CAPITAL AND PRIVILEGE.

By F. W. Chubb.

It is often said that "extremes meet," and the truth of the adage is now very well exemplified by the Socialists and the Tories. By very opposite desires these extreme parties are both blinded to the great difference between capital and privilege. The Socialists wish to abolish private ownership of capital, and, to weaken the moral sanction upon which such ownership rests, they take great pains to prove that it is no better than the moral sanction for the landlord's privileges. The Tories, on the other hand, who are pre-eminently the defenders of privilege, strive to prove that the ownership of privilege is as sacred as the ownership of capital, and that any interference with, or modification of it, however necessary to the public interest, is confiscation, and will undermine and endanger all rights of property. The result is that these extreme parties, from very opposite motives, co-operate in the support of privilege.

The blindness of the Socialists to the difference between capital and privilege renders all their schemes for social improvement unworkable, and thus a lot of energy and enthusiasm is wasted. They appear unable to see any difference between the ownership of a privilege and the ownership of an article made by human labour, and they equally condemn them both. They, therefore, have opposed to them one of the strongest instincts of human nature, namely, the feeling that a man has a natural right to that which his labour has produced, either to consume, to sell, or to accumulate in the form of capital, and that to take it from him without payment is theft. This instinct is natural, and therefore right; to oppose it is to go against nature, and, therefore, to do wrong. This strange confounding of two things so totally different leads the Socialists to attribute to what they call "Capitalism" evils that are really caused by privilege. A monopoly of privilege, without doubt, causes injustice and evil; but a monopoly of capital is not possible unless its production is artificially restricted by privilege, and to receive payment for the loan of capital is not unjust, because that which justly belongs to a man he may keep to himself or lend to another. If a carpenter builds a boat and lends it to a fisherman, who is thus enabled to catch double the amount of fish he could catch without its aid, he has a natural right to a share of the value of the fish caught, and this share is interest on his capital—the boat. The Socialists say that this interest is a robbery of labour, but it is not easy to see where the injustice can be. If the carpenter had the privilege of a monopoly in the building of boats, he could then make an unfair charge for their use; but if the building of boats is open to all, competition among boat-builders is sure to keep the charge for their use down to what is just. This applies to all capital, whether it is only a fishing-boat or an Atlantic liner, a garden spade or a steam cultivator. All capital is a product of human labour, and must, therefore, justly belong to those who made it or to those to whom it has been sold. There cannot be a monopoly of any kind of capital unless the manufacture of it is artificially restricted. Interest, therefore, is the payment made by one man to another for the loan of some product of labour which it is to the advantage of the one to lend and to the other to borrow.

If we now consider the nature of rent (using the term in the sense in which it is used in political economy, namely, the payment made for the use of the opportunities supplied by nature, commonly called land), we shall see how entirely it differs from interest, and on what totally different moral grounds a claim to it must be based. Look again at the illustration of the fisherman and the boat-owner. We see that they mutually help each other, and that the capitalist boat-owner has a natural right to a share of the fish because he had a natural right to the boat, by the aid of which they were caught. But suppose a third man comes and produces a parchment to prove that the ownership of the sea has been conferred upon him, and tells the fisherman and boat-owner that he will only allow it to be used by those who will pay him a rent for it and a royalty on the fish caught, and that he will grant permission to those who will give him the highest price. Now this sea-owner cannot, like the boat-owner and the fisherman, claim a natural right to a share of the fish on the ground that he had helped to obtain them. He can only claim it by virtue of a privilege that has been arbitrarily conferred upon him. His moral claim is the same as that of the holder of a sinecure office or the receiver of a perpetual pension, and what he receives is a tax on the earnings of the fisherman and the boat-owner; he is a kind of parasite. Now the landlord who receives rent or royalty is in exactly the same moral position as the supposed sealord, for he no more made the land nor put the coal into it than a sealord put the fish into the sea, and the rent or royalty he receives is a tax on the industry of the country quite as much as the interest on the National Debt, or the poor rate is a tax—the industrial part of the community is impoverished in proportion as he is enriched. His claim lacks that moral sanction which gives a sort of sacredness to the rights of ownership of property that is the product of human labour. If we except paupers, the landlord's position is unique, inasmuch as he is privileged to take a large share of the products of labour without contributing to their production—his income is a part of the taxation of the country. The fact that this privilege may be sold from one man to another does not alter its nature.

We have seen that under free conditions there cannot be a monopoly of capital, because capital can be indefinitely produced. But it is far otherwise with land, which is not made by man, but is God's provision for the support of the people, and is the source from which the nation's nourishment must be drawn, and the national health and prosperity depend upon its being properly utilised and its benefits justly distributed. The evils of land monopoly are easily seen. It destroys the free conditions necessary for a just distribution of wealth, and also restricts its production. In Ireland it has blighted the prosperity of the nation and caused poverty and depopulation. In America it has produced the Oil Trust, the Steel Trust, and many other monopolies. These trusts monopolise the natural resources of the country and thus prevent home competition, and, being protected by the tariff from foreign competition, they have the American people at their mercy. This is how American millionaires are made at the expense of the American people. It diverts a large part of the wealth annually produced by labour and capital into the pockets of people who in no way help to produce it, but are privileged to reap without sowing. It follows from this that, in the public interest, it may be just and necessary for the State to interfere with, and modify, the legal privileges of land-owners when a similar interference with the ownership of capital would be unjustifiable, and such interference would not impair the security of other property, which rests on such a very different foundation.

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"I now come to the farmer; and I ask how it is that you, who support this law, have not adduced the case of the farmer? Are there no farmer's friends present who will state his condition? You know that his capital is wasting away—that he cannot employ his labourers—and why? Because that money which should go to pay them is absorbed in your rents. Hon. gentlemen opposite cry 'No, No'; but the farmers of this country will corroborate me, and that you well know."—Richard Cobden, House of Commons, May 15th, 1843.