

Natural Prosperity

R.F. Dyson

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Chapter 1: Cause and Effect

If one were able to ask the whole world the question, "Is this life which we humans are forced to live a happy one or an unhappy one?" The average answer would surely be, "Unhappy."

To the thoughtful, this answer would no doubt give the further thoughts: What is life? What is happiness? Were we put into this world merely to suffer mental and physical agonies, and then to go out like a candle at probably a most inconvenient moment?

Our entrance into this world like our ultimate exit from it is quite beyond our control. As is the fact that normally we are "Two-forked radishes." We can very profitably leave all that to Nature. The problem with which we must concern ourselves is our happiness or unhappiness during our sojourn. Does it lie within our power to make life happy?

Theologians tell us that we are free-willed and that man's downfall was due to that cause. Our ancestors offended the Creator a few thousand years ago, and so far he has not recovered his composure sufficiently to cease punishing us for their offences. That statement might prompt the answer from the impious: "Who made man, including this free will?" If it is a gift to man to use as he likes, then the blame for his downfall must rest on his Maker, not on man himself. And to punish man for his offences is to behave like "a peevish watchmaker who damns the wheels because they do not run properly." All of which the ordinary man of today will consider a huge joke. For the notion that the Author of this stupendous universe is some sort of super-man possessing all the shortcomings of ordinary mortals, is a form of barbaric vanity now happily passing to oblivion. It is when we open the book of nature that we receive an answer sufficient for our purpose. Look where we may, we perceive the same two things. The two things which Emerson called "The Chancellors of God." Cause and Effect. When the fact is grasped that every phenomenon is an effect of a cause until the primary cause is reached, and also a cause of a further effect until the ultimate objective is reached, the answer to our question will immediately follow. For it will then be perceived that everything in the universe, from a mote in a sunbeam to the birth of a new world, goes by law and not by luck. Everything is moving to an ultimate objective. Within limits man can be said to be free willed. He can temporarily be foolish or he can be wise; he can temporarily violate the laws of Nature or he can obey them; he can poke his fingers into the fire and get them burnt or he can warm them in front of it. In obedience to the Law of Self Preservation, he will voluntarily burn his fingers only once. Thereafter he will observe and respect the natural law and thus gain the measure of happiness consequent to the satisfaction of his need for warmth. That is true of man's individual organism, it is true also of the larger organism called the Social State. The ills with which we are afflicted spring not from the violation of natural law by the individual, but from the violation of natural law by society as a whole. We are endeavouring to build up our Social State upon laws which violate the natural law governing social growth. That is the primary cause of all our troubles. Society is continually poking its fingers into the fire. The immediate effects are unemployment, wars, strikes, famines, and a mass of misery beyond the powers of imagination. The ultimate effect will be the obliteration of this civilisation, and that will be due solely to our stupidity, for we can cease being foolish and unhappy any time we like. An individual will

cease poking his fingers into the fire just as soon as his intellect tells him that it is the fire which causes the hurt. Society continues to burn its fingers simply because the majority of people are not aware of the exact factors which cause the trouble. The object of this book is to assist in spreading the knowledge of the exact factors.

Herein it is hoped the Reader will find Cause and Effect set out in simple form, thus rendering unnecessary the aid of a superior education. Truth is ever simple and too much learning is, still, a weariness to the flesh. Since nothing true is ever new, those who have compiled these pages have only distilled old truths into perhaps slightly different forms. Our raw materials have been gathered from various sources, mainly unnamed, because the lapse and lack of time have made it impossible to do otherwise. However we hereby pay homage to those who have gone before us and blazed the trail to Freedom.

This philosophy has been frequently and bitterly but never successfully assailed by those who blinded by unnatural conditions fail to see that the possession of unearned wealth is Dead Sea fruit. Which brings in its wake not happiness, but envy, malice, and hatred. For true happiness cannot be gained by the mere gratification of desires. It depends as well upon the full exercise of the faculties. Thus for each individual to enjoy the fullest happiness it is necessary that he should exercise, and be free to exercise, his natural powers of hand and brain in the production of those things necessary for the satisfaction of his individual needs. On these two factors, the exercise of the faculties and the full possession of the result thereof, depends the measure of happiness each can obtain.

Whilst wealth can be gained by means other than earning it there is a double loss. The recipient loses that rightful measure of happiness which can be gained only through the exercise of the faculties in legitimate channels, and the producer loses that rightful measure which he would have enjoyed had he been left in possession of his product.

It will therefore be apparent that to obtain maximum happiness, all that is necessary for Society to do is to ensure that each individual is left in the full possession of the product of his labour. Then each will earn all he gets and get all he earns, and a fuller measure of happiness will be added through seeing each other mutually happy. Presently we shall see that although our occupations may differ, our interests are identical, because the prosperity of one producer depends upon the prosperity of all the others. There is no happiness where there is no prosperity.

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Chapter 2: The Universal Menace

Peace and prosperity reigned supreme in a happy land. All worked in the same spirit as the rowdy, bright-eyed children played and tumbled over each other, as they unconsciously obeyed Mother Nature's decree that they should freely exercise little growing bodies and minds in joyous laughter and weird antics, and therein gain happiness. When tired out, there was always a bright, happy home to go to. Parents and friends equally cheerful and bright, for they too gained full happiness in using their powers and reaping their just reward. Small wonder that the spirit of play entered into their work, for what was there to fear? Each gaining the full reward of his labour, everything needful was in abundance. Heavy toil was unknown; for machines rendered it unnecessary, as well as enabling an abundance of necessities to be produced in a few short hours a week. Old folk there were, too, who no longer lived on the toil of their children. For those desiring to follow other pursuits in their old age worked harder in their young manhood and put by sufficient to use up in their later years. Strangers from other worlds found it difficult at first to distinguish the aged from those in their prime, for there were no infirm. Nature's added reward for the right use of their faculties was to prolong their life; so that all enjoyed full measure of happiness until they painlessly dissolved into the elements from which they sprang. Flowers showed their pretty faces everywhere, music and laughter filled the air. Reader do you know this land?

But a change took place. At first it was hardly noticeable. The abundance of necessities and other wealth began to dwindle. Those who had played when they liked now had to labour instead. Some said that a foul fiend was abroad. Though none had seen him, people feared they knew not what. Time passed and the fear grew, till one day the fiend appeared in all his horror. He took the food away from parents' mouths, so that babes died from lack of sustenance. He took the roof from over their heads and drove them and their children out into the snow. He set disease amongst them, so that they suffered miseries and died in agony. He trampled down the pretty smiling flowers and put evil-smelling weeds in their place. His power seemed infinite for his servant fear was even more terrible than his master. He it was who bathed his filthy body in the pure fountains of knowledge, so that truth was contaminated with falsehood. He it was who entered every home, setting parents against children, family against family, nation against nation. He put tears and bitter weeping where there had been smiles and joyous laughter. He flayed backs already weary with toil and made hands ache and brains reel as they strove ever harder under the lash. He drove children to toil when they should have been playing, and dwarfed their little bodies so that they grew up and died before their time, infirm. He followed weary labourers home and abode there gibbering at them in their dreams. He increased the diseases his master had spread and filled hospitals and asylums. He snatched away womanhood's most priceless gem and drove young girls to fill the brothels. He drove men to seek forgetfulness in intoxication. He entered the Legislature and Churches, so that they forgot all else. He made criminals, built prisons, and invented means of torturing them. He raised armies and navies and made brother murder brother, and sisters and mothers urge their loved ones on to more and more horrible carnage in the name of God and Patriotism.

Reader, do you know this Land? Do you know this fiend and his servants? You should, for even now one of them darkens your door. He and his servant are called Unemployment and the fear thereof.

This but depicts some of the horrors caused directly and indirectly by unemployment; for to these must be added the tortures of Tantalus. Insufficiency of food, clothing, and shelter, is in itself a torture, but surely it is the acme of fiendish cruelty when the victims are tortured thus in the sight of abundance.

There are many people who will agree that unemployment is a terrible thing, and most of us feel moved to alleviate in some manner the sufferings of the victims., But that unemployment constitutes the one and only social problem, that it creates a hell of which the savages, with whom we are so fond of interfering, have not the slightest conception, and that it is the sure symptom of disease which spells death to society if we do not cure it by removing its cause, are facts not fully comprehended by more than a fraction of people. There is however a lurking fear in every heart, which we endeavour to still in various ways, summed up for the most part in the attitude: "Eat, drink, and be merry, for tomorrow we die."

Fear however is manifest in other ways. As "Safadi" in an article to the "Liberator" points out: Mankind being the crowning endeavour of the lower species of animals, he has apparently jumped to the erroneous conclusion that he is a being different from all other animals. So with regard to the provision of his needs of food, clothing, and shelter, he leaves it as a matter for the gods to look after. "Give us this day our daily bread, has been the cry of humanity since it broke away from the lower species unto this very day." In other words, many of us believe that if only we follow the teachings of the Bible, or rather the version of them emanating from contaminated sources of knowledge, all will be well with us. Success and wealth are the rewards from a well-pleased Providence, failure and poverty are the fruits of unrighteousness. "The causes of unemployment are moral, not economic," were the words used recently by a "Man of God." And so, those who shut their eyes in this manner are wont to treat harshly any who wish to enlist their aid in eradicating unemployment by means other than the conventional side step of clearing out the old clothes box.

However to quote "Safadi" again: "Most of our social, political, and economic reformers, probed in religion first, but they found out that their faith and the faith of all humanity is the same as that of the ostrich. The ostrich to avoid danger buries its head in the ground, humanity in the clouds; the faith of both is the same. The feathers of the ostrich are plucked because the head is in the ground, humanity is robbed because its head is in the clouds."

That superstition is deep rooted in many sections of Society, and generally passes as sound currency; but by him who deals with Cause and Effect, it will be observed to be but a counterfeit of fear. Other ramifications of the same belief may be observed in people who openly boast of having no religious beliefs, having apparently united Ego and Providence under the one head. These, if perchance they should gain some slight success in business, put it down entirely to their own superiority and look down on others who do not succeed as beings not fitted to dwell on this earth. Unemployment to them serves to stir up deep regrets that the guillotine is not in as common use as at the time of the French Revolution. Which is fear running amuck. It would be well if we reminded them of the man in ancient times who, in order to gain favour with the king, constructed a hollow brass bull. When prisoners were put inside and a fire lighted underneath, their screams were transmuted in the bull's throat into loud roars. The king was so pleased with the idea that he tried the first experiment on the inventor. The last experiment was tried by the people on the king.

Unemployment is the hell upon earth we ourselves have stupidly and blindly created. The majority of us are on the brink of the pit. Driven by the fear of slipping over, we tear and rend each other in mad endeavour to free ourselves from the peril without regard to anyone else. But these efforts are vain, they only make the brink more slippery. We dug the pit, we must fill it in again, so that all will be freed from calamity and haunting fear.

Our society which we are pleased to call civilised is divided into many factions continually coming to blows. But what is at the bottom of all the turmoil? What is the real cause of feuds within families, between various sections of the community, which resembles an armed camp, and between nations with nothing more than an imaginary line dividing them? Is it not the fear of our own created hell? Now suppose Reader you belong to one faction of society and we belong to another. Our party is in power and we are enjoying some of the sweets which every party in the ascendancy bestows on its friends supporters. If your party begins to gain the ascendancy, will not we do all in our power to keep you down? And why? Simply because we have the fear of losing our jobs, and since in this unnatural state there are always more applicants than positions available, our misgivings will be quite understandable. Those of us who tumble into the pit invariably blame those nearest for pushing us over; we never blame the presence of the pit itself. If we dig right down to the bottom of things, we will discover that this same fear is the root cause of all strife, ranging from family squabbles to world wars. As more and more people slip nearer the brink, the greater become their frantic efforts to save themselves, individual blames individual, nation blames nation, and it needs but a spark to produce world-wide conflagrations; which Nature decrees shall continue until mankind obeys her laws. The truth we would implant in the Reader's mind is that unemployment springs basically not from causes inherent in any individual, but from a cause which is inherent in our social structure; over which the individual has no immediate control. It is the clearest symptom of social disease which is attacking all of us, and it is therefore our common enemy, no

matter what name our particular faction label may bear. Its eradication calls for a united effort, for only by removing the cause can mankind free itself from a menace which is steadily undermining our much vaunted civilisation. We will now proceed to trace the cause of unemployment to its source. As we go along we shall demonstrate also how it is merely fear, sustained by ignorance, which has, so far in our history, kept us in bondage. For when the light of Truth disperses the darkness, fear will die of starvation, and the blow which will strike off our fetters will be applied without further tardiness on the part of self-bound captives.

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Chapter 3: The Division of Labour

Children coming from the back blocks on a first visit to a large city are usually noted for the dazed manner in which they observe all the haste and bustle around them. The questions written plainly on their faces are: "Why does everyone rush about so?" and "What are they all doing?"

No doubt, if the average man in the street was confronted suddenly with these queries, it would be a safe wager that he would be at a loss for a reply. However, as this may be a base injustice to our fellow citizen, perhaps we had better make his reply, "Getting a crust."

Let us pursue this matter a little further. Everyone in town then, whether they be pulling levers, ringing bells, sweeping the streets, serving in shops, pulling out teeth, chopping up other people to see what they are like inside, or doing any of the thousands of different things we do from one year's end to the other, everyone is just doing these things in order "to get a crust."

As "a crust" would appear to mean food, clothing, shelter, and so on, it might not be out of place if we enquire just how the gentleman who is on his way home, feeling tired out after lopping off several legs and arms with the assistance of many weapons and half a hospital staff, has gained possession of the clothes he wears and the sumptuous repast to which he will presently sit down. He did not raise the raw materials, weave them into cloth, and make his own suit; nor did he grow the food which adorns the table.

In short, the crux of the whole matter is, how did he come by them?

As perhaps by this time Reader you are getting a little grumpy with our pestilent questions, we shall make haste and record your reply, which no doubt would be something like this.

The gentleman in question did not actually make his clothes and grow his own food, but he exchanged his professional services for those things. His patients probably did not actually produce those things either, but they gave him tokens, which represent the market value of goods or services and can be exchanged for whatever articles he happens to require. It would be difficult for instance for a settlement to be reached, if the vendor of a cure-all-ills in liquid or tabloid form wished to procure the services of a surgeon in removing his appendix and had only his wares to offer in exchange. Through the use of tokens, however, which pass from hand to hand, the vendor of "cure-all" is able to connect the surgeon with his cigar, meals, golf sticks, or whatever service he requires, to the market value of the services he rendered.

So you see that we all depend one on the other for our crust. Each of us spends his time producing some particular class of goods or service which is in common demand, and we then exchange our products. Exchange therefore forms part of production, and production is not completed until goods are in the consumer's hands. The use of money, in giving a common measure of value for various amounts of goods or services, greatly facilitates exchange, and aids production in a like manner to railway or shipping services.

To make matters clearer still let us hear Henry George on the subject:

"Keeping these principles in view, we see that the draughtsman, who, shut up in some dingy office on the banks of the Thames, is drawing the plans for a great marine engine, is in reality devoting his labour to the production of bread and meat as truly as though he were garnering the grain in California or swinging a lariat on a La Plata pampa: that he is as truly making his own clothing as though he were shearing sheep in Australia or weaving cloth in Paisley, and just effectually producing the claret he drinks at dinner as though he gathered the grapes on the banks of the Garonne. The miner, who, two thousand feet underground in the heart of the Comstock, is digging out silver ore, is in effect, by virtue of a thousand exchanges, harvesting crops in valleys five thousand feet nearer the earth's centre, chasing the whale through Arctic icefields, plucking tobacco leaves in Virginia, picking coffee berries in Honduras; cutting sugar cane on the Hawaiian Islands; gathering cotton Georgia or weaving it in Manchester or Lowell; making quaint wooden toys for his children in the Hartz Mountains; or plucking, amid the green and gold of Los Angeles orchards, the oranges which, when the shift is relieved, he will take home to his sick wife. The wages which he receives on Saturday night at the mouth of the shaft, what are they but the certificate to all the world that he has done these things—the primary exchanges in the long series which transmutes his labour into the things he has really been labouring for?"

What we wish to make clear is that, what we are all doing is satisfying our needs. Although our occupations may differ in form, they all have an identical objective, and it is well to note, on the prosperity of one producer depends the prosperity of another through the whole fabric of industry. To live, we must let live.

As the matter at present under consideration is of extreme importance, we shall ask the Reader to bear with us a little longer.

We satisfy our needs in various indirect ways, because we have passed the Adam and Eve stage in social growth, and what is called the Division of Labour has occurred. Instead of each of us producing the actual articles necessary for the satisfaction of our needs, each specialises in the production of one class of goods or part thereof, produces a surplus above individual needs, and obtains the other kinds of goods through exchanges; first into money, then money into goods.

This system is not the outcome of a brainwave, but it is the effect of laws which Nature has ordained shall govern the social growth of mankind. The law in question which governs all expenditure of force is that, force expends itself along the line of least resistance. Man therefore endeavours to satisfy his needs with the least exertion. Ten specialists producing one class of article each and exchanging products will expend less energy in the satisfaction of their needs than they would if each produced one article of each class and no exchange took place. Through this tendency, combined with the Law of Imitation, man has extended his natural powers a hundredfold.

At times we are inclined to feel a bit dazed when we contemplate our wonderful inventions. It is well to reflect what they really represent. They are merely the extension of our own natural bodily powers; the deficiency of which became apparent through comparison with the powers of other inhabitants of the earth. Our natural speed was extended first through harnessing that of the horse. Then it was discovered, by observing and conforming to the laws of physics, how to extend the speed of "Dobbin," until now we have Seven League Boots in the form of railway services, motor cars, and the like. Disliking to be beaten by a mere bird, man copied his flying apparatus and extended it in conformity with the laws of physics, so that we have added wings to our outfit in the form of airships and aeroplanes.

The characteristics of our finny friends did not escape envious observation, those of the shark receiving most attention; giving us amongst other things the submarine. In all these things man has shown wisdom, for all machines are built and run in conformity to the laws of Nature governing force and motion. The consequences of not obeying the laws are certain and obvious, as many an inventor would testify had he not gone up or down in smoke. How-over, those coming after took the lessons to heart, and displayed wisdom, which should be emulated by us when endeavouring to build up our social structure.

There are few indeed who contend that our present system is working properly. The social state is an organism just as the human body is an organism. The latter is composed of masses of cells which individually perform special tasks in a division of labour. Our body performs its functions by the co-operative efforts of these cells, and the supply of their needs is the objective of the functions and activities of the body. The Law of Life of each cell is to perform service and reap proportionate reward. In the social organism, which is an

enlargement of the individual organism, the individual takes the place of the cell. Since the men who do all the work are receiving literally a crust, and some are doing no work at all and reaping logically nothing, or illogically more than they know what to do with, society cannot be expected to be healthy.

We must therefore investigate the reasons for the disparity between services rendered and rewards gained; for evidently that is the cause of some performing no service at all.

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Chapter 4 - A Parable

Before proceeding on our search for the factors which cause unemployment, and consequently all our social ills, it will make the task simpler if we first of all demonstrate how the factors work.

In the last chapter we showed the working of the industrial system. We shall now demonstrate how the injection into the works of certain factors yet to be named causes unemployment. This is admirably done in the following parable taken from "*Rent, Interest and Wages*," by Michael Flurschein:

"Robinson Crusoe, on his island, had to work all day to satisfy his needs. When he got Friday to work for him, things began to improve. He got a little leisure once in a while and could think of producing articles of luxury. More slaves were procured. The result was complete exemption from work and a greater amount of luxury for Robinson, while the slaves had to work all day long with their primitive tools to provide these and the necessary means of subsistence for themselves.

"A ship arrived, bringing them all the tools and machines which technical science had brought to civilised humanity. Very soon the slaves learnt how to use them. Their productive power increased tenfold. Where formerly the work of six slaves and their families was necessary to provide the entire colony with clothing, a single producer was sufficient now, and, in spite of this, everybody ' was clothed better than before; for the cotton gin, the spinning jenny, the improved weaving machine, the sewing machine, and other inventions of the same kind, facilitated so much the work for the one worker, that he was enabled to achieve more than thirty could before.

"It was about the same with agriculture, with bread-making, house-building, and, in fact, in all industries which before had been carried on by hand. Everywhere hands could be spared, and yet there was a larger production than before, so that all could live in abundance. The unemployed workers had to produce articles of luxury, which before could not be obtained. Good beer, wine, furniture, carpets, table services, and jewellery, and works of art of all kinds, were made; in fact, all these settlers could wish for.

"In time machines and tools, as well as methods of production, improved more and more, so that workers in all branches could be spared. What did it matter! A great many more articles of luxury were invented and provided. One of the slaves, who was very talented, entertained the company with musical and theatrical performances; another wrote books; others built pleasure carriages and yachts, etc. The general well-being increased continually with the increasing facility of satisfying every wish.

"All this was very good until one day Robinson got up in a bad humour, and gave the order to stop the general good living of the slaves, which did not please him. He alone had a right to enjoy all those luxuries which everybody had been partaking of, and the slaves ought to be

satisfied if they got enough to eat and to drink, and have protection against wet and cold. All that went beyond this point only made them lazy and vicious. From that day the slaves were forced to live accordingly.

"A week after this, when Robinson took a walk, he saw a great number of slaves standing about doing nothing. He angrily called his head man and gave him strict orders that only those who worked were to eat and have clothes and lodgings.

"He was perfectly astonished when, some time after, the head man came to tell him that a number of the men were dying of want. 'Are you mad?' Robinson asked him; 'has not the land got as much and more stock of all the good things that man needs, as we could wish for, and can we not produce as much more as we like? Are there not victuals enough? Are we short of clothing, or of houses?'

"'On the contrary,' the head man humbly replied; 'we are forced to build new storehouses, because the old ones are filled to the top with food and clothing, and a great many of the dwelling houses are empty.'

"'Well?' asked Robinson, whose astonishment continually went on increasing.

"'Yes, sir; that is all right; but you ordered that only those who work are to be fed, to be clothed, and housed.'

"'Certainly, and that was only right. Why don't the lazy fellows work?'

"'Because there is no work for them!'

"'No work?' said Robinson, more and more astounded, and feeling his head to see whether he was not dreaming. 'No work? Are you crazy, my man?'

"'No, sir,' replied the head man, who felt offended; 'I have got all my senses about me, and should be very grateful to my master if he would show me what work I am to give the men. In the brewery, to begin with, three men were employed, who had plenty of work in providing beer for our people. Since your lordship has forbidden this luxury, so that only beer for your table is to be brewed, I had to take away two of the brewers, and the other is busy only one-third of his time, so that he is also doing the work of the cooper, who is out of work, too. It is the same with the people who made the carpets and other articles of luxury. Your lordship is provided for and the others are not to have any. So I had to take all the workmen from their work.'

"Robinson learnt a great lesson that day, which our economists and statesmen, as it seems, have yet to be taught; a lesson which, in fact, we ought to ponder over, if we don't want it driven home to our minds some day in a fashion we shall hardly relish."

No doubt, the Reader observes that it was not the introduction of new tools and machinery which caused unemployment and starvation amongst the slaves, but the interference of Robinson Crusoe.

He would not permit the slaves to retain full possession of their products. That is, he interfered with the natural distribution of the wealth which they produced. Production slowed down, not because there was anything wrong with the system of production, but because Robinson Crusoe was the only customer for the products of a large portion of the industry of the island. Consequently the production of those articles went ahead at a much faster rate than their consumption. When the warehouses were filled with those articles, their production stopped and the slaves starved.

That is an exact parallel to the position of Australia and other countries in the world which are at present experiencing an "Economic Blizzard."

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Chapter 5 - Wealth and Title of Ownership

So far we have discovered that the cause of our ills is some maladjustment in the distribution of wealth. We must therefore investigate the present channels of distribution. We know that those who do the hard work receive the least reward, and those who are wealthiest do not work. That in itself is surely a strange thing, and calls for an analysis of wealth as a beginning. When we have found the elements of wealth, we shall also know who can rightfully claim ownership to wealth and how much each can claim.

The kettle which now sings on the hob is an article of Wealth. It is a device which assists us to satisfy our need for hot water, without scalding our fingers in the process. We observe that it is made of metal. The ore of this metal was originally dug out of the earth by human labour. More labour refined the metal and shaped it into its present form of a kettle. Still more labour stored numbers of kettles in various centres, and supplied other labourers with smaller parcels of them, which in turn were passed on to the individuals desiring to use a kettle for producing hot water, that is the consumer. This last step completes the process of producing a kettle.

Thus the miner, the manufacturer, the wholesaler, the retailer, and joining the lot the transporter, are all producers of kettles; for each played a necessary part at the various stages of production. Hence the two factors which produce the kettle are raw material and human labour. In this case labour produced the form of the article of wealth, and moved it to a spot most convenient for supplying the consumer. Labour did not make the raw material. It only changed the form and geographical position of a substance which Nature hid in the earth. An inclusive definition of wealth would be, that wealth is the result of human labour applied to all natural resources of the earth outside of man himself.

Because people need kettles, that is, because there is a demand for them, labour is diverted to their production; and, as we have seen, many people have to take different parts in the process before production is completed by placing the article in the hands of the consumer. The people we enumerated are not the only ones concerned either. What about the extensions of man's bodily powers? Many machines, tools, buildings, paper, pens, ink, and so forth, are necessary, and all these articles of wealth have to be produced also. Thus simply because most of us want kettles and are willing to exchange our labour for them, it will be seen what a large number of people are busily set to work producing them. It will be obvious that prosperity in the kettle trade will be at its maximum when the demand for them is at a maximum. That will occur when all are in a position to buy as many kettles as they require. That will apply similarly to all wealth, so that maximum prosperity would be attained when the purchasing power of each individual reaches its highest limit, and not until then.

Let us now dissect what happens when the finished product is placed in the consumer's hands. The storekeeper will naturally want something in exchange. Being a busy individual, he will take what is handiest. Hence money will be exchanged for a kettle. Money consists of notes, coins, etc., and they are certificates to say that the holder has produced a certain amount of wealth. As wealth production consists of impressing human labour upon the raw materials provided by Nature, the money and kettle represent amounts of labour expended in different modes of production. The exchange therefore is really one of labour. Under natural conditions the amounts of labour exchanged would be equal. At present this is not so, which accounts for all our troubles. The storekeeper should receive from the purchaser the equivalent to the whole amount of labour

impressed on the kettle. His profit or gain, however, would only consist of the amount of labour he added to that already expended by the wholesaler, manufacturer, miner, etc., who would fare similarly. The true value of the kettle, therefore, and likewise of all wealth, is the measure of the amount of effective labour expended in its production expressed in terms of money.

The next thing to consider with regard to wealth is the matter of ownership. It may seem a trifling business, but it is vitally important nevertheless.

When we finally exchange our labour by going on a shopping expedition, the various articles we purchase are then our private property. The mere fact of having paid for them is considered to constitute our title of ownership. That is true in this case. It is not however a sufficient explanation of what constitutes private ownership. A few years ago one human being could purchase another human being in the same way as we buy a kettle, and consider him to be his private property. Civilisation ruled out the practice on the ground that there could be no right of private property in human flesh and blood. This however does not apply in the case of our off-mentioned kettle. Why? Simply because the kettle is a product of natural resources and human labour. The title of ownership can be traced back through exchanges to the actual producers. The ore at the mouth of the shaft was the property of the miner, because he had dug it out of the earth and placed it there. He did not want the ore, but he wanted the value of the labour he impressed on it to exchange for the various articles he required. The first exchange would be ore for money. The miner and the refiner transferred their mutual titles of ownership to ore and money when the ore was marketed, and so on through the various stages of production.

Hence, what entitles us to ownership of wealth is the fact of having produced it by our labour, which is another way of saying we own what we earn. We are all entitled to what we earn, nothing more and nothing less. No human being was born foreordained by Nature to be the slave of another, born in exactly the same manner into a world equally adapted to their respective needs. Man comes into the world with the right of full possession of his own powers; and therefore what he produces through the use of those powers is his absolute property also. This may be termed Ethics, and so it is. But it is also Economics, for Ethics and Economics cannot be separated. What is ethically true will be found to be economically true, and vice versa.

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Natural Prosperity

R. F. Dyson

Chapter 6 - Land Rent

Carlyle truly said that there were only three ways in which wealth could be obtained besides producing it. A man could borrow it, beg it, or steal it. We have shown how wealth is produced. When it is borrowed, it has to be returned in goods or money which will involve production. A gift will account for begging. We will now show how it is stolen, legally of course but stolen nevertheless.

When production is carried out by co-operation, as in the division of labour, wealth is not the only thing which has a value. Under such conditions land bears a rental value. This rental value is not due to individual effort, and it is important to understand the matter thoroughly.

Two men chopping wood and expending exactly the same amount of effective labour each, would produce the same amount of firewood each, provided the trees were of equal hardness and size. That is, provided the opportunities of expending their labour were equal. If one man chopped soft wood and the other chopped hard wood the amounts of firewood each would gain at the end of the day would differ. And assuming that both kinds of wood fetched the same price per ton as firewood, the reward gained by him who had the superior opportunity would exceed that of the other, although each wood-cutter expended exactly the same amount of effective labour.

Wealth is the offspring of raw materials and labour. Nature in her great variety of forms thereby presents to labour various opportunities for engaging in production. These opportunities vary in favourableness. Because man seeks to satisfy his needs with the least exertion, opportunities which require the minimum addition of labour in order to produce wealth are considered more desirable than those requiring a greater addition of labour. Thus competition will arise for exclusive occupation of the more favourable opportunities which are open to labour.

The value which will be placed on the privilege of exclusive occupation of any opportunity will be the difference in the amount of wealth labour would gain through its use, and the amount an equal expenditure of exertion would gain from the use of the least favourable opportunity. It will be noted that if the sum of all differences was divided equally, opportunity would be equalised. This difference in value, which arises solely on account of competition for the privilege of exclusively using a natural opportunity more favourable than another, will be reflected in Land Values. The annual value of a block of land is termed Land Rent, or is commonly spoken of as the Unearned Increment of land. When society was in its infancy people for the most part lived directly from agricultural and pastoral pursuits. At that stage, man had only increased his powers to the extent of a few crude implements, and consequently production was limited. Needs being restricted to food, clothing, and shelter, the difference in value of opportunities was simply the difference in natural soil fertility.

Although man's characteristics closely resemble those of other animals, the donkey for example, there is a difference. The latter's needs are the same now as they were thousands of years ago, Their satisfaction then as now constitutes our near relative's activities in life. Mankind's activities are likewise restricted to the satisfaction of its needs, but whereas the donkey's needs remain the same, those of man are continually increasing. When quantity is gained, we then desire quality. When that is attained, or before for that matter, there is always the endeavour to extend our natural powers in improved implements, machinery, etc., and thus

free ourselves from the necessity of continuous toil. The driving force is always the desire to satisfy needs with the least exertion. In the leisure thus created, man instead of swishing flies like the donkey commences to observe the universe around him. His intellect grows whilst his body is at rest. Consequently new needs continually arise, so that his activities begin in another direction. It does not follow however that primary needs have no longer to be satisfied, in that respect man never changes. The new needs awaken new opportunities, which had previously remained dormant. Nature having provided the raw materials necessary for the satisfaction of all the needs of her children.

Thus when the division of labour extended with the growth of our infant society, giving rise to extensive trading or exchange, opportunities for engaging in this new mode of production made their appearance as well. Localities situated near a seaport, for instance, offered the most favourable opportunities for engaging in trade. The value of these opportunities would be reflected in the value of land; not because of its fertility for agricultural purposes, but on account of its situation or site value. As the village grew into a town or city, roads, railways, trams, and other community services, would form part of the growth. The value of these would be reflected in land values also; being an addition to previous site value, or, in the case of adjoining agricultural land, to its fertility value. The continual addition of site value to natural fertility value would eventually obliterate the difference of the latter. Poor soil adjacent to a market returning as much to the farmer as richer soil some distance removed, owing to lesser cost of transport.

However the important point about the rental value of land is that, it is a reflection of the value of the privilege of exclusively occupying a natural opportunity for engaging in wealth production. The difference in favourableness of natural opportunities is awakened by social growth; that difference constitutes the value. Land Values therefore are purely a community product.

It is as well to note also that the value of land in a city, for example, is not produced by the activities of the city alone. All secondary industries are rooted in primary industries. The farmer contributes to the city land values, and the man in town to the value of rural land. The land values of Australia are due to the activities of the whole of the population of this continent.

Where a community exists the site values, figuratively speaking, will be under its feet. Where population is densest the site or rental value per acre will be highest. It will remain unimpaired even should the buildings, etc., be totally destroyed. When San Francisco was destroyed by earthquake and fire, the site values were the same the day after the catastrophe as the day before it. The opposite effect was produced some thirty years ago at Coolgardie, W.A., when the population deserted the site for the new gold fields at Kalgoorlie. They took the site values with them and left the improvements, the best of which could be rented for a few pence a week. Vacant blocks could be had for the asking.

We have previously seen that what constitutes a title of ownership to wealth, or its equivalent in money, is the fact of having produced or earned it. There is no other ground whatsoever on which claim can be made to ownership; except that of free gift, which is merely a transfer from the producer. The rental or site value of land must therefore belong to the community since it is the sole producer of it.

It is an obvious fact that without the opportunity to labour man would produce no wealth. It is also obvious that a producer or set of producers co-operating must have exclusive occupation of an opportunity. Two farmers cannot both sow a crop on the same piece of ground at the same time. Nor can two buildings occupy the site for one. Further, none will engage in production unless they feel sure they will be left in possession of their product. Thus exclusive occupation and security of tenure of opportunities are also essentials to wealth production. Since opportunities can be utilised only through land, exclusive occupation and security of tenure of portions of the earth's surface are necessary factors in our social structure.

Mankind reached these conclusions through the use of its common-sense. However, having progressed so far, the next step was to turn common-sense out to grass.

The notion is still prevalent that exclusive occupation and security of tenure of an opportunity can be assured only if land is treated as an article of wealth like a kettle. That is the quick-sand on which we are endeavouring to build our social structure.

Private ownership of land may give exclusive occupation, to the occupier, who need not be the owner, but it happens to be the basic factor which makes security of tenure for the majority an impossibility. Security of tenure can be assured only if a producer is left in the full possession of the product of his labour, either in the intermediate form of money gained through the primary exchange, or the goods or net-vices he purchases in

the final exchange. That is, security of tenure rests on the observance of the right of private property. The first step in that direction is to establish clearly what, can and what cannot be made private property.

Title of ownership of wealth or its equivalent in money rests solely on the fact of the owner having earned it through exerting his powers in legitimate channels. There is no difficulty in establishing Jones's right to the ownership of the kettle which is used in his household, or to the money he earns as an engine driver. The man who made the earth however never has existed. Land therefore cannot be owned in the sense which is attached to the ownership of wealth. If mankind laboured for the whole of eternity, it could not create one single atom of matter. With the aid of natural forces it can only change matter into different forms, which process is wealth production. The Authorship of the universe remains anonymous. There can be no ground therefore to a claim of private ownership of the earth or any portion of it. We can only assume that the earth is a free gift of the Creator to the whole of mankind. Further, since Nature knows no favourites, it follows that it is a gift to all generations in equality; from which we deduce the right of equality of opportunity for each to exert his powers. The failure to observe those simple facts is what caused the downfall of every previous civilisation, for economic law is as inexorable as death. It is just as impossible to secure to each his full earnings and at the same time to treat land as wealth, as it is to make an omelet without breaking the eggs. For first of all the private ownership of land means the private collection of its rental value. Since the rental value, which is always collected in money, is purely a community product, incomes gained through its private collection are as morally indefensible as incomes gained through common burglary. Many of us manage to humbug ourselves about quite a number of things. We can humbug ourselves into the idea that there is a vast difference between taking community money and searching another's pockets because the former happens to be legal, but we cannot humbug ourselves into the belief that we are enjoying a pleasant time here on earth. Consequently brains will have to be brushed. An act of theft is morally wrong because it enables some to live on the labour of others. The private collection of land rent is worse than burglary because it is a continuous and increasing theft, and also it keeps opportunities unequal. That is economically wrong because incomes gained in that manner are not limited by the natural productive powers of the recipients, and consequently a few people receive incomes far in excess of their needs. Further, it causes an unnatural subdivision of wages, which means that no producer can receive his full earnings. We will now proceed to explore those subdivisions.

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Natural Prosperity

R. F. Dyson

Chapter 7 - What is Interest?

In barbarous times Interest was called Usury, just as some kinds of pensions were crudely spoken of as paupers' doles. In the latter case the refined term was found to give a moral uplift to the recipients, enabling them to exercise a nice discrimination in the matter of casting votes.

When that portion of society which is usually distinguished by the adjective "high" raised itself above the common herd, various occupations were raised and refined as well. A man who lived on usury could not be classed as a gentleman, although the occupation itself was gentlemanly to a fault. It needed just a little, something in order to give it tone.

The Semitic pawnbrokers, whose ancestors discovered that to live on the gentile was easier than to live on their brethren, carried on their business at exorbitant rates. Usury ranging from 30 per cent to 100 per cent would be stigmatised by any Christian gentleman as extortion. Provided the transaction involved little risk, 5 per cent, was considered a mere trifle in comparison. Anyone who lent money at such a paltry rate obviously did so purely out of goodness of heart. The charge was made simply as a matter of form, thereby removing any feelings the borrower might have of being under an obligation. In fact, it simply showed that you were interested in what the other fellow was doing. To call such a charge usury would be slanderous, "Interest" just filled the bill.

In case the Reader should think that we have merely disregarded the true meaning of words; we will quote Bliss from "The Encyclopedia of Social Reform": "Usury literally means and originally meant use - money, the payment of; money for the use of money, and sometimes even payment for the use of an article. It was identical with our term Interest. Only in modern times has it been limited to mean the taking of inordinate or excessive interest."

In order to define exactly what is meant by the term usury or interest, and to add to the testimony of Bliss, let us turn to one of England's great thinkers and literary men, John Ruskin.

"Usury is properly the taking of money for the loan or use of anything (over and above what pays for wear and tear), such use involving no labour or care on the part of the lender. It includes all investments of capital whatsoever, returning 'dividends' as distinguished from labour wages, or profits. Thus anyone who works on a railroad as platelayer or stoker has a right to wages for his work; and any inspector of wheels or rails has a right to payment for such inspection; but idle persons who have only paid £100 towards the road-making have a right to the return of the £100, and no more. If they take a farthing more they are usurers. They may take £50 for two years, £25 for four, £5 for twenty, or £1 for a hundred; but the first farthing they take more than their hundred, be it sooner or later, is usury.

"And thus in all other possible or conceivable cases, the moment our capital is 'increased' by having lent it, be it but the estimation of a hair, that hair-breadth of increase is usury just as much as stealing a farthing is theft, no less than stealing a million."

G. Bernard Shaw defines capital as spare money and interest as its rent. "Land is not the only property that returns a rent to the owners. Spare money will do the same. Spare money is called Capital."

Other people define capital as wealth which is used to produce more wealth, such as machinery buildings, etc. A capitalist therefore appear to be a man who owns a number of such things and draws interest through the loan thereof.

It is argued from that definition of capital that because machinery, etc. aids production, the capitalist does also and is entitled to his interest. That is to confuse what is called capital with the capitalist and moreover it gives no clear idea if what a capitalist is or does.

A capitalist primarily lends money, and before he can lend it, it must be spare. The borrower merely pays usury; to what use he puts the money does not enter into the question. As it is usury or interest which is under discussion, Shaw's definition, spare money, is the correct term for capital. A capitalist who must not be confused with a manager is therefore a usurer or money-lender. It will now be apparent that "the Capitalistic System" is a delicate term for a colossal pawn brokering business.

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R. F. Dyson

Chapter 8 - The Cause of Interest]

Having made clear what we mean by Interest or Usury, our next step is to discover why we pay it; or to use Shaw's words, why spare money bears a rent similarly to land.

Land bears a rent for natural reasons, as we have previously shown; rent generally increases with the lapse of time because the community grows. Wealth does not bear a natural rental value like land; land and wealth are two distinct things.

Wealth is the offspring of raw materials or natural resources and human labour. To be exact, wealth production consists of guiding various forces of nature along certain channels so that they change matter into desired forms or its geographical position; the guiding force is human labour.

The amount of human labour required in the process varies. However, be the amount great or small, continuous or intermittent, as soon as it is removed wealth production stops. Since the true value of wealth is the measure of the amount of effective human labour impressed on it, it follows that wealth cannot increase in value naturally once production has ceased.

When the guiding force of human labour is removed, the other forces will act along different channels, form new combinations, and matter in the form of wealth will revert to some form of raw materials. That applies to all forms of wealth, including domestic animals, which will revert to more primitive types once the care and skill of the breeder are removed. The characteristics of wealth are similar to those of the various forms of life. It is gradually built up until it reaches its intended form, and then commences to disintegrate and finally disappears. The guiding force which shapes our bodies is inherent, which is all we know about it. It is termed life. The force which produces the desired form of wealth is human labour of hand and brain. Wealth appreciates in value till its production is completed, and then commences to depreciate.

The rate of depreciation of different forms of wealth varies, that of food being very rapid. Buildings, machinery, and the like, stay with us a little longer. Their life is also prolonged by the continuous addition of labour in the form of repairs and replacements. This however does not add to the original value; it merely tends to maintain it by checking the rate of depreciation. "A stitch in time saves nine."

Thus with the lapse of time articles of wealth will be wearing out, rusting, going out of date, or in some manner losing the value which they possessed when new. Land on the contrary suffers none of those things. Increased population means an increased demand for land, and that will cause the rental value to rise. That is to say, that the more effectively an acre of land is used the greater will become its rental value.

Money can be said to be an article of wealth only in the sense that it is a product of raw materials and human labour. It principally consists of pieces of coloured paper which have practically no intrinsic value. With the exception of gold coins, money has a value not because so much human labour has been impressed on it, but because it is the medium of exchange, and is therefore the equivalent of goods or services. Under natural conditions the possession of a pound note would certify that the possessor had performed a certain amount of useful service, and it would give him the power to purchase other goods or services to the same value and nothing else. Under such conditions it would be a simple matter to keep the currency normal, so that £100

would buy on the average as many goods now as at any future date. The only loss through holding wealth then in its equivalent form of money would be the cost of storage in a bank. It is for this reason that spare wealth is usually held in the form of money. It may be as well to repeat that wealth including a sum of money has no inherent power of increasing.

Hence the increase which at present attaches to spare money is an unnatural thing. After all, if interest were natural, as some people assert, then many curious things would happen. For instance, a producer would be able to accumulate a certain sum and lend it to himself. He would then be able to live comfortably without further exertion, and bequeath the privilege to his successors for ever. In fact, the curse laid upon Adam and Eve would have turned into a blessing for all succeeding generations of humanity! Provided that Adam had had sufficient foresight to compound his interest as it rose, and had taken particular care with the wording of his will.

Spare money bears interest only when another borrows it. If a producer borrows £100 and pays back £150, the extra £50 must obviously be a deduction from his earnings. The only part played by the lender was to hand over a cheque and take documents as security. He would receive ample compensation for this exertion in receiving back his £100 at a future date; for he would thereby save his depreciation bill which the ownership of any wealth naturally entails. The extra £50 he would receive as a reward for inertia. Inertia produces nothing, and the extra amount would be purely unearned increment.

Since interest is unnatural and unjust, and as "birds of a feather flock together," its cause must be sought amongst institutions of a similar nature.

There is nothing unnatural or unjust with regard to the practice itself of lending and borrowing. Naturally it is a matter of convenience, both parties benefiting by the transaction. In return for the use of the article, the borrower undertakes to return it at a stipulated future date in as good a condition as when he borrowed it; thus the lender saves his depreciation bill for the period of the loan. Some other time lender and borrower might be reversed, which is the basic reason for the natural willingness to do another a good turn. In these natural happy relations usury is unknown, the Golden rule being an all-sufficient check.

The truth of these remarks can be tested by the reader; for as worshippers of usury will promptly say, they only apply in the small things of everyday life, like garden rollers, hammers, and perhaps a shilling or two to help a friend out of a tight corner.

That is quite true, but we spoke of natural conditions, which mean a substantial equality in regard to wealth. At present any approach to such equality only exists in the small odds and ends of wealth, so it is there we must look for manifestation of natural law.

Here for a borrower will pay usury there must exist a loan market in which conditions favour the lenders; that is, demand must be ahead of supply. If an increment on a sum of money could be gained only through direct loan, interest would rise and fall according to the market. When supply exceeded demand it would disappear and possibly a premium would be paid to borrowers, because under these conditions banks would be forced to charge for storage. This never happens, but before giving the reason, let us discover the basic cause of vast accumulations on one hand and needy producers on the other.

The records of most well-known millionaires and "super-men" all point to the one source. Their original accumulations were made from "real estate," which is a polite term for the ownership of land, and sometimes buildings as well. The buildings can be disregarded. Money is not accumulated through speculation in buildings, but in the land on which they are built. It is the private collection of land rent which gives a few individuals really big accumulations of money. We can prove this for ourselves.

When the capital cities were first founded in Australia, an acre of land, centrally situated in them, bore rent of about £5 per annum. These acres now bear a rent of anything up to £85,000 per annum each. The market value of the privilege of collecting this rent, usually called land value, has increased from the original £100 to £1,700,000 per acre. Thus the descendants of the original grabbers could very easily be millionaires.

Land Rent can be collected in more ways than one. Blocks of land can be bought and held out of use until they can be resold for a greater amount. In this case the rent is capitalised in the selling price and is collected in a lump sum. Where the land is in use the rent is collected annually from the tenants, and of course the land can be sold like blocks held purely for speculation as well. When rent fluctuates in real estate business, it is the ground or land rent which moves, not the usury charged for the use of the building. The two are separate

and distinct, although they are commonly spoken of under one head, rent.

Wealth producers are rendered needy, because private collection of Land Rent necessitates taxation for Government revenue, and both are deductions from earnings.

The reason why interest never disappears is because loan is not the only way of gaining an increment on spare money. It can always be invested in land and bring an assured income in rentals. In this manner accumulations will double themselves every few years, even if the value of land remains stationary. The value might even drop considerably, but that would merely increase the number of years in which the original sum would take to double. The doubling-process would remain.

The effect on the money market of the rental value of land being a source of investment for spare money is constantly to keep demand ahead of supply, and the rate of interest is the ratio between the rental and the sum invested.

Hence, in short, spare money commands interest simply because it can be exchanged for a block of land which bears a rental value, and consequently none will lend money unless they receive a like return in usury.

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Chapter 9 - The Curse of Interest

There are many ramifications of the business of collecting usury, for the "Capitalistic" system is simply a pawn brokering system.

Producers, having been robbed through the private collection of the rental value of land, are rendered unable to purchase machinery or plant. Consequently they are forced to borrow back some of their money from the money-lenders. Also it is worthy of note, that the price of all plant is inflated, and that it is always necessary to purchase the site. Thus producers are not only forced to borrow, but they are forced to borrow an extra amount, and therefore have to pay a larger proportion of their earnings to the usurer. It makes precious little difference whether a producer has to pay 30 per cent, for the loan of £100 or 5 per cent, for £600. In each case the amount paid in interest is the same.

Under such conditions money-lending becomes grafted on to industry. Companies, Rings, and Trusts, spring up because the first step in obtaining a loan is to lodge security, and since the main security is title deeds, small producers who would normally be independent cannot borrow and consequently get turned into "wage-plugs." Big money-lenders take no risks, so the money which is necessary to start industrials is obtained from people's savings. Tempted by the prospects of a higher return savings are invested in industry. Thus money-lenders receive another name, shareholders, and usury is designated dividend or bonus. It is true that a dividend is composed of interest on the value of the plant and stock and the rental of the site. That however makes no difference, for the one is as bad as the other, and they can be inclusively termed tribute or unearned increment.

Industrials are usually expected to return a dividend higher than the ruling rate of interest on gilt-edged securities; the difference would constitute insurance for risk, not a higher rate of interest.

Once spare money commences to bear an increase, interest soon becomes the Pirate King. Every industrial enterprise or business has to pay its pound of flesh, which must be passed on to the consumer. Taxes are similarly handed on, and are looked upon as a cost of production on which interest must be paid. It is the consumer who pays the final snow-ball of tribute over the counter.

It is a hopeful sign that the general public is beginning to look askance at interest. Up till recently interest was the only thing which most people treated as sacrosanct; now the High Priests of the Temple of Usury are showing signs of uneasiness, being fearful that their idol will be thrown down. The following extracts from a letter and table compiled by Arthur E. Hartley may assist people along the right track: "Playing with figures during a few moments' leisure, I thought to discover the rate of growth of one pound at 5 per cent compound interest, as compared with simple interest. Really, there is no such thing as simple interest, as the interest accrued may always be lent to bring in further interest.

The power of 5 per cent, compound interest compared with simple interest:

One Pound	Compound	Simple Interest
in 1 year becomes	£1-1-0	£1-1-0

in 10 years becomes	£1-12-7	£1-10-0
in 20 years becomes	£2-11-10	£2-0-0
in 30 years becomes	£4-6-6	£2-10-0
in 60 years becomes	£18-4-2	£4-0-0
in 100 years becomes	£131-16-0	£6-0-0
in 300 years becomes	£2,291,000-0-0	£16-0-0

"I am afraid to go any further for fear of heart trouble. The figures astonished me as I worked them out, but I can be sure of their accuracy to at least four figures.

"Of course, it is apparent that nobody could put £1 out at that rate and be sure of a return to himself or his successors. There are such things as depressions, wars, robberies, repudiations, anarchy, and revolution."

If the Reader is not yet afflicted with heart trouble perhaps he will be presently, for that table tells only half the story.

Interest is invariably paid in money, and the direct payment of interest presupposes a debt on the part of the payee. All interest comes out of annual production; that is, it is drawn from the pockets of producers. The natural use of money is to facilitate the exchange of goods, and its true value is therefore expressed in goods, not in terms of itself. The only way in which a producer can obtain an income is by producing a commodity and selling it. Consequently when the price of commodities drops by half, producers' interest bills and debts automatically double themselves. If it were not for the Bankruptcy Court a few money-lenders would now own the whole earth and everyone on it.

Like private land rent, interest or usury is morally and economically indefensible, because it is a continual robbery of producers' wages, and incomes thus gained are not limited by the productive powers of the recipients.

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Mahomet forbade his followers to take usury, and they still obey his command as far as it is possible. Jesus Christ condemned usury, and in the parable of the talents described the man who takes usury as one who reaps where he has not sown and gathers where he has not sowed. To ordinary mortals that is the description of a thief. Although usury has been condemned by religion after religion, it has persisted simply because its cause remained undisturbed.

There are many theories which endeavour to prove that interest is natural and just. We have not wearied the Reader with a repetition of them. The simple facts, that wealth can be produced only by applied human exertion, and that wealth or its equivalent in money divorced from labour does not increase in value but must decrease, are in themselves sufficient proof that interest is unnatural and therefore unjust and a robbery of producers' earnings.

Henry George disproved all previous theories of Interest and then attempted the impossible task of justifying it from another angle, and consequently got into a hopeless tangle. His theory was that interest sprang fundamentally from the reproductive force of nature. Curiously enough he disproved his own theory when dealing with other matters in the same book. A few quotations from "Progress and Poverty" prove that contention.

The essence of Henry George's disproof of the Malthusian theory (that population increases naturally at a greater rate than subsistence) is contained in the following passages:

"Of all living things, man is the only one who can give play to the reproductive forces more powerful than his own, which supply him with food."

"Here is the difference between the animal and the man. Both the jay-hawk and the man eat chickens, but the more jay-hawks the fewer chickens, while the more men the more chickens."

That is true and clearly shows that chickens increase because man exerts his powers in their favour, partly in

killing jay-hawks. The increase thus gained must surely be wages. In a later chapter in dealing with interest, George states:

"Thus interest springs from the power of increase which the reproductive forces of nature, and the, in effect, analogous capacity for exchange, give to capital."

According to George's definition of capital, the chickens would be portion of the farmers' capital, and according to the above passage their increase would be interest. Chickens reproduce and money does not, but because chickens and money are interchangeable, George asks us to believe that usury is natural and just. We would certainly believe him if he had not previously proved that chickens increase beyond the balance of nature only when human labour makes their environment favourable; and such increase constitutes the farmers' wages, assuming opportunities have been equalised.

As a last sample, Henry George also states:

"Were the equality and capacity of matter everywhere uniform and all productive power in man, there would be no interest."

The difference in the equality and capacity of matter is the basic difference in favourableness of opportunities, and consequently forms part of the rental value of land. If the rental value were pooled and divided equally in some form, then opportunities would be equalised. When that has been done all productive power could be said to be in man, and, according to George, there would then be no interest. Which is true, but why Henry George apparently failed to understand his own writings is a problem which we do not propose to solve.

In conclusion we repeat that money bears interest, not because it can be exchanged for or cows, but because it can be exchanged for a block of land which has a natural rental value. Interest will remain just as long as its cause remains.

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Natural Prosperity

R. F. Dyson

Chapter 10 - Taxation

Let us now investigate the second subdivision of wages, viz., Taxation.

We pay taxes because the rental value of land has been allowed to flow into private pockets. Land rent is the natural revenue for all Governments; since it is at present confiscated by private persons, Governments are forced to raise their revenue by taxation. The natural function of Governments is the same as that of an umpire in a cricket or football match. They should ensure fair play, but take no part in the game. A Government can perform this function only when it collects and spends its revenue correctly. When a Government fails to collect its natural revenue and resorts to taxation, it must fail to function properly, and consequently it becomes more a curse than a blessing.

It is an accepted idea that every citizen is justly liable to be called upon to pay for the services rendered to him by the State. That is only one side of the picture. The principle by itself has a strong flavour of Socialism, because it conveys the erroneous impression, that the people exist for the good of the State. The obvious truth is that the State should exist for the good of the whole people. The other side of the picture is that the State is liable to render services proportionate to its revenue. No Government has the right to take money from one section of the community merely to hand it to another. If it does, it is an accessory to an act of theft. A producer's earnings consist of an equitable share in the rental value of land, distributed by the provision of free community services, plus the whole of his wages.

Any deduction from wages is a robbery, likewise any government revenue used for purposes other than the provision of community services is a robbery also.

In democratic countries the popular idea with regard to the collection of taxation is that taxes should be collected according to a citizen's ability to pay. Each should contribute portion of his income towards the State; none should be called upon to pay more than they could afford. Evidently it is taken for granted that the State will use the revenue for the benefit of all. Thus the income tax was instituted. What could be fairer? People in receipt of large incomes would contribute more than those in receipt of small incomes. Unfortunately it does not work out like that. In business the income tax is treated as an overhead charge and is recovered in the price of goods, plus interest on the outlay whenever possible. The consumer therefore pays a slice of the other fellow's income tax, plus a fee for the trouble of having passed on to him.

That is illustrative of what happens to practically all forms of taxes. They fall on consumption with the result that consumers do not receive the full value in goods for the money they spend; and instead of bearing most heavily on those who are most able to carry the burden, taxes are passed on to poor people who are least able to bear the weight. "Ability to pay" becomes in practice the "ability to dodge." Which is the way the matter is summed up by the editor of the "Commonweal," the official organ of the Commonwealth Land Party of England.

An English statesman, once upon a time, levied a tax on cats.

\ Subsequently he had the unpleasant experience of having his garden strewn with the corpses of many cats, whose owners had killed them in order to avoid paying the cat tax, and to register their disapproval. Death

Duties produce crops of Proprietaries Limited and Companies Unlimited, so that taxation fails in its object of providing sufficient revenue for the State, and new sources have to be continually invented.

Necessity is usually the mother of invention. Democratic Governments always endeavour to do whatever is most popular, and any form of direct taxation has always been decidedly unpopular. Consequently the method of collecting indirect taxes came into fashion. By levying a tariff on imported goods, Governments found a method of raising revenue to which few people objected. They did not object simply because they thought the other fellow was paying. Consumers are evidently still unaware that those taxes are contained in the price of all goods outside an open market.

Tariffs on imports receive strong support from another quarter. The public are well accustomed to advertising campaigns. In large print we read that the goods sold by such and such a firm are the only genuine articles of their kind on the market, and we are warned that there are hosts of inferior imitations sold elsewhere. The story which the advertisements do not tell is that competition for business is becoming increasingly keen, and each firm is hoping that its rivals will be pushed out of business. John Citizen is a long-suffering person, and some people assert that he will usually swallow most things. It would however be overstepping the mark, if one firm told him that its rivals across the road were practising unfair competition by selling their goods too cheaply, and it would be to his advantage to step right inside and pay more for the same article.

That trick can be worked only when the rivals are at a distance, the greater the distance the greater the success. Visitors to small country towns may occasionally be startled to read on shop windows, "Be loyal, shop in your own home town." Visitors of course are to consider themselves natives. The reason why distance is a necessary factor is because the spirit of patriotism can then be invoked. Consequently when the rivals are overseas the trick is worked to perfection. What could be more plausible in the face of stagnating industry than the cry, "Save our home industries from unfair foreign competition and give employment to our own people?"

At the present time the world is striving for lasting peace. Protection is merely a form of warfare, as the following article by R. E. White will show:

Tariff Wars

"A recent cable from Washington, headed 'Tariff War' seems a suitable text for an article reviewing trade, unemployment, glutted markets, and war-fever. It appears that in America's Legislature there are symptoms of reaction against America's 'settled policy' of protection. Many politicians are alarmed that other nations are imposing retaliatory tariffs against American commodities, causing a serious decline in her exports. The message concludes: 'It is being argued that United States prosperity depends entirely upon mass production being absorbed abroad, which is impossible in the tariff war.'

"One very definite symptom of world-wide social disease is that every nation is praying and striving and legislating to secure what is called 'a favourable balance of trade.' The meaning they attach to the term is that the nation shall contrive to export goods of greater value than she imports.

"Australia is seeking to carry that principle to the extreme conclusion, for the avowed policy of the Federal Government is to expand exports to the utmost, and reduce importations to zero. But more or less definitely all nations are aiming at the same ideal. Every blessed one of them hopes for and dreams of a millennial period when great fleets of merchantmen shall leave her harbours, laden to the plimsoll mark 'with her spice and her vintage, her silks and her corn,' and shall return in ballast for fresh lading.

"Since that is the ideal of all nations, each regards with bitter enmity any competitor who contrives to scale her tariff walls and bombard her with goods-good things, wealth. The competition for markets grows more and more feverish. America hangs on to the Philippines, because she thus gains an advantage over other nations in dumping goods upon the Filipinos. France grabbed Madagascar, Northern Africa, and any other strip of territory that wasn't nailed down too tight, and she completely excludes all competitors from her colonial empire. Mussolini proclaims that Italy came too late for the feast, and that greedy competitors had hogged all the

trade with backward people, by force of arms, and he warns the world that Italy wants her place in the sun.

"After the Great War the victors unhesitatingly portioned out Germany's colonial possessions among themselves as the legitimate fruits of victory, and valuable markets for their surplus productions. Germany feels sore and revengeful at being robbed of these trading monopolies, and doubtless she will plan and work for their recovery.

"Europe is a very network of tariff walls: each nation has surrounded its pocket-handkerchief territory with a tariff barrier, behind which armed guards patrol, night and day. They are continually strengthening their defences against any possible bombardment of their neighbours' goods, and seeking openings in his defences which they may slip some of their own surpluses.

"A few months ago men of international minds arranged a big conference at Geneva, with hope of achieving a truce to the tariff war that might ultimately lead to free trade, which they consider an antidote to war. But it failed lamentably, because all the nations were harassed with 'over-production' and consequently unemployment, and they would not seriously consider anything which might facilitate a further deluge of goods from over the border.

"The same spirit torpedoed the Five Power Naval Disarmament Conference, since each nation thought it needed a strong navy to guard its trade routes, and to protect whatever trading concessions or monopolies it enjoyed abroad. "A substantial section of the people of England is thoroughly convinced that the only solution of her disastrous disease of unemployment is to relieve the local glut of goods, by shipping it overseas. Spurred on by Barons Beaverbrook and Rothermere, they are violently crusading for Empire free trade, with an unscalable wall against the incursion of goods from aliens. They fondly dream they will thus find an insatiable market for British goods within the Empire. It is an impossible sort of dream, for the Dominions all dread a deluge of British goods and yearn to flood the English market with their productions and manufactures. But if, by lie miracle, Empire free trade was consummated, and a ring-fence erected around the Empire, the irritation and retaliation of the outer world would soon breed another war.

"In such conditions, with all nations frantic for markets for their surplus goods, and all striving for one-way trade, 'who can fancy warless men!' Disarmament conferences and peace pacts must fail. Tariff truces must be abortive, and war is ultimately inevitable, so long as glutted markets cause chronic and growing unemployment.

"If that reasoning is sound - and we challenge any contradiction of it - then the only alternative to war, the only hope of durable peace, is to solve the problem of glutted markets.

"Glance again at our opening remarks, 'Prosperity depends upon mass production being absorbed abroad.' Does it? How can any nation relieve America's glut unless she makes it a present of her surplus wealth? For trade relieves no glut - it is the exchange of goods. And, anyhow, the other nations do not want such gifts, for each is embarrassed with its own surplus.

"What is wrong with America consuming its 'over-production'? She has millions of people who lack even the necessities of life and all of its comforts. And similarly with England and all the rest of them! The true description of 'over-production' is under-consumption."

The policy of Protection is an effect of the disease of unemployment. Here is the sequence, glutted markets, unemployment, protection, war. By solving the problem of unemployment we shall get rid of protection and war, and consequently Arbitration Courts, Navigation Acts, Embargoes, and many other components of a slave state. People are persuaded that protection gives employment simply because they do not know the cause of unemployment.

Thus in the collection of revenue by taxation it is impossible to collect a just amount from each citizen. That is economically unsound because it arbitrarily makes one section of the community poorer than another.

We shall now consider the destination of Governments' revenue, what happens to taxes after they have been

collected? The first point is that the cost of collecting the revenue must be reduced to a minimum. Governments should be able to spend practically the same amount as they collect. In this respect taxation is the worst method that could be devised. Every variety of tax necessitates the establishment of a special department to collect it. Consequently producers are saddled with the nourishment of swarms of tax-eaters. It is recorded by an historian that prior to its downfall ancient Egypt swarmed with government officials. This he accepted as proof that Ancient Egypt reached a high state of civilisation!

Professor Murdock of the Perth University W.A. spoke the truth when he said that Australia was not a democracy, but an oligarchy; it was governed not by public opinion, but by the opinion of a few. That is apparent when the question of Government borrowing is considered. Governments requiring more revenue and super taxes on incomes, etc., were naturally viewed with disfavour by institutions and persons who drew private rent and usury; consequently Government borrowing commenced. The practice received popular support from almost every quarter. When the Government spent large sums of money on community services, unemployment became less acute. Thus the workers were persuaded that people who lent money to the Government were conferring a benefit on them. Lenders were pleased to discover an investment which they fancied involved little risk, and since money spent on community services increases the rental value of land, benefits seemed to be showered on all sections of the community. People who owned title deeds and spare money were naturally on clover. The Government paid them interest on their money with one hand and helped them to increase their rentals with the other. They made a profit on the "Usury Swings as well as on the Rack-Rent Merry-Go-Round."

Through a continuation of that process the interest on the loans soon swallowed up most of the revenue; fresh loans became necessary in order to meet the interest bill on old ones. Consequently Australia, amongst other countries, reached the position when practically all Government activities were confined to feeding bondholders with interest; taking money away from the majority and piling it up in the hands of a few persons and institutions. That is simply economic lunacy. Small wonder that there is a section of the community which objects to the State. It might be remarked that the members of that section would be doing something useful if they employed their energies in objecting to interest instead of the State, and in assisting to remove its cause.

In conclusion, there are three points which should be borne in mind with regard to taxation. The first is that, it can be abolished with a stroke of the pen by a majority of citizens; secondly, it must be abolished; and thirdly, it must be abolished at the earliest possible moment.

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Natural Prosperity

R. F. Dyson

Chapter 11 - The Cause of Unemployment

We have now completed a brief survey, sufficient to cover the important points, of wealth production and the channels through which it is distributed.

Although there are naturally only two factors in production, wealth is distributed through four channels. Total annual production is therefore divided into four portions. Land rent goes those who hold the titles to portions of the earth. Interest goes to those who have invested spare money in Government bonds, shares, private loans, etc. Taxation is the Government's loot, the bulk of which is handed to bondholders as interest and to tax-eaters for nourishment. Governments therefore spend much of their energy acting as flunkies to money-lenders. Wages is the fourth division and constitutes what is left to the producers of their wealth after the rent and interest mongers and tax-eaters have their helpings.

The reason why those who are producing all wealth constitute the poverty-stricken masses now, no doubt, be obvious. While we are on this point, it may be useful to pillory the current lie that "the working man is poor because he will not work hard enough, and anyway, he spends all he gets instead of saving." The leading exponents of this notion are usually those who view life from the recesses of an easy-chair. It is ably backed up by a host of deluded snobs, fondly imagine that salaries and fees differ from wages, and that clients differ from customers.

The spectacle of producers being needy after having produced an abundance of wealth is an absurdity. There can be only one reason. They must have been robbed, and because humanity is divided into only two classes, producers and non-producers, robbed by the non-producers. As regards saving, two points are worth mentioning. First, a needy person cannot save, and secondly, if unemployment did not exist there would be no need to save; though it may be added, under such conditions most people would do so to a certain extent.

Our problem however is to find the bedrock cause of unemployment. The robbery of producers accounts for their poverty, but it does not sufficiently explain why some should be involuntarily idle. In ordinary hard times, when the community is spoken of as enjoying a time of prosperity, the current notion of the cause of unemployment is on a level with that of poverty. "They won't work." When, however, hard times become harder and a financial depression is experienced, the general feeling of insecurity robs the armchair exponents of their previous smugness. Something new is then required, so we hear new tunes, or rather discords.

Although it is a shameful fact that, amongst allegedly educated people particularly, there exists only the haziest idea of how humanity gets a living, many people instinctively feel that production has something to do with it.

It might not be an exaggeration to state further that their knowledge must even extend to knowing that when a factory, for example, closes down the employees lose their jobs, and are unemployed until they obtain other ones. In times of depression, when industries are closing down wholesale, this knowledge spreads until even Professors of orthodox Political Economy seem to become aware that unemployment is caused (through production slowing down.

The trouble is that people never seem to get any further. They naturally look to those whom they have placed in responsible positions to set matters right. The pathetic part of this resides in the fact that, political

policies are merely the measures of popular ignorance. To look to politicians for guidance is to put the cart before the horse, because successful politicians conform their policies to popular demand. If they did not they would not be successful. Politicians are not statesmen; they are more akin to a weathercock.

When suddenly faced with a problem about which they know less than usual, politicians turn to the really successful Captains of Industry. Captains of Industry naturally view things from their own particular "dung-hills," around which the universe presumably revolves. The one notable exception in the world to-day being Mr. Henry Ford, of whom more will be heard presently.

The result is a positive Babel. Effects are treated as causes, and remedies propounded for each until the bewildered people fatalistically fold their hands, believing that things will right themselves, or that Jesus Christ will reappear and right everything for them. That, it is well to observe, is the road to slavery and extinction. It is on all fours with the fatalistic belief of the coloured races.

If we assume, rather against the evidence, that the so-called leaders can think, their reasoning must have followed lines similar to these: "All our troubles are due to production slowing down; that is an obvious fact. The remedy is equally obvious; production simply needs bucking up again. There is no time to bother about causes we must get on with the remedies, we are not theorists but practical men."

The first two thoughts are quite logical, so we fear we have been guilty of flattering various pompous citizens of the world. Still, there must be some logicians, for the stupidity of current remedies, the piles of useless legislation and the general drift of the world towards the abyss of Socialism, can spring only from the childish idea that stagnant industry merely needs bucking up with an extra nip of fashionable political whisky.

There is no doubt about industry's power of producing wealth having been "bucked up," particularly within the last fifty years, but this is not due to any political nostrums; it is due to science and invention. The nostrums have ignominiously failed to produce the desired results; which is not surprising since thistles do not usually produce figs.

A few examples from the Babel of the quacks in our own part of the globe may be of interest. None of them are new, as they have a resurrection every few years.

Popular thought having been led to contemplate the size and relative emptiness of the island continent of Australia, politicians know all about it. "Yes, of course," they say, "Australia's troubles are due to our vast empty spaces." (They meant geographical spaces, Reader. Professor Murdock said the same thing recently, but he was referring to the cavity in which the brain is supposed to reside.) "We are a wealthier community, but we have no money, so a bold borrowing policy is what is required."

"Australia's need," says a leader of thought "is more men who will help themselves." "Right you are," cry various politicians, "we are your men, we will increase the Tariff so that some local industries will be better able to do it."

Science and invention having quietly "bucked up" production, with the result that glutted markets become such a glaring fact that it can be no longer winked at, the Wizards of Finance shrug their shoulders and say, "Over-production." Not to be beaten, exponents of orthodox Political Economy emphatically declare that the national income is down. Remedy in chorus, "Reduce wages." In case the average citizen would think that this was a bit thick even from a Professor of Political Economy, some of the fraternity hasten to add that, of course the real trouble is that the world is over-populated. The Ideal remedy for Australia was for the unemployed to emigrate. This of course was difficult Hoeing that they had no money and all other countries were also "over-populated." It is scarcely necessary to add, that so far there seems to be no inclination for the exponents of orthodox Political Economy to set the example in this respect. Which is a pity.

It does seem strange, this over-population Idea. Just the other day one of our Prime Ministers was shrieking abroad for men. This must surely indicate that Australia is under-populated. Apparently however there must be some other troubles, because while he was on the job of asking for things, he added money and markets to the list.

Like children in despair Australian politicians implore the farmers "To grow more wheat." Confidence in following American methods must have received a set-back, or perhaps the Tariff has been increased on foreign ideas. Anyway, American farmers were being more or less peremptorily ordered to grow less wheat, whilst Australian farmers were being implored to grow more wheat.

Well, Reader, let us close the door of the madhouse and work the matter out for ourselves.

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That unemployment is caused through production being checked there can be no denying. In ordinary hard times the fact that production is being continually checked is overlooked. The fact becomes obvious, however, when the checks increase to such an extent that practically the whole of industry stagnates, and a depression is experienced.

Since a true remedy for an ill consists, not of administering stimulants, but of the removal of the cause, we must first discover what checks production.

We have not far to look for the immediate cause. Production is checked simply because the markets are glutted. When industry cannot sell its products at a price which covers the cost of production, it must either stop altogether or curtail its output. Which means that the employees must be wholly or partially thrown out of their occupations.

The current explanation for glutted markets, which has already been mentioned, is "over-production."

If we merely look at partially cultivated farms, factories working part time or not at all, warehouses and stores filled with goods for which no market exists except at prices below the "plimsoll mark," "over-production" appears a plausible explanation. It becomes absurd, however, when we turn our eyes from this side of the picture and observe thousands of people starving and shivering with cold. Over-production can only occur after all needs have been fully satisfied. Apparently that is not even on the horizon.

Incapacity of industry to produce sufficient wealth might just as reasonably be advanced to explain the want and wretchedness. But the stagnation of industry rules out the notion completely. This also rules out the hoary superstition that nature does not provide sufficient sustenance for all who are born into the world. In other words, that the world is naturally over-populated. If that were true, industry would be working three shifts of eight hours to try and supply the demand.

It is quite certain therefore that over-production as an explanation of glutted markets is just as preposterous as to account for want and misery by stating that industry is incapable of producing more wealth.

The ground being now cleared of some current notions, let us take up the thread again. The markets are not glutted with unsaleable goods because people do not require those goods. Ninety per cent of people the world over would gladly consume far more wealth, if they were in a position to purchase it. They cannot purchase it because they have no money. Why they have no money is because they have been robbed of it by the non-producers.

The value of the total annual production of a country expressed in money is the total purchasing power of the inhabitants. All incomes are derived from annual production. It might be remarked that if production ceased there would be no incomes for anyone. Money would be useless without goods, and we would all starve in a few days.

The producers obtain their money by producing their special articles of wealth and exchanging them first for money. The non-producers obtain their money by taking it from the producers via the channels of private Land Rent, Interest and Taxation. Until the money is distributed it is not available for the purchase of commodities.

If the markets are continually glutted with goods which the producers want, but cannot obtain because they have no money, it must be that either the distribution of purchasing power is not completed, or that the non-producers have the money but do not want the goods, or a combination of both factors.

In any case, the cause of glutted markets is under-consumption.

If annual production were annually consumed, it would mean that as fast as goods were produced they would pass into the hands of the consumers. Under such conditions glutted markets would be an impossibility, and consequently there would be no forced slowing down of industry and no involuntary idleness.

Under-consumption is primarily caused through the unnatural distribution of purchasing power, and therefore of wealth. To divide anything into four parts takes longer than to divide it into two. At each of the many stages of production producers' purchasing power has to be shared with the non-producers; the first thing to be noted is that the process takes time. The money is not available for the purchase of goods as soon as it would be naturally. Consequently the consumption of goods is postponed. That is the root of our troubles.

We do not mean to convey the impression that when money is spent on goods the arbitrary distribution ceases. Once started, the robbery like the brook goes on forever.

The price of all goods outside an open market contains the snow-ball of taxes and interest, which is passed on to the consumer. Consequently the money, which in the primary exchange represented a certain amount of labour impressed on one kind of goods, does not buy in subsequent exchanges goods or services of equivalent value. The general public, who is the final consumer, receives less value in goods than is represented by the money spent. The full consumption of goods is therefore continually postponed, making it impossible to consume in twelve months the amount of wealth which is produced in twelve months.

Take, for example, the case of a small primary producer mortgaged to a bank, and who does all the work on the farm single-handed.

We will suppose that the average gross return for his crops is £200 per annum. His interest bill to the bank is £50 per annum, paid half-yearly. For the sake of simplicity, the amounts of which he is robbed by direct taxes will be disregarded. The farmer has placed goods on the market to the value of £200, but he can only spend £150 on other goods. The other £50 goes on a journey piece-meal. Since the interest is paid half-yearly £25 will have to be stored for six months, quarantined, so to speak. When the first distribution of the purchasing power is completed, and assuming that the persons for whom it is earmarked buy goods with the money, another distribution then takes place. The farmer and those who share his £200 are collectively robbed by the tribute contained in the price of the goods and services they buy. Although £200 is spent on goods, the consumers do not receive as much as they should. A quota of goods remains unconsumed. It is a case of: "Big fleas have little fleas upon their backs to bite 'em. And little fleas have lesser fleas, and so on ad finitum"

This unnatural distribution of purchasing power is quite sufficient to glut markets, arbitrarily slow down industry, and thus keep a percentage of producers permanently unemployed. Another factor however crops up which greatly accentuates the trouble. The unnatural distribution becomes a grossly uneven distribution into the bargain. Automatically a few non-producers receive incomes so large that it would take them many years to consume what receive in one year.

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If a smoker used one box of sixty matches per day, it would take him about forty-five years to use a million matches. There are people in the world to-day whose individual incomes exceed £1,000,000.

The effect of the bad distribution of purchasing power is to postpone the full consumption of goods indefinitely. If one person confiscates the purchasing power of five thousand others every year, his income is far in excess of his needs. Even if he could spend it annually on goods, which is the best that can possibly be done, industry must suffer a further set-back; because one person cannot spend the purchasing power of five thousand others as effectively as they can themselves. Nor for the same reason will the confiscation of one person's purchasing power by another produce anything but a bad effect on industry.

Human needs expand slowly into quality and variety, not into quantity. The fact of one woman becoming a duchess does not confer upon her the physical power to eat a greater quantity of pickles than a washerwoman. Further, if the duchess reduces the washerwoman's wages and leaves her with insufficient purchasing power to indulge in pickles, then the pickle industry will lose a customer until such times as the washerwoman has her purchasing power restored.

When large amounts of other people's purchasing power are concentrated in a few hands, the effective demands for goods and services is restricted to the minimum needs of the many, and the maximum needs of a few. Consequently the output of industry is likewise unnaturally restricted. The more unevenly purchasing power becomes distributed, the more parlous does the state of industry become.

The volume of annual production is governed by the volume of annual consumption. Although the productive power of a producer has been increased at least a hundredfold by science and invention in the last few

centuries, the output of industry has not increased proportionately. The reason is that consumption proceeds at a much slower rate than production, due to the robbery by private land rent, interest, and taxation. A relatively small number of producers with their enormously extended powers can produce all the wealth that is permitted to be consumed. The rest stand involuntarily idle. According to Professor Thorold Rogers, wages in England were higher 500 years ago than they are today. At that time a labourer could provide all necessities for his family for a year by working for about fourteen weeks. Today, producers should be a hundred times better off. Instead of which, society has a few millionaires, hoards of paupers, and a mass of misery unknown to the veriest savage; and yet the reason is quite plain to anyone with sufficient intelligence not to deny the law of gravity.

It will be apparent that if purchasing power becomes very unevenly distributed suddenly, consumption will be forced further behind production and industry will collapse. As soon as the reverse takes place, and purchasing power is distributed, industry will revive again. That is why the world experiences terrible industrial depressions alternating with periods of what are termed "prosperous" times. Natural prosperity, it should be noted, is as far removed from the latter as perfect health is from chronic disease. A patient, who recovers consciousness after a convulsion, can scarcely be considered to have regained his health.

The distribution of purchasing power becomes very uneven suddenly, because tribute increases suddenly. Increased industrial activity means increased demand for all classes of land, so that rent promptly rises. A few people who own the title deeds automatically receive increased incomes. There will also be an increased demand for money in order to start new industries. Part of which process includes handing blackmail to the landlord, who probably lent them back some of their money, and taxes to the Government to provide nourishment for tax-eaters and bondholders. Thus a greater proportion of purchasing power flows into the pockets of the moneylenders as interest. The bulk of the increased tribute will go into the pockets of those who own the title deeds; because the monopoly of land rent gives the monopoly of money.

If the collection of tribute were confined to the collection of an annual rental for the use of the earth and spare money, there would be longer intervals between industrial depressions. Tribute, however, can be collected in bulk by selling the privilege of collecting it. Title deeds in the case of land rent, and shares, stock, etc., in the case of interest.

An increase in industrial activity invariably produces land and stock exchange booms. In fact, a revival in real estate and on the exchange is heralded as a sure sign of the revival of industry. Presently it will be recognised that it is also the death knell.

The wild gamble in title deeds and shares simply increases tribute by leaps and bounds. Large sums of money are exchanged for pieces of paper, or small savings are paid as a deposit and future wages are mortgaged to pay off the principal in installments, plus interest on the debt. The first effect which is produced is that the demand for goods falls off. This causes a disastrous drop in prices. When that happens, it simply means that tribute scoops the pool.

Reverting to the previous illustration of the farmer, it will be observed that if the price of his product falls by half, his gross return will be £100. His interest bill of £50, paid in money, now absorbs half his output; previously it took a quarter. If prices fall again by half, the whole of his crop goes as interest. Naturally he would be ruined before that took place. The same applies to industry as a whole. Production comes to a standstill because there are no purchasers for the goods which producers stand ready to produce.

If it were not for the Bankruptcy Law and Court, producers who could not meet their obligations would then become the chattels of their creditors. That is what happened in the days of ancient Rome. Prior to Rome's downfall the farmers, who composed the majority of producers, together with their farms, became the property of the money-lenders. Our present Bankruptcy Court is about the only mark of social progress which this civilisation can show. A person who becomes hopelessly involved in debt can, through its agency, shake off his burden and make a fresh start. The activities of the Court tend to check the rate at which tribute increases. Since, however, the rate accelerates it is powerless to prevent the final crash.

A depression endures until purchasing power becomes better distributed. This can only occur when the proportion of annual production, which is earmarked for tribute, diminishes. Land rentals fall and dividends disappear; debts are wiped off the slate by the Bankruptcy Court, so that industry recommences with smaller bills of tribute to meet, and consequently a larger share goes to the producers as wages.

The following diagrams illustrate how the unnatural distribution of purchasing power upsets the harmony

between production and consumption.

Raw Materials + Labour = Production, Exchanged into Money = Rent + Wages

Rent goes to Community Services, Wages are spent on Other Goods and Services

DIAGRAM 1 - the natural distribution (Producers gets their full earnings)

Raw Materials + Labour = Production, Exchanged into Money = Rent + Wages

Rent is privately expropriated, and Wages are diminished by Taxes and Interest

DIAGRAM 2 - unnatural distribution (Producer gets only a part of their earnings)

The present world depressions will certainly spell the end of this civilisation unless the lesson, which nature is teaching us, is learnt quickly. In Australia, the Government is endeavouring to meet interest payments on a staggering debt. Previous generations managed to repudiate their portions of that debt by handing it on to the rising generation. It has now come home to roost, and we will deal with the matter in a later chapter.

A fact of far greater importance than National Debts has now thrust itself upon the world. Namely, that the production of wealth has been made such a simple and rapid process that tribute will pile up too quickly for periods of "prosperity" to occur. They will be still-born, leaving nothing but endless chaos.

There is however comfort in that thought, for in future Mankind will be forced to apply the only remedy and enter upon an era of prosperity hitherto undreamt. Provided, of course, it is not too late.

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Natural Prosperity

R. F. Dyson

Chapter 12 - The Remedy

Now that the cause of unemployment and all our social troubles has been unearthed, we are in a position to prescribe the remedy.

We discovered the cause to be the unnatural and consequently grossly uneven distribution of purchasing power and therefore of wealth. This gives rise to under-consumption which arbitrarily restricts production, making it impossible for all producers to find employment and fully satisfy their legitimate needs.

The remedy naturally consists of the removal of the cause. Before going into the matter it might be useful to analyse in the light of the true facts a few current nostrums.

It was reported some years ago by a traveler that, amongst the Egyptians the usual remedy for a fainting fit was to prod the patient with a red hot piece of iron. Observing, no doubt, that contact with a hot iron made people in possession of their senses exhibit their powers of jumping, the natives got the idea that extra heat in the iron would counter-balance the loss of the senses, so that a red hot application must surely produce the desired results. Evidently current nostrums for stagnant industry are on the same level.

Take for instance the familiar parrot-cry, "Reduce wages." "I emphatically say," bleats some financial wizard, "that there is one remedy only, wages must be cut to the bone."

The idea is of course that if employees are given a smaller wage per head, the total amount paid away in wages can be reduced without giving any the sack. Incidentally we are told, that industry would thereby effect a great saving as well. The latter should provide food for thought; for it is certainly a shock to learn that the burdens of industry consist of its own components. What a shame it is that the worker cannot live on air alone. Obviously if that were the case there would be no need for anyone to work.

It is a curious thing that even the exponents of the "reduce wages" notion jib at the idea of eliminating them altogether. And yet that is the absurdity to which they have logically committed themselves. If a reduction of ten per cent, will benefit the community, then fifty per cent, reduction will produce greater benefits, and the maximum prosperity will be attained when the zero mark is reached.

We are well aware that when markets glut and prices of commodities fall, industry as a whole receives less money for its products, and consequently all or some amongst those who share the money must receive less. Since interest is the one thing which humanity treats as sacred, the producers must receive a smaller share, and if all are to remain in their jobs the rate of wages must fall also. Hordes of men and their families must suffer deprivation in order that Shylock may still receive his pound of juicy flesh.

The idea of reducing wages as a remedy springs from the absence of knowledge of the nature of the trouble. In principle it is utterly wrong, since the less the masses receive the less they can consume. A reduction in wages is more a statement of the trouble than a remedy for it. A reduction is really a further deduction.

In the past, industry has not partially re-covered consciousness after a depression because the producers agreed to receive a smaller share of their wages, but because the non-producers were forced to receive less

through the activities of the Bankruptcy Court. Producers were forced to seek its protection and obtain relief from intolerable burdens of usury by having their debts wiped off the slate.

The doctrine of "work harder and take less" as a remedy for unemployment is a pernicious teaching. Because it would simply widen the gap between consumption and production both ways and make matters worse than at present.

Let us now turn to the Money Reformers. Some of these it may be remarked have seen part of the truth. They are refreshingly contemptuous of the notion that stagnant industry is the effect of over-production. They correctly diagnose the trouble as under-consumption. This they affirm is due to people having insufficient money to purchase the goods they require. After that they give their reasoning powers a holiday. Apparently they have jumped to the conclusion that the total amount of money in the world is insufficient to enable exchanges to be carried out. The reasons advanced to account for the shortage are either that the banks are deliberately restricting credit, or that there is a falling off in the production of gold. Bank credit and gold are considered to be component parts of money.

The remedy which naturally follows from this line of reasoning is to increase the supply of money; either by "releasing bank credits," or increasing the currency with paper notes to supplement the delinquent gold supply.

If the money reformers "would dig two feet deeper," they will perceive that under-consumption is caused by the 'unnatural and consequently uneven distribution and not to a total shortage of money. It is the masses who lack the money, not the few idle rich. The robbery of producers by non-producers is the cause of the shortage on one hand and superabundance on the other.

It is not solely the banks who control spare money, but those who own it. As we have previously pointed out, "Capitalism" is a highly perfected system of pawn brokering. Part of every business including banking is letting out money for usury in some form or other. Banks and lawyers are convenient touts for moneylenders; part of the plunder going to them as "wages." Fiddling with the bank system will not break the monopoly of money, because banks are not the cause of the monopoly. Juggling with the currency is just as futile.

Further, banks cannot "release credits" unless security is lodged, any more than their ancestors with the sign of the three balls can scatter shekels about without a pledge being first handed over. The bedrock security for any loan is the certainty that production will not stagnate. Whilst the intrusion of private land rent, interest, and taxation, interferes with the natural distribution of wealth, no such security can exist; especially when industry is in the throes of a convulsion.

Even if it were possible for banks to release credits galore, as some politicians seem to imagine, the idea is on all fours with the reduce wages notion. Industry does not require fertilising with a copious supply of "Capital" any more than a person in a dead faint needs prodding with a red-hot iron. Industry will naturally expand when it gets an increased supply of customers. Lending money at usury causes the number of customers to decrease instead of to multiply.

As regards increasing the currency, it is simple enough for Governments to print unlimited supplies of notes and pay off some of their debts with them. The process is camouflaged debt repudiation. Its effect would be to increase, at the expense of the Bondholders, the incomes of those who draw tribute from sources other than Government Bonds. In short it would cause a reshuffle of non-producers with no benefit to the producers. Though it might be added there is no reason to suppose they would be worse off, provided wages kept pace with temporarily increasing prices.

Let us now hear what Henry Ford, the motorcar magnate, has to say about matters.

"The way to check a threatened depression is to cut the price and increase the wage. Higher wages with lower prices mean greater buying power, more customers.

"Cutting wages is no cure for low consumption, it only makes the consumption still lower by reducing the number of possible customers." It is decidedly refreshing to be able to record that at any rate one Captain of Industry talks sense. From our previous analysis of the social problem it will be apparent that Henry Ford is indubitably right; for the above quotations show that he diagnoses the trouble to be under-consumption. The remedy he propounds is to increase wages and cut prices; that is to unchain the consuming power of the masses.

It may seem a strange thing that, Henry Ford advises a course of action which is the exact opposite to that of other great industrialists; further that he practises what he preaches, for the rate of wages in his works is about double the average rate. The reason is that, firstly, he has cleared his brain of the cobwebs of ancient superstition, and secondly, he alone amongst industrialists is in a position to carry out the plan. He personally owns the whole of his vast works. Consequently he is not obliged to hand a large portion of his employees' wages to shareholders as dividends or to creditors as interest.

Other industries cannot raise wages without reducing the share going to non-producers. The usual practice is to increase the wage, if forced to do so, and add it to the price of the product. That must reduce the number of possible customers, and hence the turn-over, and therefore cause more unemployment.

Imagine what would happen at a meeting of shareholders, if the manager in presenting his report said that, business had not been as bright as usual, and to meet the increasing competition of other firms he advised reducing prices. That could be most effectively done by cutting out all dividends to shareholders, adding portion of them to the pay envelopes of employees, and reducing the price of their product by the remainder of the amount saved from dividends. No doubt the shareholders, provided they remained seated, would be unanimous in the opinion that what the occasion called for was a new manager. One who did not possess communistic ideas.

Also the question arises: How can a farmer or small business man raise the wages of his employees when the interest on his mortgage, taxation, and high price of everything he has to buy, swallow up practically the whole of his gross return? Under such conditions obviously it cannot be done.

That truth should be well noted by Labour Organisations. Organised Labour has been tilting at windmills since its genesis. It is not the greed of individual employers which keeps wages down, but the man-made laws which interfere with the natural distribution of wealth.

To increase wages is certainly the direction in which the solution of unemployment lies. The remedy would be fully applied when wages have reached their maximum; which would be when all producers receive the full value of their product or service; or when, as Henry Ford puts it:

"The worker on an ordinary commodity can buy what he makes," and he adds:

"To accomplish this, society must be relieved of the non-producers."

Personally we feel pretty wild with Henry Ford, for beyond giving that excellent advice and putting an extra spring under the back seat of his famous car, he has done nothing further for suffering humanity. If perchance his eye should ever see these lines, we would admonish him to mend his ways. Particularly in view of the fact that he has "the long furry ear of the public" turned in his direction. We shall now carry on from where he left off.

As we have previously pointed out the non-producers are fundamentally things, not persons, viz., private Land Rent and Interest. Land rent is natural. It can be briefly denned as the difference in site value which the growth of a community gives to different portions of the surface of the earth. Interest is unnatural and arises because Land Rent is allowed to be confiscated by private persons. This confiscation of the public revenue forces governments to raise revenue by taxation and borrowing. The latter eventually converting taxes into interest on national debts.

Thus to relieve society of its non-producers, Land Rent must be socialised; that is, paid into the treasury and divided equally amongst the whole community in the form of public services; roads, railways, water supply, lighting, post and telegraph services, etc. That will remove the necessity for taxation which must be concurrently abolished. Money would then no longer buy the privilege of privately collecting land rent, the whole of which would have been restored to the community. Interest would there fore commence to die, like a tree whose tap root has been cut.

The immediate effect of that action, which must be applied in one step, would be to allow wealth to distribute itself very nearly in its natural channels. Those who were in occupations which involve legitimate wealth production, and which incidentally are in the majority, would no longer be forced to hand over portion of their earnings to the tax gatherer. They would have that much more to spend on goods. The prices of goods outside open markets would drop by the amount of taxation they contain, plus the amount of interest compounded with it at each stage of production. Thus producers would have more money to spend, and

would receive more goods for their money as well. In short they would receive a substantial increase in wages. The Land Rent, now handed to those who hold the title deeds, would constitute all government revenue which must be expended on community services, in which all could share equitably. The brake, which is at present applied to consumption by the continuous collection of tribute and the grossly inequitable distribution of purchasing-power which automatically arises therefrom, would be removed. Consequently consumption would approximate present production. The effective demand for goods and services would promptly expand, so that the gluts in the markets would melt, and not reappear, because annual production could then be annually consumed. The elimination of glutted markets means the removal of all barriers to increased production. Consequently industry would very quickly absorb all the involuntarily idle; including those who were previously engaged in unproductive work such as tax-eating, land speculation, professors of political economy, and the like. As industry continued to expand, the distribution of wealth would continue to become more and more equitable, until it reached its limit, which is when each can buy the equivalent of what he produces. Opportunities for engaging in any particular occupation would be equalised. Trusts, combines, land and other dividend-paying concerns, would come into competition with smaller co-operative bodies who paid no dividends. It must be remembered that trusts and combines can only flourish with the aid of special privileges, such as monopoly of mineral deposits, valuable sites, tariff privilege, etc. Armed with these they crush out competition, and then regulate the supply of their product so that the price includes their tribute. Devoid of these privileges the boot would be on the other foot. Dividends would disappear, because the rental value of all natural opportunities would have to be paid into the treasury, and in order to retain the services of their employees, wages would have to be raised until the interest portion of the dividend was also absorbed by its rightful owners. Although investors would receive no dividends, they would have their savings kept intact; which incidentally is better treatment than many investors receive at the present time. The banking industry would of course fare similarly to trusts, with the result that it would have to charge depositors for storage and bookkeeping.

The money market would favour the borrowers, because the number of lenders would be multiplied and the number of borrowers greatly diminished. Under such conditions, interest must continue to fall until it reached its natural level, which is zero. When interest is at zero, lenders can be sure of receiving their savings back intact on due date.

Small producers at present struggling to meet payments for mortgages would very soon have them paid off. They could accomplish this because their wages would be rising and the rate of interest falling; and they would receive the benefit of the falling rate of interest because the mortgage could be shifted.

When the rental value of land is used for community services in lieu of taxation, money would then perform its natural functions of accurately measuring value, and acting as a medium of exchange. At present money fails to measure value accurately, because it buys tribute rights as well as goods. Consequently the ratio between the amount of goods produced annually and the amount of money circulating in exchange for them is continually changing. This causes the casual observer to conclude that either there is a total shortage of money, or there is an over-production of goods; depending upon the angle from which the social problem is viewed. This effect will remain, in spite of all manipulations of the currency and socialistic schemes for nationalising banks, just as long as tribute remains.

When money will buy stark goods and services, and nothing else, it will measure value accurately over any given cycle of production. It would not make much difference whether the currency was composed of gold or silver coins, paper notes, or Barcelona nuts with a special governmental design stamped on them. The currency however is the yardstick of value, and consequently it must be kept to standard. That can be done very simply once tribute is extirpated, as John E. Grant points out in "*The Problem of War and its Solution*." All that is necessary is for the government to print notes to the value of the annual land rent, and pay for the community services with them. The rent could be collected the following year in the same notes, and the community would thus have full control of its note issue, which would be backed by the rental value of land. Since the total annual land rent is a fixed proportion of the value of annual production, the ratio between goods and money would remain constant. Prices would automatically regulate themselves until price and value were the same thing.

It is true that the currency alone does not provide sufficient money for industry; any more than community railway and tramway services provide sufficient means for all transport. The banking business dispenses with the necessity of issuing as much currency as there is value added to raw materials annually, because through book entries or credit, the currency is supplemented by private cheques. When the banking industry has its fangs of usury drawn, it will be able to carry out its natural functions far more efficiently than at present. Under such conditions money would not be looked upon as "a promise to pay in goods at a future date," but as a

certificate to the effect that goods have been produced; that is what it really is now.

As we previously remarked, money will measure value accurately over any one cycle of production regardless of the material which is used for currency, just as soon as tribute is extirpated. When, however, it becomes necessary to keep the yardstick of value to standard, the currency must consist of the handiest and cheapest material, so that it would have no intrinsic value, gold fulfils none of these conditions, and paper notes fulfil them all. A paper currency backed by the rental value of land flowing into the treasury fulfils all conditions. When that is instituted, the gold standard, which Henry Ford called a relic of Julius Caesar, will disappear. At present we are told that it is necessary, in order to balance trade balances which refuse to balance. Adverse trade balances are due solely to government borrowing; when that stupid policy disappears, together with the interests it supports, the gold standard will be useless. As for the notion that there is a sovereign backing every Australian note, that has been for years a fairy tale in which even politicians only occasionally indulge.

We have now dealt with the main effects which the remedy would produce; and the matter can be concluded by stating that, all that is proposed by this reform is to conform to natural law. Man can do either of two things; he can; temporarily interfere with natural law and reap the bitter consequences, or he can conform to it and enjoy peace and prosperity. Nature gives to labour and to labour alone. When none can take the earnings of others, all must work and there will be work for all.

There exists no great difficulty in putting the reform into practice. Taxation, which includes tariffs, embargoes, income tax, death duties amusement tax, stamp duties, rates, etc., can be abolished with a stroke of the pen. The value of the annual land rent could be fixed for a start by calling upon all who hold title deeds to name their own, rent, with a penalty for valuation, which are obviously too low; adjustments and revaluations to be made at short intervals. There would be no difficulty, once the majority of people understood that each can get all he earn only when the full rental value of land is socialized.

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Natural Prosperity

R. F. Dyson

Chapter 13 - The National Debt

At the present time, there is a great deal of energy being wasted by various citizens in preaching the doctrine of Australia honouring her debts. "If we do not meet our obligations, Australia will stand dishonoured in the eyes of the world."

The latter sentence has been placed in inverted commas very reluctantly. It stirs the patriotic feeling so strongly that the writer would have liked to have palmed it off as original. Unfortunately it is sufficiently familiar to be nauseating. However, it is certainly cheering to hear that the rest of the world has its eyes glued on Australia. How our bosoms swell with pride, when we reflect that our exploits have merited that much notice. It is rather disheartening though, when we reflect further, that our exploits have resulted in the starvation of a large proportion of six million people in a country which could support a hundred million or so in luxury. In short, we possess as much intelligence as anyone else, of which in the field of social science, we have so far displayed rather less than that of ordinary rabbits. The problem which Australia, or any other country, is facing at present is not, How are we meet our debt obligations? but, How are we save ourselves from extinction? If people realised that to save our faces we must first save our necks, the question of the national debt would be seen in its right perspective, and would receive appropriate treatment. Once the cause of our social ills is perceived, and the remedy applied, the problem of the debt will be practically solved also.

If a national debt were in all respects similar to a private debt, there would be no need for any further action in the matter. Since, however, there is a difference it will be necessary to deal with the more important aspects of the question.

When a private person in business becomes insolvent, he files his schedule and gets a clearance from the Bankruptcy Court. There is no international Bankruptcy Court. We are told that Australia is sound and has vast undeveloped natural resources. The latter is true. The former is true only when the social system is sound, and at present no country in the world has a really sound social system. They are all based on legalised theft of varying degree, with the result, that there are no markets for their products, and consequently the vast natural resources remain Undeveloped, and unemployment is rife.

Australian Governments have for years been insolvent. For what other term can be used, when they raise new loans with which to pay the interest on old ones? Perhaps the ability to raise new loans will be pointed to as a sure indication that the Government is or will be solvent. No doubt the lenders may be under that impression; but that is only because they do not understand the present social system. If they do, then they are taking the risk with their eyes open.

It is perhaps reassuring to overseas money lenders to hear some of our politicians braying that: "They would tax the last rag off the people's backs, rather than allow Australia to default in a single payment." Those who are reassured by such statements obviously do not possess an extensive knowledge of politicians. The only reason why politicians talk that sort of clap-trap is because they think that the majority of electors favour the policy of "Boom, Borrow and Bust." New loans are now used simply to pay some of the interest on old ones, or to pay off those unpatriotic people who do not desire to re-lend their money to the Government. That is in truth to repudiate the debt on to the shoulders of future generations, which in the field of politics is quite an honourable proceeding. What a splendid heritage to hand to our children! How virtuous we parents feel when

we teach them to follow in father's footsteps and always pay your debts! However, it is unreasonable for one to blame another for not walking straight when the ship rocks. What we must do is to stop it rocking.

Let us now glance at the more recent developments in connection with the national debt. At the end of 1930, the official statistics for our total debt were in round figures £1,100,000,000. Slightly more than half had been borrowed from overseas, and the total annual interest bill amounted to £55,000,000.

All was going as merrily as a wedding feast until about the beginning of 1930, when the markets for wool, wheat, etc., glutted and prices tumbled down. Up till then, the pawnshops in England had been obligingly lending the Government sufficient money to enable them fully to meet their obligations there. When prices slumped, confidence in Australian securities apparently developed wings, and the pawnshop doors were firmly closed. As no more money could be got, the Government decided it may as well have something, so it asked for advice instead. This was graciously given in quite plain language. The Governments must forthwith balance their budgets. That meant that whatever else happened the interest must be found. If they succeeded in that task, their masters in the pawn-shops might feel disposed to lend them back some of the interest. The latter is apparently looked upon as tidings of great joy; for some obscure reason we are asked to believe that by increasing our indebtedness we shall prosper exceedingly.

None will deny that the Governments have done their best to carry out that impossible advice. The growing army of unemployed should convince even the most sceptical.

Consider for a moment the effect upon our indebtedness of the fall in the world's prices. In order to obtain £55,000,000 per annum to pay the interest, that amount of purchasing power is removed from the pockets of Australian producers plus the cost of collecting. Provided, of course, industry possesses that amount after the private individuals have collected the land rent, and interest on money invested in industry. To obtain money producers have to produce wealth and sell it; so if the prices of commodities drop by half it is the exact equivalent to doubling the debt, and that is what happened in 1930. It would have amounted to just the same thing if the money-lenders had suddenly notified the Government that they had doubled the amount of the debt at the same rate of interest. Which would have meant that the total debt would have been £2,200,000,000, and the interest bill £110,000,000 per annum, without any more borrowing having taken place.

If the act of declining to pay the increased amount is stigmatised repudiation, then the act of increasing the amount of the debt in that manner certainly merits the term robbery.

It must certainly be conceded that the doubling process is quite automatic, but since that makes not the slightest difference to the effects, it cannot be taken into consideration. Nor is there any need to belabour the point, for the institution of the Bankruptcy Court is a recognition of the fact that insolvency is mostly due to causes outside individual control. The perpetrator of a confidence trick receives short shift at the hands of his victims when he is caught. Presently the world will awaken to the fact that present social systems are colossal confidence tricks, and although a few non-producers may suffer temporary hardship as the result of that awakening, rescue from sharing common ruin will be cheap at the price.

It does not appear that anyone has much chance of paying off the interest and principal of a debt, which possesses the "little habit" of doubling itself every now and again. Still, there might be just the barest chance, provided we work very hard and spend nothing. That is the delusion from which many people are at present suffering. It would be a huge joke if it were not tragic. The reason why prices drop and debts double themselves is because producers' purchasing power is niched from them by private land rent and interest. Foremost in the plundering at the present time is the interest on the National Debt via the channel of Taxation. Consequently, it is quite impossible to pay off the debt while interest exists, because the more we pay the bigger grows the debt, and to endeavour to do so is "Lunacy gone mad," for any further increase in tribute will cause industry to stop altogether. A government produces nothing, so its "solvency" would mean the insolvency of industry.

Interest can be extirpated in one way only, which is by socialising the land rent and abolishing taxation. Socialisation of the rent precludes the handing of any of it to bondholders as interest, for the term includes the collection and expenditure on public services. Whilst the execution of interest is taking place, the national debt will have to be shelved, and the world notified that we will pay off the principal in installments when we are able. There would be no difficulty about shelving the debt once governments are independent of money-lenders; which will be when the rental value of land is used for community services in lieu of taxes.

There is no reason why Australian bondholders should not hand in their bonds voluntarily. The prosperity,

which would promptly ensue from the free play of economic laws, would awaken a true spirit of patriotism, and people would feel that to insist on the payment of the debt would be on all fours with betraying one's country to the enemy. That spirit showed itself in Sydney at the end of the war, when a bonfire was made of some War Bonds. It is only the fear of unemployment which prevents us from making similar bonfires of all our bonds, for bonds they are holding us to slavery.

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Natural Prosperity

R. F. Dyson

Chapter 14 - Production and Consumption Balanced

Once 'society gives free play to the natural moral and economic laws, production and consumption would forever harmonise. The bogey of "over-production" would disappear and would pester us no longer. It may serve a useful purpose, if we briefly investigate the balancing factors.

Firstly, it might be as well to remark that, there never can be such a thing as over-consumption. Wealth must be produced before it can be consumed. We have not yet heard of the person who can consume what does not exist, although some wiseacres still tell us that our troubles are due to that cause.

It is true that the power of producing any particular article could outstrip the power of consuming, but that does not mean that producers would deluge the earth with goods and thereby exterminate the human race. The natural checks to production would effectually limit the amount of wealth produced to the amount required for consumption. Supply would equal effective demand and no more.

In the natural state society would be composed entirely of producers. The occupations incidental to private land rent and usury would have disappeared. Consequently the only way, in which wealth could be obtained, would be by actively engaging in production. The checks on production will therefore act through human nature.

We engage in production with the sole object of satisfying our needs. Life can be sustained only through satisfying needs, so it is the Law of Self Preservation which drives us to produce wealth. When a need is totally unsatisfied, life is endangered to a greater or lesser degree, depending upon whether the need is a primary one or not. Food, clothing, and shelter, are the primary needs, and continued existence is directly endangered when these are not adequately satisfied. Thus the strength of a desire will be in proportion to the degree of danger of extinction. It is useless trying to reason with a famished man, for man's intellect has developed in leisure time gained through rapidly satisfying his primary needs. The reasoning powers can be restored only by putting down the foundation first; which in the case under consideration is a full "tum-tum"

Every force has a reaction. The desire to obtain anything is invariably offset by a disinclination to act. Whilst a need remains unsatisfied, the desire to satisfy it will be greater than the disinclination to act. As the point when the need will be fully satisfied is approached, the desire decreases and the disinclination increases until they balance each other, which will be when the need is fully satisfied. Thus production will be limited to the amount necessary to satisfy all needs. It can be no more expected to exceed that amount, than a boat can be expected to move when the occupant blows the sail with a pair of bellows. The force and the reaction act on the boat equally.

Robinson Crusoe on his island had to get his food first, then attend to his other needs of clothing and shelter. There was very little leisure for Robinson, because he had to get his food from day to day. He could not work for a few weeks or months on end accumulating a large amount of food, and then spend a lengthy period engaged in other pursuits, because food will not keep. He would not waste energy procuring a store of food just to watch it rot. His production would be limited to the satisfaction of his needs and no more. When Friday joined him things were better, because they could cooperate by each doing the jobs at which he was most skilful, and thus satisfy the needs of both in less time. Robinson could make the clothes, etc., whilst

Friday caught fish. If Robinson had made sufficient clothing, or if Friday were having the usual fisherman's luck, he would give Friday a hand, for it would mean that insufficient labour was being applied to the production of food. Consequently labour would flow from one occupation to the other, until the shortage in supply was made up.

The same checks, which kept Robinson Crusoe and Friday from producing too much wealth, will harmonise production and consumption in any community whatsoever; provided of course free play is given to the law of supply and demand.

In a large community the division of labour is highly specialised. The various needs give the demands for different goods and services. Labour divides into groups supplying the different forms of wealth and different parts of the finished article. Each group would produce sufficient of their particular article of wealth to supply the needs of the whole community. All needs will be fully supplied, when an equal amount of effective labour applied in any industry gains an equally attractive reward. If the supply of any commodity were to fall short of the effective demand, then equal effort applied in that industry would gain a greater reward than in any other. Seeking to satisfy needs with the least exertion, labour would flow from the others to that industry, until balance is restored.

The introduction of improved machinery into one industry would cause a relative drop in the price of its product; the reverse process to the foregoing would then take place. That would mean more labour engaging in the other industries, or in, new industries, and therefore, shorter hours of work or more wealth for everyone. The various occupations shade off into each other like the colours of a rainbow, making a change at the margin an easy undertaking. A child in the middle of a see-saw can alter the balance with a slight movement.

Robinson Crusoe had to spend part of each day getting food before he could do anything else. In a community, the same procedure is necessary, but through the division of labour production for different needs can be carried on concurrently. The same building-up process takes place, but when production is highly specialised it is not so apparent. The primary needs must be satisfied first, and if society is in a primitive state, the whole of available labour will be diverted to such production. As natural powers are extended in machinery and appliances, needs can be fully satisfied in less time. This will free labour for the production of wealth to satisfy new needs which invariably arise in leisure time. None will expend more energy satisfying his needs in any particular industry, if he can satisfy them with a lesser expenditure in another. The rate of all production will therefore be governed by that of food, and production will be carried out in annual cycles. Any big discrepancies between production and consumption, which might arise in any one cycle, would be corrected in the following cycle, by industry speeding up or slowing down.

We shall now examine the process of satisfying one particular need, viz., accumulating for future wants. It is a natural instinct in man to save for the future; to provide for old age or a rainy day, etc., is to satisfy a need just as much as purchasing food for the next meal. The accumulation is for consumption at a future date. When we speak of accumulating wealth, we merely use a figure of speech, for the truth of the matter is that, we can accumulate wealth only in the manner of the squirrel, which is a very temporary business. What we do accumulate is money.

All wealth depreciates; the most necessary form, food, depreciates most rapidly. If we had to store up the actual articles of wealth which we would require to live on for ten years, it would simply be impossible to retire from production. The bulk of it would have to be food, and that would last a matter of a month or two. The division of labour makes it possible to store up sufficient equivalent of wealth, in the form of money, to enable us to satisfy this particular need. It is however limited. The division of labour means service for service. It enables one man to grow apples whilst another plays the violin; likewise, one can produce and not consume because another is consuming and not producing. The ages of producers vary; those in their earlier years would be storing for the future, and older folk would have retired from production, and consequently they would have to consume their accumulations. The necessity for banks to charge for the storage of money would act as a further check on any undue accumulations. There would therefore be a good demand for caretakers, who would provide security and charge less than the banks. Thus accumulations would be lent free of interest to any such caretaker, to be repaid at mutually agreed times, probably in the form of an income. When producers receive their full earnings they would be quite independent of money-lenders, because they could then determine their own productivity. Consequently there would be no shortage of "Capital" for industry; it could be either produced by those who required it, or borrowed from other producers.

It is an inexorable law of nature that consumption must balance production. If free play is given to the natural laws the balance will be maintained without causing the slightest un-happiness; for the happiness of mankind is the object of all the natural laws which govern individual and social growth.

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Natural Prosperity

R. F. Dyson

Chapter 15 - Other Reformers and Orthodox Economists

The best way of starting this chapter seems to be to ask the riddle: What is the difference between Socialism, Communism and Anarchism? Portion of the answer is that, the philosophy contained in this book does not come under the heading of any of them.

In his "Dictionary of Modern English Usage," H. W. Fowler, in reference to the three terms, states: "The things are not mutually exclusive, the words are not an exhaustive threefold division of anything; each stands for a state of things, or a striving after it, which differs much from that which we know; and for many of us, especially those who are comfortably at home in the world as it is, they have consequently come to be the positive, comparative, and superlative, distinguished not in kind but in degree only, of the terms of abuse applicable to those who would disturb our peace."

In short, many patriotic citizens, who conscientiously read their daily papers, visualise a socialist, a communist, or an anarchist, as a ferocious person with pockets full of bombs and whiskers up to his eyes. Perhaps that vision will change if we first glance at the ideal of socialism. The following extracts from a letter written to the "Liberator," by C. J. Tyler, are enlightening:

"Your 'Liberator' came under my notice last May. Previous to this, as everyone with whom I came in contact knows, I was a Socialist and not an inactive one.

"The socialist or communist (to me the names represent the same thing) hates a state of society where those who do the work get precious little reward; hates a state of society where certain members secure immense incomes, or any incomes, through no effort of their own, and, of course, always at the expense of those who do the work; hates war and considers it as only created by an unjust system of society that sets man against man, town against town, state against state, country against country, for no gain to those who work in body or soul; hates poverty and hates charity because both are created by unjust conditions. The socialist believes that vice is caused by poverty and injustice.

"When I found that the Liberation Leaguer hated all the things I hated I sat up and took notice. I also found that he hated my doctrine for the emancipation of mankind. I have taken stock now and he is right."

There are few people who do not hate all those things; and if a socialist were defined as one who is discontented with the present state of society, then the vast majority of people would be classed as socialists. The truth of the matter is that, the distinction between any sets of reformers does not consist of the difference of the ideals for which they are striving, but the difference in the methods by which they hope to attain them. As a matter of fact, the ideals differ only in degree; unconsciously, perhaps, we are all striving for the same ideal state, and that is one in which we shall be happy.

As Mr. Tyler's letter shows, the socialist is fully aware of the facts that, a person can produce wealth only by

exerting his powers, and those who draw incomes without exertion must be taking the earnings of others. Apparently, too, he asserts the right that each is entitled to what he earns. Which incidentally is a simple statement of the natural right of private property. Anyone who is unacquainted with the workings of a socialist state would perhaps conclude from the above that, the socialist is striving for a state in which each would receive his full earnings. No doubt socialists have that idea in mind, but they evidently overlooked the fact that all roads do not lead to Rome. If an objective lies due north it is no use heading due west.

Socialists are clear headed enough to see that interest is an unearned increment. But instead of treating it as an unnatural thing, which obviously it is, and consequently seeking its cause, they treat it as a natural thing. That is, they observe that under present conditions the ownership of plant and spare money, which things they inclusively term "Capital," enables some to draw interest and live without exertion, and they jump to the conclusion that if the means of production, transportation, and exchange, were nationalised, there would then be a dividend for everyone. With that basis, socialism soon becomes full of impossibilities.

If the government were to take over the means of production, which in the division of labour happens to include transportation and exchange, then the government would become the sole employer. And since, under socialism, none including women are to receive anything unless they work, it would become the government's duty to provide a job for everybody. Under such conditions the government bureaucrats must become like unto the hosts of the Assyrians. That is no reform at all, for it would be merely an extension of the "Capitalist System." It is quite impossible to relieve society of the non-producer by socialism, because government bureaucrats are non-producers. The bigger the government grows the poorer become the producers, and the bureaucrats soon develop into autocrats of the most obnoxious kind; as we in Australia know to our sorrow.

The essence of Socialism is governmental control of everything, which means the extinction of personal freedom. Failing to trace effects back to causes, the socialist wishes to endeavour to replace natural laws by human laws. Such procedure invariably works disaster; like that wrought by the small girl who, after she had been told that God broke the egg shells in order to let the chickens out, broke all the eggs under the sitting hen, believing that she was thereby helping God.

If the government becomes the sole employer, it means that all incomes will be paid by the government, and since none could claim the right to receive more than another, the incomes must perforce be equal. The acceptance of that idea involves the acceptance of the principle: "From each according to his ability, to each according to his needs." Under such conditions the laziest person who possessed the greatest needs would be the best off. Such a person would be a parasite, for he would be receiving more than he earned; and to the extent of that excess he must be bracketed with the bureaucrats. To take from each according to his ability is to remove the incentive to exert the faculties beyond the pace of the slowest; those who imagine otherwise should realise that it is impossible to invert human nature. Instead of universal prosperity, socialism must produce universal poverty and slavery of the most degrading kind.

The difference between a socialist and a communist is mainly that, the former strives to bring about governmental control gradually, and relies upon the method of moral suasion; whilst the latter believes that complete governmental control of all property is the precedent to any change for the better; and evidently failing to note the difference between monarchical and democratic institutions, believes that revolution is the only means of attaining his end.

Communists firmly believe that they can abolish all private property; presumably by the government dividing all wealth equally. Those who are afflicted with these notions would do well to reflect on, the following facts. Firstly, a millionaire does not possess huge stacks of gold and silver coins or paper notes. The late Mrs. Hetty Green left an estate valued at £20,000,000. What she really left was mainly a collection of documents, the ownership of which enabled her to draw in rentals and interest an annual income of approximately £1,000,000. If production were to stop, as it assuredly would do if a revolution overthrew the existing government, all that would remain of Mrs. Green's fortune would consist of her personal belongings, buildings, cash on hand, and perhaps supper for one in the pantry. The lesson which that teaches is that annual incomes come out of annual production; no production, no incomes. The second fact, which requires consideration, is that dividing up other people's possessions does not abolish private property, it merely transfers the ownership. It is quite impossible to abolish private property in articles of wealth. If the idea of no private property is pushed to its conclusion, then the shirt, which the communistic government has handed to a worker, is no more his property than another's; so if Jones ran off with Smith's shirt overnight, Smith would have no cause for complaint. Everybody knows exactly what Smith would do, and if the government did not uphold the right of private property the communistic state would soon turn into a state of anarchy and chaos, which is one in which there is no government and which is not what the communists desire.

Anarchists are people who object to the state, and believe that governments created by man should be abolished, and all relations carried on by free contract between persons and groups. To abolish all governments at the present time would certainly promote lawlessness and disorder, but contrary to popular ideas, that is not what an anarchist desires. He believes that if all relationships were carried out man to man, the good which is inherent in human nature would predominate over what is termed evil, and instead of chaos, that reform would lead to a state of peace and good-will. Any fair-minded person must frankly admit that that is a bright faith; and it might be added that the idea is one which puts to shame many ideas held by so-called Christians.

People who object to the state fall into the common error of treating effects as causes, and also they fail to see that a government is just as necessary as an umpire at sports. When the rental value of land is collected and used for community services in lieu of taxes, governments will shrink to their natural size. As a beginning, the bureaucracies which are necessary for the collection of taxes would disappear, and since there would be no special privileges to uphold, such institutions as the Senate and Legislative Council would be required no longer. Only the natural functions of a government would then remain, and those 'do not include irritating interference from bureaucrats.

We shall now turn to the subject of orthodox economics, by which is meant the economics which are taught at the Universities. Those institutions are supposed to be fountains of truth.

The following article, by R. E. White, Editor of the "Liberator," requires no comment:

'Liberator' versus Economists.

"One of our stalwarts came to me with a request that I should pen an article on the above. He had discussed our philosophy with a young friend who had had a brilliant University career, and is now practising his profession as a civil engineer. He gave him a copy of June 'Liberator,' and asked him for a reasoned opinion concerning our tenets.

"Next time they met he found that the engineer was well-disposed towards our reform, but he was somewhat irritated at our attitude towards universities in general, and particularly towards their economics. His view was that some of our most progressive types of citizens graduated from our universities with their faculties trained and their minds stored with valuable knowledge, and that we were unwise to antagonise such as these by slurs on the institutions they respected. That statement merits a reply, and I shall gladly explain my attitude.

"I shall commence with the assurance that neither I nor any of my colleagues have the slightest prejudice against universities as institutions. But I freely acknowledge that I would have not the slightest compunction in smashing the Chair of Economics in every university. Once upon a time I made a similar remark to a young friend who had taken an arts course in the Perth University, and he was scandalised at the sacrilege of it. His view was that the community sadly lacked a grounding in economics, and it was outrageous to suggest that the machinery for providing such education should be scrapped.

"After a full discussion he agreed with me that it was extremely unlikely that our bright youths would acquire the right sort of knowledge from professors of economics, and it was at least probable that the university course might permanently unfit them for clear thinking on social problems.

"A professor of physics, or biology or literature, is mentally unfettered as a teacher; he has no vested interests to consider or placate. There is no reason why he should not tell the truth, the whole truth, and nothing but the truth. A professor of social science is in a quite different position. Most Australian Universities are subsidised by Governments; in other countries they are playthings of millionaires, who finance them, and can determine what sort of economics are taught. In either case the professor of economics has strings tied to him, and is fully conscious of the rigid limits to his freedom of speech. 'He cannot dig, and to beg he is ashamed,' so he keeps a wary eye upon the political or financial authorities, and avoids all offence to them.

"It has been my lot to meet a number of students who have completed a university course in economics, and that was quite a depressing experience. The money spent upon their education was worse than wasted. 'Behold, they knew not anything' with any clarity or certainty. As a typical instance, I spent an evening with a youth 'who had just been selected by all Australian Universities as Rhodes Scholar for that year. His special subjects were history and economics. Probably he had a head-full of useless statistics of trade and commerce, and a comprehensive knowledge of the various theories of value and such like lumber. But he had no convictions on any fundamental question.

"For example, what I consider a primary question that a student of social science must settle for himself is 'The Population Question.' So I asked him what conclusion he had come to on the Malthusian Theory, 'That there is a natural tendency and a constant effort on the part of population to increase beyond the means of subsistence.'

"He replied: 'My tutor placed Mill's position and Henry George's before us and allowed us to form our own conclusion.'

"'And what is your conclusion?'

"'I haven't formed one yet.'

"I cross-examined him on fiscalism. He assured me he would not hazard an opinion whether or not a protective tariff was beneficial or otherwise to any particular country without first studying all the circumstances. All sorts of complicated historical, psychological, and geographical issues were involved in it.

"He had no opinion as to whether a proper system of land tenure was one which recognised the common right to the earth, or one which made the land the exclusive property of some to the detriment of all others.

"Similarly with the interest question, he knew all the conflicting theories of the classical economists, but had none of his own. He didn't know if interest were equitable or otherwise; whether it was rooted in natural law or the violation of Nature's law.

"At that time he was putting in a few months as a university lecturer in economics.

"Perhaps the best way to convince you of the mischievous futility of university economics is to imagine what would happen to a professor who elected to tell his class the simple truth. He would discourse somewhat as follows: 'Well, lads and lasses, there is only one question which should really concern an earnest student of sociology, and that is to find a cure for unemployment, which in very truth is the only social problem of any consequence. To grasp its true import it is both unnecessary and useless to stew over text-books. All you need is plain horse-sense. The elements of the question are extraordinarily simple.

"There is a growing number of idle men in the world, simply because none needs their services. That is because there is no market for anything they are competent to produce. Every blessed thing is over-produced, or at least in greater abundance than markets can cope with. If within the next year or so there were a market for a hundred per cent, increase of goods of all descriptions, they would assuredly be supplied.

"This appalling congestion in the markets is not due to a general satisfaction of human desires, for humanity in the mass desires infinitely greater volumes of all descriptions of commodities, but it lacks purchasing power. Why this is so is because of our majestic industrial progress. Had we permitted those who produce wealth so abundantly to consume there would be prosperity for all, and an inexhaustible demand for labour. We have mass-production. What we lack is mass-consumption.

"This increasing gap between production and consumption can be simply and justly bridged merely by assuring to every producer a wage equal to his production. Then there would be no over-production, no unemployment, and no social problem.

"Your paramount duty, my dear young friends, is to act as missionaries for social justice. Make it your resolute determination to have wealth distributed upon equitable principles, so that each gets all that he earns. It is the idle rich which makes the idle poor. Rich idlers are those who are clad in fine raiment, "who feed on the roses and lie in the lilies of life" without performing any social service. The unearned increment of the rich exceeds the total wage of producers. That accounts for glutted markets, and it is your duty to alter that. The unearned increment of land is created by society, and should be appropriated by society, as a substitute for taxation. And when private rent is exterminated, usury will disappear. Then none will receive without earning; none will earn without receiving. That is all I have to say or all you need to hear.'

"What would happen to that professor, and how long would he keep his job? Assuredly they dare not tell the truth, and I for one would rather see them chopping wood for a living than obtaining money under false pretences.

"I shall conclude by quoting Macaulay, who remarked that if any vested interest had been threatened by the Theory of Gravitation it would not have been accepted to this day."

All reformers have one thing in common, and that is they are all striving for a state in which they will be happy. That factor is common because unhappiness is associated with pain, and that is Nature's sign-post to indicate the wrong road. The environment in which one person would be happy will probably prove to be one in which another person would be desperately unhappy. That is because happiness depends upon the satisfaction of needs through the use of the natural powers, and no two persons have exactly the same needs or faculties. The state in which all can enjoy the greatest happiness must therefore be the one in which each is free to use his powers, and retain full possession of his product. Such a state can be attained by simply ensuring to each his full earnings, by preventing any from drawing unearned increments. Then the faculties could be employed only in productive work, and all opportunities would be equalised. Incomes being limited to individual earnings, each could then consume the equivalent of what he produced. Since none would produce more than he required for the satisfaction of all his needs, production and consumption would harmonise. Each could therefore earn as much as he desired without injuring another, and all barriers to a free choice of occupations would be removed.

In conclusion, if all reformers would realise that their common objective is the attainment of maximum happiness; that happiness is dependent upon natural prosperity; and that natural prosperity can be attained only through society conforming to Nature's laws; then mankind would soon be dwelling in a world such as Tennyson visualized when he wrote:

*"Earth at last a warless world, a single race, a single tongue-I have seen her far away
-- for is not Earth as yet so young?"*

*"Every tiger madness muzzled, every serpent passion kill'd, Every grim ravine a garden, every
blazing desert till'd, "Robed in universal harvest up to either pole she smiles,
Universal ocean softly washing all her warless Isles."*

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