 192 on the "Effect of Wealth Accumulation," it is evident that this great economist is still under the impression, shared by the proverbial man in the street, that all the wealth of which to-day we hear so much is represented by real tangible accumulations—which some men hoard instead of consuming—and not, as is in reality the case, consisting merely of the present money or selling value of certain legalised liens over the labours of future generations. Such a belief may well account for his views on the money question and on over-production—we beg pardon, under-consumption. Many years ago we tried to teach a very stupid little boy the rudiments of the multiplication table. We succeeded in convincing him that 2×3 did not equal 7, but failed to convince him that 3×2 did not do so. Of such a calibre must be any mind that, discarding over-production as a cause of any given effect, pins its faith to under-consumption.

In justice to Mr. Flurschein we think we ought to mention that he is not a "downright," ordinary, common or garden protectionist, but a very extraordinary one. He is, in fact, a somewhat belated specimen or representative of the old mercantile school. The adherents of this school regarded silver and gold as the only real "wealth" of a nation, and consequently their commercial and national policy was shaped by the desire to obtain a balance to be paid in these metals. To obtain such a balance of trade is also our author's object, the mainspring of his policy, as may be gathered from the following oracular utterance—"For me the problem is simply how a nation can obtain the most favourable balance of trade which is possibly obtainable in the intercourse with other nations." Comment surely is needless.

The book is dedicated to the people of New Zealand, of whose average intelligence we think much too highly to believe for a moment that it will do them any harm, or that they are likely to commit themselves to any of the wild-cat schemes for money reform it proposes.*

* On page 491 there is a passage, a quotation from a letter from Henry George, which might lead to the view that some of our Australian co-workers who do not hold George's views on the question of Interest were influenced by Mr. Flurschein's writings. This we are assured by one who played an active part in the Australian movement, and who is himself a "heretic" on the question, was not the case. Their views were formulated, and found expression in a paper, *Our Commonwealth*, copies of which were regularly sent to Mr. Flurschein

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* Published by the Simple Life Press, 5 Water Lane, Ludgate Hill, London, E.C.

To admit on Sundays the Fatherhood of God, whilst denying on week-days the Brotherhood of Man, is nothing but blasphemy, if blasphemy there be. Nor will our churches and chapels, our hospitals and charity organisations, or any other means by which the consciences of the rich are temporarily soothed, and the most pressing necessities of the disinherited temporarily relieved, avail us anything.—*Toward the Light.*

The history of modern civilisation is but the record of the progress of communities from Despotism toward Democracy, from the reign of Power toward the reign of Reason, from the thralldom of Privilege toward the majesty of Freedom, from Iniquity toward Equity, from Darkness toward the Light. But yesterday the goal itself was hidden from our ken; to-day, thanks to the labours of thousands of earnest workers, not only does it stand revealed to our view, but the path to it is clearly discernible, and the hindrances to its attainment known to all who care to know. Well, then, may we doubt whether the ultimate triumph of Reason, of Freedom, and of Justice can long be delayed.—*L. H. Berens.*

long before his book, "Rent, Interest, and Wages," was written—at all events before it reached Australia. And we know that some of those mainly responsible for this divergence have not to this day been able to read that book, though it certainly contains many valuable quotations worthy of being preserved. This point, however, will interest but few of our readers, though, in justice to our Australian co-workers, it is only right that it should be mentioned.