

CHAPTER VIII.

RENT AND INTEREST.

The Lord will enter into judgment with the elders of His people. It is ye that have eaten up the vineyard: the spoil of the poor is in your houses; what mean ye that ye crush My people, and grind the faces of the poor? saith the Lord, the Lord of Hosts.—*Isaiah*.

Morality and political economy unite in repelling the individual who consumes without producing.—*De Balzac*.

The guilty Thieves of Europe, the real sources of all deadly war in it, are the Capitalists—that is to say people who live by percentages or the labour of others; instead of by fair wages for their own. . . . All social evils and religious errors arise out of the pillage of the labourer by the idler; the idler leaving him only enough to live on (and even that miserably), and taking all the rest of the produce of his work to spend in his own luxury, or in the toys with which he beguiles his idleness.—*Ruskin*.

The requisites of production are two: Labour, and appropriate natural objects.—*J. S. Mill*.

The produce of labour constitutes natural recompense, or wages of labour.—*Adam Smith*.

We have now to consider a very important question, viz., have the rich any *right* to their riches?

I have already laid it down as my guiding principle that a man has a right to all the wealth that he creates by the exercise of his own unaided faculties; and to no more.

If you look into my pamphlet, "The Pope's Socialism," page 4, you will find the following paragraph:—

No man has any right to *be* rich. No man ever yet became rich by fair means. No man ever became rich by his own industry.

That statement, "no man ever became rich by his own industry," has puzzled many of my readers, and I shall explain it.

I shall explain it because, if no man can become rich by his own industry, then no man has a right to be rich at all.

How do men grow rich? In these days the three chief sources of wealth are:—

1. Rent.
2. Interest.
3. Profits.

First, Rent. Who earns it? We will take two examples: Ground Rent, and Property Rent.

The Duke of Plaza Toro owns an estate. The rent roll is £30,000 a year. Where does the money come from?

The estate is let out to farmers, at so much per acre. These farmers pay the duke his £30,000 a year. Where do the farmers get it from?

The farmers sell their crops, and out of the purchase money pay the rent. How are the crops raised?

The crops are raised by the agricultural labourers, under the direction of the farmers.

That is to say, that the rent is earned by labour—by the labour of the farmer and his men. The duke does nothing. The duke did not make the land, nor does he raise the crops. He has therefore no *right* to take the rent at all.

The man who gets rich on ground rent gets rich on the labour of others.

Mr. Bounderby owns a row of houses. The rental of the street amounts to £400 a year. Where does the money come from?

The rent is paid by the tenants of the houses. It is paid with money they have earned by their labour, or with money which they have obtained from other men who earned it by their labour, and it is paid to Mr. Bounderby for the use of his houses.

How did Mr. Bounderby get his houses? He either bought them with money which he did not earn by his own industry, or he paid for the material and the building with money which he did not earn by his own industry.

Two things are quite certain. First, that Mr. Bounderby did not build the houses with his own hands, nor make the bricks and timbers of which they are built; that work was done by other men. And second, that the money with which those men were paid was never earned by Mr. Bounderby's own industry.

Mr. Bounderby has therefore no right to own those houses or to charge rent for them.

The man who grows rich upon house rents grows rich upon the labour of others.

But you will very properly ask, Mr. Smith, how I prove that the money paid by Mr. Bounderby for his houses was not earned by his own industry.

This brings us to the second and third means by which men get wealth: Interest and profits.

What is interest? It is money paid for the use of money. If you lent me one hundred pounds at 5 per cent. interest, that would mean that I must pay you five pounds a year for the loan of the money as long as I kept it, and that such payment would not reduce the amount of the loan. So that if I kept your £100 for twenty years and paid you £5 a year interest, I should at the end of that time still owe you £100. That is to say you would receive £200 from me, although you only lent me £100.

Where do I get the interest from? I have to work for it. But you get it from me. You don't work for it. You—possibly—worked for the principal, that is, for the first hundred pounds; but you do not work for the interest, the second hundred pounds.

Suppose I have £1,000. I put it in a bank and draw 3 per cent., £30 a year, interest for it. At the end of twenty years I shall have drawn out £600, and yet there will be £1,000 to my credit. How does my money breed money? How do I get £1,600 for £1,000? How can the banker afford to pay me more than I put into the bank?

If instead of putting my £1,000 into a bank I locked it up in a safe, and drew out £30 a year for twenty years, would there be £1,000 left at the end of that time? There would not. There would only be £400. Money does *not* breed money. Interest has to be worked for. Who *earns* it?

Suppose a rich Jew has lent a million to the Government at 3 per cent. He draws every year £30,000 in interest. Who pays it? It is raised by taxation. Who pays the taxes? They are all paid either by the workers or by those who get their money from the workers. And the Jew gets his interest *for ever*. That is to say that after he has drawn back all his million in interest the Government goes on paying him out of your earnings, my hard-headed friend, £30,000 a year as long as anyone is left to claim it. Probably the million was wasted in some foolish work, or wicked war; but because a Minister in 1812 was a knave or a fool, British industry is taxed to the tune of £30,000 a year, world without end, amen.

And the worst of it is that the money the Jew lent was *not* earned by him, but by the ancestors of the very people

who are now paying his descendants interest for the loan of it.

Nay: Worse even than this. It is a fact that a great deal of the so-called "capital" for which interest is paid *does not exist at all.*

The Duke of Plaza Toro is a wealthy peer. He has an income, a rent-roll of £30,000 a year. The Earl of Chow Bent has £40,000 a year, the Marquis of Steyne has £50,000 a year. These noblemen, together with a rich Jew, a couple of rich cotton-lords, and a coalowner, decide to form a company and construct a canal.

They engage some engineers and some navvies. To pay these men their wages and to provide tools and other plant, they need "capital."

They get an estimate of the cost. Say it is half a million. The capital of the company is half a million. But that is needed to *complete* the work. It can be started with much less. They therefore issue 50,000 shares at £10 each; £2 payable on allotment, and the rest at stated times.

The company consists of seven men. Each takes an equal number of shares, each pays down an equal sum, say £14,285, making a total of £100,000. With this amount they can go on until the second call is made.

Now look at the position of the Duke. He has paid in his £14,000, and at the end of a year he will have another £30,000 ready, in the shape of *rent*. The others are in similar positions. The Jew waits for his *interest*, the coalowner and the cotton-lords for their *profits*. And all these sums, the rent, the interest, and the profits, are earned by the workers.

So the canal is made. Who makes it? Not the rich share-owners. Oh, no. The canal is made by the engineers and the navvies. And who finds the money? Not the rich shareholders. Oh, no. The money is earned in rent, or interest, or profits, by the agricultural labourers, the colliers, and the cotton operatives.

But when the navvies and engineers have made the canal, and when the labourers, miners, and spinners have paid for it, who owns it?

Does it belong to the men who made it? Not at all.

Does it belong to the men who earned the money to pay for it? Not at all.

It belongs to the rich shareholders, and these men will get other men to work it, and will keep the profits of its working.

That is to say, all the goods which are carried on that canal must pay tollage. This tollage, after the costs of repairing and working the canal are defrayed, will be profit, and will be divided amongst the shareholders in the form of dividends. Who will pay the tollage?

The tollage will be paid by the people who carry the goods, and they in turn will charge it to the people who buy the goods, and they in turn will charge it to the people who *use* the goods. And the people who use the goods will be either workers, who pay the toll out of their own earnings, or rich people, who pay the toll out of the earnings of other workers.

And now let us sum up.

The Duke of Plaza Toro lends £14,000 which he has got (out of his farm labourers) and £56,000 which he has not got, but which he *will get as soon as his farm labourers have earned it*. With this money—the money earned and to be earned by the farm labourers—the Duke pays wages to the engineers and navvies who make the canal.

The canal being made, the Duke takes tollage, which is paid by the workers, much of it, perhaps, by the farm labourers, navvies, engineers, spinners, and colliers, who found the money for the canal or did the work of making it.

That is to say, the workers pay the Duke interest for the loan of their own money.

You will begin now to see what is meant by such words as Rent, Interest, Capital, and Credit. For your further enlightenment, and to give you an idea how poor these rich men really are, and how very much interest is paid for money which does not exist, let me offer you two facts.

The first fact is that whereas the amount annually paid in wages, profits, interest, and rent is estimated at £1,350,000,000, there is at no time as much as £100,000,000 of *money* in the country.

The second fact I will give you in the words of John Stuart Mill:—

When men talk of the ancient wealth of a country, of riches inherited from ancestors, and similar expressions, the idea suggested is that the riches so transmitted were produced long ago, at the time when they are said to have been first acquired, and that no portion of the capital of a country was produced this year, except so much as may have been this year added to the total amount. The fact is far otherwise.

The greater part, in value, of the wealth now existing in England has been produced by human hands within the last twelve months. A very small proportion indeed of that large aggregate was in existence ten years ago; of the present productive capital of the country scarcely any part, except farm houses and factories, and a few ships and machines; and even these would not in most cases have survived so long if fresh labour had not been employed within that period in putting them into repair.

The land subsists, and the land is almost the only thing that subsists. Everything which is produced perishes, and most things very quickly.

And again:—

Capital is kept in existence from age to age, not by preservation, but by perpetual reproduction.

Does that surprise you? Nearly all the boasted “capital” or wealth of the rich is produced *annually*.

And by *whom* is it produced? By the rich? Not at all. It is produced by those who labour, for *all* wealth *must* be produced by labour. By no other means can it be produced.

You hear a man described as a millionaire. Do you suppose that he has a million or a hundred million pounds in his safe? Do you imagine with regard to a Jay Gould or a Duke of Westminster that every year a million golden coins rain down on him from heaven?

Your millionaire has hardly anything. Very little money that is certain. But he has bonds and securities and other written contrivances of the usurer and the devil, whereby he is legally entitled to appropriate year by year some millions of the wealth that is created by the labour of the poor.

Your Duke of Plaza Toro is said to be worth £500,000 a year. How is he worth it? He gets it in rent, in royalties, in dividends, in interest; and every penny of it is taken from the wealth produced by labour.

Your Duke has £30,000 a year of rent-roll, has he? But he has not a shilling of rent until poor Hodge has raised the crops and farmer Giles has sold them. Take the

men, the labourers—poor despised drudges—off his Grace's estates, and his Grace is a pauper.

I advise you to get a pamphlet called "Society Classified: In reply to the question, 'How far is the saying true that every one lives either by working or begging, or by stealing?'" It is well worth your attention. The author is E. D. Girdlestone; the publisher is W. Reeves, 185, Fleet Street, London; the price, one penny.

CHAPTER IX.

THE SELF-MADE MAN.

The difference of natural talent in different men is, in reality, much less than we are aware of; and the very different genius which appears to distinguish men of different professions, when grown up to maturity, is not, upon many occasions, so much the cause as the effect of the division of labour. The difference between the most dissimilar characters—between a philosopher and a common street porter, for example—seems to arise not so much from nature, as from habit, custom, and education. When they came into the world, and for the first six or eight years of their existence, they were perhaps very much alike, and neither their parents nor playfellows could perceive any remarkable difference. About that age, or soon after, they came to be employed in very different occupations. The difference of talents comes then to be taken notice of, and widens by degrees, till at last the vanity of the philosopher is willing to acknowledge scarcely any resemblance.—*Adam Smith*.

Lycurgus fixed but a small value on a considerable quantity of his iron money, but on the contrary the worth of speech was to consist in a few plain words pregnant with a good deal of sense, and he contrived that by long silence they might learn to be sententious and acute in their replies. Upon the whole he taught his citizens to think nothing more disagreeable than to live for or by themselves. Like bees the people acted with one impulse for the public good, and always assembled about their prince. They were possessed with a thirst of honour, an enthusiasm bordering upon insanity, and had not a wish but for their country.—*Plutarch*.

The next thing we have to discover is, What is profit? Profit is the excess price received for an article over the price paid for it.

If a man sells a thing for more money than he buys it for the balance is profit.

You will see, then, that men may make profit either upon their own work or upon the work of others.

As a rule profit is not made by the producer of an article, but by some other person commonly called "the middleman" because he goes between the producer and the con-