

CHAPTER III.

The Remedy.

In the last chapter, I have tried to demolish the theory which sees in interest a product of natural forces. I showed that interest is nothing but a tribute paid by one man to another. I have further said that the source of this tribute right is to be found in rent.

Though it does not require any proof that as long as capital can buy land which yields rent, it will be able to claim interest, when lent out, it would not necessarily follow from this that with the power of purchasing rental rights—of course always including rent of monopoly of any kind—capital will also lose that of blackmailing labour in any other shape, or in other words, that with the disappearance of private rent interest will also disappear.

Interest Seen with the Eyes of Uncivilised Man.

There is nothing so strange as the force of habit. It makes the most natural things appear unnatural, and the most unnatural perfectly natural. Take any uncivilised man who has two young horses, of which he only needs one, while he lends one to his neighbour with the understanding that the borrower has to see that the horse is well fed and kept, for which he enjoys the privilege of using it until the owner needs it for his own purpose. Let us now suppose that the latter claims his horse only when that which he uses died, say after fifteen years. Supposing the other horse having died, too, by that time, what claim do you think our uncivilised horse owner will think himself entitled to make against his neighbour? Certainly none at all. He will say that the horse would have died just as surely if he had himself kept it, and that he was glad to have saved the feeding all this time. The mosaic laws, given to an uncivilised nation, give expression to the same principles. In Exodus chapter xxiii., verse 14

and 15, they command, that if a borrowed animal dies or suffers injury by the neglect or in the absence of the borrower, he shall pay the full value ; but if the accident happened under his eyes and in spite of his vigilance, he was released from any responsibility. If our uncivilized capitalist, instead of getting back an old horse, or none at all for the young one he lent out, got a young one back, he certainly would think he had driven an excellent bargain, and if you should tell him that fifteen years having elapsed, a period during which capital at five per cent. will more than double, he would be injured if he did not get back two young horses for the one he lent, he would think you either crazy, or a swindler.

If you tell him that the wise men of your nation, who make a special study of such things, are entirely of the same opinion as you, and that one of the wisest of them, one Adam Smith, in a book he had written about the wealth of nations, had taught that without the hope of getting interest nobody would lend, unless it were from motives of charity or friendship, he would reply :

“ I do not know your Adam Smith, nor any of your wise men, but if the wisest of men came and told me that white was green, or that the sun shone at night and the moon in daytime, I should say he was a fool. How can you make me believe that I did not drive a splendid bargain when I lent my horse to a perfect stranger, giving me good security and when instead of getting back an old or dead horse, I got a young and healthy one as good as mine was fifteen years ago ? You might say that I could have sold my horse at that time, to buy another, when mine died ; but you forget that I have no secure place in which to put the money, or whatever I got in exchange for my horse, and that I would rather have kept the horse at my own expense and risk, if I was not sure to get another immediately, when I wanted it, than chance being without a horse when an accident happened to mine. Anybody who is kind enough to save me all expenses and risk, and who agrees to furnish me with a young horse whenever I need it, is welcome to do so at any time, if there is such a fool ; but that I should not strike the bargain with him because he was no friend or was not deserving of charity, and that I should rather keep the horse myself, feeding it and taking all the risks,

to have an old or a dead horse perhaps by the time I need it, is more than my poor uncultured head is able to understand."

Stupidity of Political Economists.

But even then you have not exhausted all the wisdom, which the professors of political economy are teaching. There are plenty of them, who proclaim, that if capital cannot command interest, people will cease to produce wealth. Take, for instance the following passage from page 662, vol. 1. of Schœneberg's handbook of political economy, written by Professor Mithoff, teacher of political economy at the university of Göttingen :

"In any case interest cannot fall to zero. This would only be possible, if either capitalists offered the use of capital without any remuneration, or if there were no borrowers willing to pay such. The basis of both assumptions is that the value of the use of capital had disappeared (dass der Gebrauchswerth der Kapitalnutzung verschwunden wäre.) But with this the inducement to the creation of capital would disappear."

Supposing this was so, would it also take away the inducement to create wealth? Certainly not, unless we class thinking and provident man lower than the bee, the squirrel, or other hoarding animals. Man would store wealth as well as they. The only difference would be, that whereas animals store wealth in the exact form in which they expect to use it, thinking man will try to store not those things he expects to put to direct use,—which is more or less impossible, if longer periods are contemplated, for nobody can put aside the bread he wants to eat in old age, and to keep meat fresh for a much shorter period requires enormous outlay—but those which are at once most durable, least expensive to store, and such as at any time can easily be exchanged against the goods we want to use. Money and jewels are considered as having these qualities in the highest degree and in countries or at periods in which industry is little developed, or where lending is too risky, this fashion of storing wealth was and is often resorted to. Ignorance of better methods often leads to the same process. According to Professor Webb (the rate of interest and the law of distribution) the French peasants

hoarded metallic currency up to 1871 and the Maltese cottager up to 1886.

But even precious metals and jewels are liable to be stolen, or injured by fire. If we can get a form of wealth which will save us this risk as well, we should certainly prefer it. Tools, machines, merchandise employed as a stock in trade, etc., in short any form of wealth, capable of being used for the production of further wealth, *i.e.* capital, will afford us this advantage, if we find people, who are willing to use it until we need it ourselves for the purpose of exchange against that kind of wealth which we require for consumption, and who give us sufficient security of repayment in kind or in some other goods of equal value and equal facility of exchange. In most cases money, as giving the greatest facility of exchange, is the intermediate form, into which our savings of wealth are turned before we lend them out and when they are returned to us.

Interest the Greatest Obstacle of Saving.

Instead of being a necessary inducement towards saving and lending, interest can with perfect truth be considered *the greatest obstacle* in their way.

Anybody who has not crippled his reasoning powers by the study of political economy as taught in schools, universities and handbooks, will see this at first sight. If a man wants to earn a yearly income of £1,000, for the rest of his life and that of his children, an Insurance Company—which will be at his service just as well as to-day, for interest has nothing to do with the principle of insurance, consisting in the equalisation or averaging of risks—will, if the rest of the natural life of his family members is calculated to last 50 years, make him pay £50,000 at once or in instalments. To-day £33,333 will accomplish the same purpose if invested in 3 per cent securities, or less if paid to an Insurance Company, which takes into account the interest accruing from his payments. We see immediately that more capital will have to be saved without than with interest.

But the greatest obstacle to the production of capital is to be found in the destructive social effects of interest described in the last chapter.

The great difference between the man, who buys an income of £1,000, without getting interest and the one who does the same by paying £33,333 for bonds, is, that the income of the first family will end with the life of the last survivor of the two generations, whereas in the other case the £1,000—or perhaps something less, if interest decreases—will be paid to all eternity, and with new savings added, increasing in bulk like a rolling snowball, it will form part of those immense avalanches of unconsumed incomes, which, if not stopped in time, will finally crush our whole civilisation under their ever increasing weight.

I wonder what our uncivilised man would say, if you were to tell him, that not only are we expecting a young horse from him, even if the one we lent him, has died of old age and another young horse into the bargain, after 15 years have elapsed; but another every 15 years, hence, as long, as he does not give back our loan and that furthermore if he and his children neglect these obligations, the time will come, when through compound interest his descendants will owe more horses to ours, than the whole world can feed, and as they will not be able to meet their engagements, they will have to slave for our descendants and in spite of all they may do, will be miserable bankrupts.

If habit had not so completely blinded our eyes, if we for one single moment succeeded in clearing away the mist covering our common sense, we should be forced to see how utterly preposterous it is, that because one man has been industrious and saving, and others have been idle or less favoured by fortune, his descendants shall have a right to force the descendants of those others to work for them to all eternity. To all eternity, I say, because compound interest will so increase the claim, that repayment of the loan will become impossible. We sneer at those barbarians, who permitted one man to enslave another as well as his descendants for an unpaid debt. Are we any better? If there is any difference at all, it is in favour of the barbarians, for they at any rate had to feed their slaves. We have given up that obligation, which will not suit the devout believers in the saving powers of “laissez faire, laissez passer.”

A. W. Rayment, says in the *Australian Standard* of June 1889, that, given equal opportunities, all men could live by honest labour; but we could not all live by stealing and neither could we all live by exacting interest, which is but a mode of stealing. There could be no more convincing argument against George's theory that interest is a product of natural forces, for if this were true, there would be no earthly reason, why all men should not be able to live by interest, as a minority do now. Why should not the forces of nature in combination with the element of time be able to feed all men without work, as well as some? We know that this is impossible, because, as Rayment says: "Robbery is only possible on condition that there are some, who honestly labour. Increase the relative number of those who live upon theft, and you decrease in a corresponding ratio the number of those who live by their honest exertions, and whose joint efforts alone make thieving practicable. This is precisely the case with interest, yet while the machinery of the law is employed to suppress the one, it encourages the other."

Another very good remark he makes is: "when properly looked at, interest is seen to be branded with absurdity on the face of it. It is a law of mechanics that we cannot get anymore out of a machine, than is put into it; but with this machine called interest, it is assumed that by putting in a definite quantity at one end we can grind out unlimited returns at the other."

Bastiat's Theory.

The only justification of interest which will bear examina-

which Malthus and others made in regard to our own multiplication were not crossed by similar correcting influences. History also shows, that the effects of compound interest never had full play, as bankruptcy generally at some time or other took care to put a stop to the game by suppressing capital as well as interest. There is no fear of its failing to do so again, for impossibilities are impossibilities; but, as since the beginning of this century the whole power of law in orderly and peaceful communities guarantees the proceeds of the game, the bankruptcy of our civilisation will be the destructive factor, we have to depend on, unless reform takes its place in time. It would have to do so very soon, for the game is too far gone to make another doubling tolerable.

tion is the mutual service theory put forth by Bastiat. Interest, according to him, is a service rendered by the borrower to the lender for a service rendered by the lender to the borrower. This justification of interest could not be objected to, if it could be proved that interest would exist at all, if there was no other foundation for it than the difference in the value between the service rendered each other by the two parties in question, a difference, which, according to Bastiat, usually must be in favour of the lender, otherwise where would be the origin of interest which he tries to find?

Let us consider whether this will stand investigation.

What is the nature of the two services? The service rendered to the borrower consists in the advantage which the use of the loan will give him. There must be an advantage, or he would not borrow. The service rendered to the lender consists in the work of keeping up the value of the capital, which without such work would depreciate.

Which service is the greater? When we compare the value of two commodities, we cannot base our calculation on individual estimation; we must consult the market, which means the value formed by supply and demand. A starving wanderer, who at last gets into a town, would willingly pay for the bread he buys by giving its weight in gold, if he could not get it cheaper. However, he only pays one penny like anybody else, because it is not his individual estimation of the service the baker renders him, which fixes its price, but the market value of the bread on one side and of the penny on the other. The service the baker renders in our special case is infinitely greater than the one he receives, if we judge the matter from the individual point of view of both parties, but as supply and demand have determined that the bread and the penny are of the same value, only one penny is asked for and paid.

Let us now try to find the market value of the services which borrower and lender render each other. We have to consider the problem under two different suppositions: first that of absence of spurious capital, of monopoly rights and secondly, that of our present condition which allows investments in such.

Under the first supposition we shall at all times find that

the supply of capital exceeds the demand, if security against depreciation and risk can be offered by the borrower. Wherever such security cannot be given, demand may exceed supply and apparently interest will be paid for the use of capital; apparently, but not in reality, for when in the long run we analyse this so-called interest, we shall find that it is not interest proper, but premium of risk, insurance, *i.e.*, that amount which on the average will just replace the loss of capital. If twenty debtors pay each 5 per cent., and if the 21st fails and pays nothing at all, then the 5 per cent. have just covered this loss and on the average no interest but premium of risk has been obtained.

Wealth and capital generally increase and decrease together for with increasing wealth men naturally try to store more and more of it for future use, which, as we have seen, can be done in no better shape than in the form of capital. On the other hand increase of wealth is a consequence of the increase of capital. Little or no wealth therefore also means little or no capital. The less wealth there is in a community the greater the risk offered by the average borrower must be.

Interest and Wages.

Here we have got the natural explanation of the reason why in new countries high rates of interest are paid. Not, as George thinks, because land is not yet appropriated, but because risk is great, insurance high. In book I, Chap. I, he says:

“Eliminating from interest the element of insurance, and regarding only interest proper, or the return for the use of capital, is it not a general truth that interest is high where and when wages are high and low where and when wages are low? Both wages and interest have been higher in the United States than in England, in the Pacific than in the Atlantic States. Is it not a notorious fact that wherever there has been a general rise or fall in wages, there has been at the same time a similar rise or fall in interest? In California, for instance, when wages were higher than anywhere else in the world, so also was interest higher. Wages and interest have in California gone down together. When common wages were 5 dols. a day, the ordinary bankrate of

interest was 24 per cent., per annum. Now that common wages are 2 dols. or 2.50 cents a day, the ordinary bankrate is from 10 to 12 per cent."

George says "eliminating from interest the element of insurance," but he does not do it. If he did, 12 or 24 per cent. interest in California would have dwindled down to the 3 to 4 per cent., which at that period were obtainable in England on best securities. If it was otherwise, if the work of supervision of the investments—a part of the element of risk together with all the other components of that element—was not estimated as high as from 8 to 20 per cent. in this case, would not such a moveable thing as capital, so easily transferred, wherever a better investment is to be found, have quickly flowed from England to California, until the level was re-established just as a liquid flows from a full vessel into a corresponding empty one until both are filled to equal height?

The error into which George here falls arises from confounding profit and interest. He forgets that we only get at interest proper, if we deduct from the net earnings of capital, the average percentage of risk (insurance) and the wages of supervision and enterprise.

These wages follow the same laws as all others, those of supply and demand. As long as the offer of enterprising men, who took the trouble, risk and expense of going to California by those dangerous and disagreeable methods which at that time had to be resorted to, and who braved the dangers of comparative lawlessness, of knife and revolver, was less than the demand, wages were high, whether they were paid to the worker in the placers, to the shoemaker, or to the banker, charged with the supervision of capital investments. If capitalist and banker were one and the same person, these wages had to be deducted just the same, and after setting aside the risk percentage, what was left was certainly not more than the usual rate of interest obtainable at home, or rather in that country where interest was lowest, for if our capitalist came from the Eastern states, where interest was 6 per cent., he had first to deduct from this rate the local wages of superintendence and the premium of risk which would bring it down to the level of English rates. We

see now that instead of saying that wherever interest is high wages are high, George ought to have said, that wherever the wages of the labourer are high, those due to the capitalist for the work of superintendence and for his enterprise are high also and vice versa. This is the cause that in times of commercial activity wages are high when interest obtained in commercial enterprises apparently is high and that during depressions both are low. Wages of supervision and enterprise rise and fall through the same causes which raise or lower wages of common labour.

There is another cause which helps to raise the rate of interest in times of commercial activity. When business investments offer paying returns we shall find savings invest in real capital to a greater extent and in thus lessening demand in the spurious capital market, they help to force up interest proper for the time being. The opposite action forces interest down in times of depression. Instead of being a cause the rate of interest is nothing but an effect. As little as the rising of the thermometer causes heat, as little did a rise of interest ever produce a rise of wages. It would be against all rules if it did, for where one of two partners gets more, the other is bound to get less, though both together may get more than they did at a previous period. The more capital is getting of that share which rent leaves to the two partners, the less labour will get. Now we have seen that fictitious capital in reality under the name of interest is taking not only the increase of rent but a good deal more; in fact if things go on as they do, sooner or later it will take almost the whole rent. We have further seen that the very fact of this transformation of rent into interest of spurious capital, is the real cause of the lowering of wages. Does it not appear preposterous under such circumstances to talk of the joint interest of capital and labour? The general mistake of confounding fictitious and real capital fallen into even by those, who like George, make a distinction between them, is the cause of such false logic. The larger the fictitious capital, the smaller the part of labour will have to be. The larger the real capital, the better off labour will find itself, not by paying a high interest for the same, but by enjoying its use cheaper and cheaper in proportion to the quantity offered.

Before I return from this slight digression, I would add, that another great mistake of George and very many others consists in their confounding the rate of interest and the earnings of capital.

This dangerous error leads men like Leroy-Beaulieu in his "Essai sur la Repartition des Richesses" to the consolation, that the decreasing rate of interest is a sign and a cause of a more equal distribution of wealth. If he had read his Bastiat a little more attentively, he would have found the following passage, which I take from the fourth letter of this economist to Proudhon:

"In the same measure in which capital increases, interest goes down, but in such a way that the total income of capitalists increases. . . . So if interest falls from 5 to 4, from 4 to 3, from 3 to 2, this means that capital has increased from 100 to 200, from 200 to 400, from 400 to 800 and that the capitalist has increasing incomes of 5, 8, and 12."

The only objection which can be made to this calculation is that it rests far behind the real ratio of increase, which is much faster.

When wages and interest proper are both low,* this is by no means saying that labour and capital both get smaller returns, for capital increases much faster than the number of labourers and in spite of the lower rate, the relative share of capital as a whole continually increases. As the lower rate is caused by the increase of capital it is nothing but an indication of this increase and of the increasing share taken or exacted by capital. When formerly one worker and £5 of capital were needed to produce a certain amount of wealth, say £50 worth, and if the worker got £45, of these 50, capital 5, labour would have 90 per cent. capital 10 per cent of production. If progress in technical science and in the processes of manufacture have brought it about that now one worker with £500 of capital produces £100 of goods, of which

* Interest proper being low does not mean that labour gets capital cheaper, or wages could not be lower. On the contrary the interest actually paid by labour generally is high at such times, because those very causes which force down interest proper increase risk and insurance (usury interest and low wages in India and Egypt).

50 are paid in wages and 50 are profits of capital, labour will only get 50 per cent. of production, capital the other 50 per cent. The proportionate part of labour will have decreased from 90 to 50 per cent. that of capital will have increased from 10 to 50 per cent. and yet statisticians will tell you with perfect truth that wages have increased more than 10 per cent. whereas capital only realises 10 per cent. where it used to clear 100 per cent. The Beauclieus will say that workers are getting richer, whereas capitalists are growing poorer, and that the final result is "to form a society, in which positions are more equal, activity more general and yet less overflowing, in which it will be nearly impossible, to form large fortunes, difficult to acquire medium ones, and easy to obtain ease."

The descent of the rate of interest must do all this after the false capital will have disappeared, whereas under actually existing circumstances it would be hard to believe in the good faith of the man who wrote thus, was it not that the whole tribe to which he belongs is as blind as a bat to actual existing facts, spending their lives in arranging these facts to suit their theories, hard as it sometimes may be. I heard of a German professor, who, when told that certain facts did not agree with his theories replied: "So much the worse for the facts."

Interest in Primitive Society.

I now come back to the point from which I digressed.

The smaller the wealth of a community, the greater the risk incurred by loans must be and the larger the wealth the more easily will security be obtained, security for the repayment of loans.

In the former case there will be such danger in storing wealth of any kind, that its possessor will be most happy to find somebody who will take it and furnish full security for its restoration when the owner needs it. He would of course like to get more than he lends; but the danger all kind of property is subject to, is so great, that it is very improbable he will even find the security he looks for, putting interest out of the question.

A hunter in primitive society kills a deer whereas his

friends come home empty handed. He lends them part of his meat, without being able to get more meat in return, when they are in luck and he is not. He is not even sure of obtaining as much as he lends, for how can he know for certain, that the others will be able to repay him? Nevertheless he prefers to lend the meat, for he cannot keep it long himself, because it will spoil or at any rate will not remain as good as the freshly killed meat, which he hopes to get in return, will be at the time he needs it. Furthermore, if his friends are very hungry, there will be very little security for the preservation of his meat, if he should prefer to store it. They together are stronger than he is, and hunger goading them, they might be capable of taking the meat by force. We cannot make the objection that meat is wealth, but not capital, for if it has to be taken along to serve as provision during the next hunt, it must be considered as capital, just as much as the provisions which a shipowner stocks his ships with, form part of his trading capital.* To leave not a particle of doubt on this point, let us suppose that one of those primitive hunters is such a skilled hand at bowmaking, that he finds it of greater advantage, to remain at home and to make bows, which he exchanges for meat, than to kill deer himself. His bows not only procure him all the meat he wants, but even all the other comforts the community knows of. He gets furs to tapestry his cave or cabin, he has all the clothing after the latest fashion, as the richest of his people are in the habit of wearing; yet such is his skill, that he gradually gets more bows on hand, than would pro-

*I may as well say here, that I care very little for the distinctions made by economists between "wealth" and "capital." It is not only misleading in a hundred cases, but has no practical value. There is no kind of wealth, which may not be used as capital in certain cases. Socialism therefore to be logical might be forced to nationalise all wealth, and this means communism. To nationalise capital alone would bring difficulties at every step. A horse used for a pleasure ride in the morning is wealth; used for carting manure, or hired out in the afternoon, it is capital. There is only one distinction, which I think of practical value, viz., that between real and fictitious wealth, or real and fictitious capital, whichever of the two names for the same thing may be preferred.

cure him all he needs. He does not like to sit idle, but could wish to provide against old age, when he perhaps will not be able to work any more. There is no more room in his cave for further stock of bows, or any other kind of wealth that others will buy. Besides this the moisture of the cave affects his stock very unpleasantly. A great part of his time has to be spent in looking after it and cleaning and rubbing his goods one after another. In spite of this they will not be as good as when they were new and when he sells a bow customers will impose the condition of getting new ones, which finally renders the old stock worthless. Then there is the trouble about these rascally fellows of the neighbouring tribe, who have a bad habit of stealing his bows and other goods, when they get a chance, and he cannot sit in his cave day and night to watch his stock; in that case life would not be worth living. If he engages others to do it for him, it would finally take all his stock to pay them. Under these circumstances he is very glad to find members of his tribe, who propose to him to supply them with bows and to take the meat or other goods he wants for the same, whenever he needs them, be it to-morrow or years hence. There is a certain risk connected with this, for they may die, before they have repaid him; but the risk is not half as great as if he had to store his bows, till he needed the goods, they exchange for. "But," says our friend Bastiat, "we know that the lender of the bow renders a service to its borrower, which must be greater than the service rendered to him by the latter. Without the bow the hunter could not kill as many deer in a week as he can kill with it in a day and if he gives one day's booty as interest in addition to returning the bow or its value, he will not be injured, but will benefit by the bargain." There might be something in this argument, if the bowmaker was the only one capable of making bows, or if he had a monopoly of its manufacture by general consent. What he would command in this case would not be interest but royalty, against which no objection can be made, if, as is the case in our patent laws, the right of its perception is a very limited one; but no such thing takes place in our case. Our bowmaker perhaps makes a better bow than others, but for this he gets a higher price than other makers, though not much higher,

for if the difference becomes too great his competitors will take more trouble and will make as good a bow.

Any one of the hunters can either make his own bow, or get one from one of the other makers, by hunting for them a couple of days. There certainly is an advantage in having a bow, which, if a monopoly to bowmaking existed, might induce the borrowers to make great exertions to obtain one rather than go without; but there is no such monopoly, as the great advantages inherent to the use of bows are not the property of a single man or set of men, but of the whole community which inherits the property rights of this invention together with other mental achievements from the generations who inhabited this earth before them.

This is a fortunate thing for us, for nothing would have prevented our ancestors from entailing inventors, and authors' rights upon their successors to an indefinite time—to all eternity, as we little worms of a day's growth are in the habit of saying—as they did with land. There certainly would have been much more justice in the one case than in the other; for the author and inventor are the creators of the intellectual product they give to the world, whereas the first occupier of a piece of land created nothing, and even if he added improvements by his own work, he only did what others willingly would have done, if he had let them. Yet we think it perfectly natural, that for such services he should have eternal property rights for himself and his successors, whereas we should think it perfectly ridiculous to entail in this way the rights of authors and inventors. We laugh, when Mr. Graham Wallas of Oxford tells us how fortunate it was that the old whig statesmen did not hit upon the idea of entailing the rights of authors, as they did those of landlords, or we might have a duke of Shakespeare, to whom every one of us would have had to pay two or three pounds as royalty or bookrent, besides the obligation of giving the book back in an uninjured state. We laugh at this, but we think it quite natural that the rental rights of this earth, which was here before man, should belong to the successors of certain favoured individuals.

However, our forefathers did not think it expedient to entail the rights to the enjoyment of advances made in civilisa-

tion upon certain families and bow making was open to all ; the advantages which bows conferred did not belong to bow-makers but to the community. For this reason our bowmaker could not put to his credit these advantages, when he struck his bargain with the hunters. All he could advance on his side was that they could not begin hunting until they had a bow and if they had to sit down and make one first, they might die of hunger before they finished. Even this claim would not have availed with his customers, for such a case might have existed in the theory of a professor of political economy, but hardly ever in the practical life of our barbarians. Setting aside the fact, that the beginning of civilisation did not take place on the supply, demand and free market principle, but on the communistic arrangement of family life, we can certainly assume, that history does not begin with the words. " In the beginning there was the bow maker," or let us say " the capitalist." No, first there were the hunters, who used stones, cudgels or similar weapons provided by nature and it was only at a later period that the bowmaker appeared. Long before he came out as a specialist and much longer before he appeared as a capitalist, bows were made by the hunters themselves and by the time our capitalistical bowmaker came into existence every body but beginners had their bow and new bows only were needed for the latter or to replace broken ones. There was also meat enough in stock to permit bow making without starving, or if only our capitalist had it, he could not have refused to lend it to the others, unless he wanted to run the risk of unpleasant consequences, for wealth and security, want and insecurity of property always go together. The service rendered by our bowmaker to his customer, who had the privilege of paying him with the future proceeds of his work was not greater than the service a brother hunter rendered to his colleague in lending him meat for a few days to give him time to make a bow, and we have already seen, that such a service was fully compensated by the advantages the lender obtained in getting fresh meat at a period when he had better use for it, as otherwise he would have had to keep his meat and to eat it in a less perfect state. But even independently of this the other bowmakers, who were all more or less in the position of our friend, were

perfectly willing to lend out their stock, and the quantity of stock being greater than the need of it, they would have bid each other down until bows were lent at terms only just preferable to self-storage. The demand for bows exceeding the stock might have had an influence in raising their price but not in creating interest. Before any body would have made such a ruinous bargain, as borrowing on interest on the average is always bound to be, he would have made his own bow, and if we assume such poverty that there was no leisure for bow-making, there would have been such an increase of risk in the storage of bows that the higher value of the service rendered to the lender would have compensated the higher value of the service rendered by him to the borrower.

There is a law of natural compensation, which we may formulate thus: "The wealth of a community—the absence of monopolies being presupposed—bears a direct relation to the security it offers to storage of capital, and an inverse relation to the requirement of capital by workers. Thus, the services rendered to each other by borrowers and lenders will always preserve the same relation."

Interest in civilised communities.

This principle remains the same, whether a bow is the highest form capital can take or whether it changes into the gun, the magazine rifle, etc.

The needle made of a fishbone may change into that made of steel, and the sewing machine may take the place of the common needle. The law remains the same. When bows are needed very soon more bows will be made than the day's want requires, if there is no artificial obstacle to prevent it. The same will be the case when the bow has changed into the gun, the needle into the sewing machine. We might formulate another law expressing these facts. "New tools or machines never come into use except when technical progress has advanced far enough to ensure their production on a scale sufficient to supply the demand."

If there were no artificial obstacles every worker in our day could save enough wealth within a couple of years to supply that share of capital which he needs if he wants to work with the best tools and machines.

Of course I do not mean that each worker would be able to buy for himself alone a steam engine and all the machines his special trade requires, when our improved methods require that one engine supplies work for a thousand workers and that each worker only attends to a special machine, but that he can earn enough to pay for his personal share in a co-operative shop fitted up with all the modern machinery and improvements.

If we do not count the land, which will only be obtained on lease, we can safely assume that £250 would suffice to pay for the average capital required for each worker as his part in an average factory fitted up with the best improvements, and £250 more for a comfortable little house of his own with furniture and household goods. We shall see in the next chapter that a workman would be able to save this amount in less than five years, if the present obstacles in the way of production were put out of the way. Let us assume five years as the outside figure and twenty-five years as the average time a man would like to work, before he retires, we shall then find each worker in the position of saving capital enough to supply five beginners, whereas only one will have to be supplied. During twenty of the twenty-five years he will accumulate wealth and try to turn it into capital as the best means of preserving it with least loss, but he will look in vain for borrowers urgently needing it. The new beginners will after a few years not only repay their debts but will soon look out for chances of investment themselves. Under such circumstances the laws of supply and demand will have their usual effect; instead of borrowers paying interest, the excess of capital looking for investment will make it possible to obtain capital without paying interest.* The borrower might even be able to get pay for his work of preserving capital from depreciation, if there was not one way to avoid this sacrifice. This way is offered by the state,

* The power of habit, the influence of surroundings is so strong, that thinkers like Henry George even cannot shake them off. After hearing all the proofs I gave him against the survival of interest to land nationalization, he said, that he could not see how it could ever come to pass, that a tailor would just as well sell a coat on ten years credit as for cash. It did not avail anything

which is the only party capable of furnishing chances of secure investment to capitalists without making these pay for them, because she alone has got at her disposal an inexhaustible field of investments paying interest, (if we can call it so) in reality paying rent.

Capital can make blooming fields out of deserts by paying labour to irrigate and manure them. Capital can pump the sea water from the Zuyder Zee and give its soil back to cultivation, which peopled it in past ages. Capital can lay rails on every road, to enable farmers and manufacturers to do their hauling with less than half the work. Capital can bridge rivers and channels, can tunnel cities and connect distant countries by cables. Capital can bring the water from the mountain side into the teeming city, making it supply with water power innumerable mills on the way. Capital can do all this and a great deal more, by enabling labour to devote its strength to such enterprises, which only pay in future times, feeding it with the stored wealth of the present and the past in the meantime. All such enterprises increase the productivity of labour and enable the state to levy a tribute from labour for the new advantages offered, a tribute which hardly deserves such a name, as labour is richly repaid by the increased earnings afforded through the facilities offered. But why could not private capital embark in such investments? It can; nobody hinders it and it will, but it does not get any more by it, than if it is deposited in the state bank without interest. This does not seem very clear and yet it is very simple. All enterprises of this kind are impossible without making use of land, and the land belongs to the state.

The state leases no land, no monopoly right of any nature, without getting the full letting value of it, the full rent. When private capital has claimed the bottom of the Zuyder Zee, the state will collect the rent from the reclaimed land just as if it had been there from all eternity. All it will do

that I explained how the tailor would be very willing to make such a bargain if on the one hand he had saved enough to feel certain that he had no use for the money during the next ten years, and if on the other his customer offered perfect security for the payment of the debt.

will be to deduct improvement expenses, viz., the cost of pumping, including a certain reward for supervision and enterprise.

Our artificial obstacle, once taken out of the way, capital will increase in a measure of which we can form no idea. Just conceive every worker in the land as saving only £100 of real capital every year—a saving of 1,000 millions in a single year, and such saving and probably three times as much going on year after year, to be consumed only after 25 years, when other workers will step in to do the further savings. All this capital will be trying to find investment, will look out for great enterprises likely to offer it. The effect will be that the better of these enterprises will be so sought after, that the remuneration of capital finally cheapens down to good wages of enterprise, which means that some of these investments will swallow more capital than will be got out of them, when the rent claims of the state are satisfied, and others will bring a profit. On the average none of them will have paid more than the wages of supervision, as the profits of enterprise will be balanced by the the losses of enterprise. A Panama Canal may be built on a charter, which after paying to the state a certain tonnage as rent, leaves so little for the repayment of the capital, that a thousand years will elapse before it is paid back, because the cost of construction greatly exceeded the estimate on which capitalists based their hopes, when they made their offers of rent in the competition with other capitalists, so that actual loss to living capitalists and to generations of their descendants is the consequence. Other enterprises, again, may leave a good profit, because the bidders by some special knowledge of management were enabled to make a great saving in the costs of construction, which after outbidding their competitors allowed them a large surplus. These profits will be wages of enterprise, which are balanced by minus wages of enterprise, by losses like those of the Panama enterprise, or even if they are not, they will not be taken from the pockets of anybody, because they are fairly earned by superior skill, which enabled the lucky parties in question to earn something beyond the point to which the general competition of capital had pressed down profits,—i.e. simple payment of wages

Rothschilds, Vanderbilts, etc., are richer than their ancestors were, without any law of entail. This is quite natural. Let us put down the fortune of the English Rothschild at 100 millions, his interest income at 3 millions, his expenses at 100,000. The fortune will have trebled in one generation, and as rich families mostly have very few children the increase generally will overbalance the diminishing effect of division by inheritance.—Thus, especially if we add the effect of fortunes added by marriage, we can safely assume that as a rule the sons of such men will be richer than their fathers, even if they have not got any capacities for business at all. All they have to do, is to adhere to the family tradition telling them to make no investments but in good securities, which means in false capital—and to avoid risky enterprises, which means investments in real capital. This state of things will be completely changed with the disappearance of spurious capital. The founder of a large fortune may be lucky enough in his ventures always to hit the winning side; but it is very unlikely that his son will be as fortunate and that at the end of his life he will not find that he would have acted much more wisely if he had deposited his capital in the state bank, instead of trying investments in enterprises, in which only great foresight and keen calculation will bring profit and where the lack of these qualities is sure to entail losses.

There are two parties who are bound to be on the winning side in all such operations: the state and the workers. All such enterprises raise rent and increase the income of the community. They furthermore give greater facilities to labour and thus raise wages.

Trusts no more Dangerous:

But could not capital unite in immense trusts and similar combinations and by thus levying blackmail on the community obtain interest in the shape of profits?

There are two kinds of trusts, those based upon the possession of monopolies and those without such a foundation. It is only the first kind which can be considered to be on a firm footing even under the present system.

If all the owners of leadmines in the world or those in a single country the laws of which exclude competition of foreign

leadmines, by erecting artificial barriers, called custom houses against them, if all these combine, they can levy a certain amount of blackmail on the consumers by raising the prices of their products. All they will have done in this case is to raise rent of soil containing lead beyond that natural limit which the law of rent is tracing. This law says that the rent of leadmines is the profit obtained in mining lead after paying the usual wages of labour, supervision and enterprise, as well as the current rate of interest, adding of course the premium of risk, *i.e.*, insurance. It is only another way of expressing Riccardo's law, which gives us as rent the profit obtained over that gained in the poorest leadveins worked, for they would not be worked, if labour and capital did not get the same remuneration they get in other departments of work. I prefer my way of expressing the law, because the expression "poorest" may mislead, as capable of being only applied to the quality of the mine, whereas means of access, security of working and transportation form elements which Riccardo certainly intended to include in his quality definition.

If so called economists of the Carey type had understood him in this sense, they would have saved themselves and the world the infliction of volumes of verbiage about the mistakes of Riccardo. What is it, if it be true, as Carey and Rodbertus proved, that it is very often the poorest land, which is cultivated first? That it is not the rich soil of the lower lands, but the more barren soil of the hills which is first taken up? It simply proves, that the poorer quality of the hillsoil was compensated by other advantages, which made it appear more desirable than the richer bottoms. Supposing that the work of felling trees in the bottoms was so hard, that the denuded hills were preferred, or that the fevers of the valleys drove the settlers to the healthier hills, did not the superior advantages of the higher soil form part of the qualification "good," just as much as its chemical components? Any doubt, which might possibly remain in Riccardo's way of expressing himself, disappears in mine. When the first bottomlands were worked, and hill lands began to leave a margin of rent to their owners, it was not because these were richer land in the current sense of the word, but because labour and capital were able to earn a surplus beyond the lowest reward at

which they were willing to go to work, a limit just about attained by those working the bottomlands, or they would not have begun doing so. This definition rids us of all those ambiguities caused by the word "poor." It saves us the trouble of explaining, why a very poor leadmine in England will bring rent, when a very rich one in the Amazon Valley will not be worked at all, though it could be had rent free. Labour and capital in the first place will get their accustomed remuneration and still leave a surplus, whereas in the valley of the Amazon, dangers of all sorts and difficulty of transportation might cause great loss to capital, after labour has been duly—which means more highly than in England—rewarded, and of course would leave the getting of rent completely out of the question.

Combinations based on monopolies may get a higher price than could be obtained, if capital and labour could have free access to natural opportunities, *i.e.*, if everybody was free to go mining, where he liked. Supply and demand in the latter case would take care that the price of lead always corresponded to the cost of labour and capital necessary to get lead from the poorest mine (poor in the sense indicated) which pays working.

It is different when rich and poor mines are in the hands of combining monopolists. They may artificially raise prices beyond a point at which a limit is reached, when the decrease of sales through the diminution of consumption caused by the high prices counterbalances the advantage obtained by their means.

These kind of trusts will be rendered impossible when the state owns the mines. The increased price obtainable for lead would bring higher offers of rent for leadmines from parties outside of the combination. The rent paid by the combining capitalists would be raised in proportion to the higher price they are getting and they would have no benefit from their operations. All the profit would flow into the pockets of the community. The second class of trusts in most, if not in all, cases obtains a temporary success only where protective laws render competition from abroad impossible. In this way they may in a certain sense be included in the first class, as state monopoly partakes of the

nature of rent of natural opportunities; but we may suppose them internationally organised, as they sometimes are in exceptional cases where protective duties do not offer a sufficient barrier. I have to explain how the reformed state of things would prevent both kinds of combinations or in any case take from them the power of levying blackmail.

We can raise the level of a river by building dams across its bed and along its shores where the banks are not high enough by nature. We can never raise the level of the sea, even if we built as many dams as we like. The volume of water is too large to be affected by such trifles. The artificial obstacles with which our system of ownership has been drying up the stream of capital, destroying it by ruinous competition with its consequences of bankruptcies and destructive liquidations, or worse yet, preventing its formation by enforcing idleness on willing workers, has the effect of reducing the volume of real capital or rather of keeping it far below the limit it might acquire if left alone. The more quickly false capital increases the more slowly will the volume of the real article grow. How different this will be, when land-nationalisation will have put a dam across and along the bed of the stream of false capital. The liberated workers, now enjoying the full benefit of their productive powers, which are rapidly increasing with technical improvements and a better organisation of production and exchange, as a free result of natural developement, not of unnatural interference, will have their savings increase from year to year until they form so immense a volume, that it will appear like the sea as compared with a river when looked at by the side of to-day's real capital. Trusts may succeed in temporarily damming the river of present production, they never can dam the sea of that in reformed times, or if they do they will not be able to effect a perceptible rise of level.

Free labour and free capital will be eagerly watching any opportunity where higher wages or some extra profit can be obtained. The very moment that a combination will have succeeded in raising ever so slightly the profits of capital in any department of production, competitive enterprises will start up on all sides and by underbidding the combined producers soon will get all the trade, breaking the trust and

forcing it to sell with loss, until the natural increase of consumption will have made work enough for the old, as well as for the new producers. The loss will not affect the latter, for their ranks will mostly consist of workers employing their own capital, either singly or organised in co-operative societies, the latter having gone into this branch because the exceptional circumstances promised better profit than elsewhere. Their risk was small, for even if in the long run their capital did not bring any profit beyond paying for its deterioration, they work on their own account and could easily compete with labour paid by capitalists, so that if overproduction in that special branch finally forced part of the producers into temporary idleness, it would not be *their* factories which would have to be closed, but those of the combined capitalists, especially as the consuming public would at equal terms rather patronise those who had protected it against the conspiracy, than the conspirators.

The workers employed by the conspiring capitalists would not be any losers either, for they would easily find employment in other departments. There could be no want of work, such as we are used to to-day, because in the absence of all obstacles the level of the labour market could never be appreciably disturbed. A stowage at one point would immediately cause an outflow to another. The void caused by the workers attracted through the chances created by the combination would afford corresponding vacancies for the workers thrown out by the break-down of the combining factories. The foolish capitalists, who own these would be the only losers by their attempt to blackmail the consumer.

I have now shown, that in the absence of monopolies, with full freedom of production and consumption interest would be a thing of the past, and that without such artificial props it would have never even existed. I do not mean to say that we should not have had, or continue to have something bearing the same name and apparently the same thing; but when we look closer we shall find that what we call interest in reality is nothing else but the rate of insurance paid for the preservation of capital, not interest proper. Instead of being like this a tribute exacted from labour, it is nothing but an equalisation of risks, a balancing of losses.

Interest and Rent.

We shall now have to investigate the interest question from the point of view of the second supposition, under which the relations between lenders and borrowers have to be investigated, that of private ownership of land and other monopolies. I need not go minutely into this aspect of the question. It is that of the world we live in and I have presented it before. I have shown that every thing changes completely, the moment capital can find investments of the nature here indicated, or rather to express the exact case, the moment wealth can buy land or monopolies, which enable their possessor to exact tributes from the workers. As soon as wealth will be able to buy land—the strongest foundation any monopoly could have, as men cannot get along without land—wealth will not change into real capital, unless the borrower is willing not only to give as good a security as the possession of land affords—an excellent security, as land cannot be carried away by any body—and furthermore to pay a tribute, at least as high as that to be obtained through the possession of land. The rate of interest of real capital will not be below the rate of rent, adding the average rate at which rent increases, as well as the premium of risk, *i.e.*, insurance.

All declamations against the injustice of interest will avail nothing, as long as the firm root it possesses in rent continues to feed it. When the canonical laws, which forbade it, were most powerful, in the middle ages, they had a very simple way of getting round it. The borrower transferred some land which he owned to his creditor, who collected the rent from it, until the debt was repaid, when the land was retransferred to its former owner.

All the objections made against interest apply with much greater force to private rent. R. G. Sillar finds the principal objection against interest in the fact that the receiver of interest gets a certainty while the user of the capital is subject to all the uncertainties of human enterprise. He says :

“ It is not just to make a fixed charge for profits out of gross proceeds, and this you will easily understand by a familiar example. A is the owner of a hen sitting on a dozen eggs, and employs B to feed and attend to her. Justice is satisfied

if B should be paid a fixed sum for his services or that in lieu thereof he should receive one half of the resulting brood; but no one would argue that it is equity for the owner A to bargain that B shall in 3 weeks, deliver to him six chickens, eggs hatched or not hatched. You will observe that in the event of the eggs being addled from any cause, there are no chickens to divide, and the capitalist cannot justly receive any return from his capital."

Does not the same objection attach to rent? Are we not familiar with cases where the tenant has been ruined, while the landlord has fattened on the rent extorted from him in spite of its not having been earned? Rent receivers are at a certainty just like interest receivers; rentpayers are at an uncertainty just like interest payers.

The dangers of compound interest are also presented by rent. What prevents the receiver of rent from investing it in new land purchases? Is it not done every day? Freehold after freehold gets into the possession of the large landowners and just as we see capital gathering in a few hands with ever increasing volume, like an avalanche in its descent, so we see acre after acre accumulating in the hands of the land-cormorants until whole countries once inhabited by a free race of independant peasants come into the hands of a few thousand men, the number of whom is continually diminishing, as the bigger vultures swallow the smaller ones. The free peasants become dependant tenants or agricultural labourers, if there is labour for them. If, as is always the more usual tendency, their services are not needed, a few shepherds or deerkeepers supplying the place of hundreds of ploughmen, they will crowd the labour market of towns, sharpen the already too sharp competition for working opportunities, crowding other workers out of their employments, becoming blacklegs, defeating strikers for a better living, or finally themselves crowded out of this world in which there was no room for them, because sheep and deer wanted it.

George's Greatest Error.

George has come very near the truth in the 4th chapter of book 43. His definition of the nature of spurious capital could hardly be improved; but he does not see that the interest of

spurious capital, which he abominates as another form of rent, is the only source from which the interest of real capital springs, without which the latter would be bound to disappear. As a rose will smell sweet by any other name so will interest in any shape and under any name be a deadly enemy of labour and of humanity in general, the deadly hell flame destructively darting through the paradise which God gave us back again since the millions of iron slaves took away the curse of labour. This flame, which if we do not extinguish it in time through land-nationalisation or even Socialism,—if we prefer this unpleasant and more dangerous fire engine to the soft and refreshing rain which the other remedy will call down will work such havoc of destruction as the world has never seen before.

An illustration from everyday life will prove better than anything else how impossible it is to separate the two kinds of interest, as far as their practical effects are concerned and how little we can attack the one as an enemy of labour while at the same time defending the other as its friend. A farmer purchases agricultural implements, cattle and seed to stock his farm with. He owes the money to the merchant, as he has not got the means to pay. Of course he pays interest, real interest, if ever there was any. This interest is perfectly legitimate according to Henry George. The farmer is benefited, not hurt. It is not he, who has to earn the interest, but the productive forces of nature with the element of time. Granted for argument's sake. Let us now further suppose that our merchant asks the farmer to allow him to make an entry of his debt into the public records, where land-mortgages are entered. Has the nature of the transaction been changed by this entry? Certainly not. The cattle do not lose any flesh by it; the machines do not work less efficiently. The capital is the same as it was before, the interest, according to George, must be just as much a product of nature as before. Yet in spite of all that the nature of the debt has changed completely. It was a real capital debt before; it is one of fictitious or spurious capital now, for mortgages are nothing but another form of landownership; their interest is nothing but disguised rent. George agrees with me in this. The real nature of the transaction now is that for real capital handed to him by

the merchant the farmer sells to the merchant a certain amount of false capital: land. Instead of paying him interest he in reality pays him rent. To me this makes no difference, for interest and rent are in my eyes of the same nature; they are tributes paid by labour to a master. It is different with George. Interest is a legitimate earning of capital; rent, whether so called or disguised under the name of interest due on spurious capital, is an unjustifiable blackmail, if paid to private parties, as they have not a shadow of a right to the land for which it is paid, this land belonging to the community. So this simple precaution of entering the debt in the mortgage-records in order to insure it against the risks of human vicissitudes, has changed the whole nature of the transaction? What was a legitimate claim becomes an exaction for which no terms can be found strong enough? To-morrow the mortgage is cancelled, the debt becoming an ordinary debt as before; immediately what was blackmail to-day becomes a legitimate remuneration to-morrow. What to-day has to be squeezed from the sweat of labour, making a slave of the farmer, who had to pay it, to-morrow becomes a product of natural forces and the element of time, handed over to its legitimate owner by the farmer who collected it for him? Is not this a sufficient proof of the evident fact that interest in any shape or form grows on the same tree, called slavery, which as long as interest exists has only changed the name of its fruits according to the requirements of civilisation? Does a foetida smell better if called a rose? If he will well ponder on these facts and act accordingly, the great American teacher will find his fight against existing abuses much easier. A reformer cannot prosper without the full truth. Lies are bound to blunt his sword.

Mis-leading Power of Deductive Reasoning.

Henry George presents one of the most striking examples of the defects inherent in many of that class of thinkers who work on the deductive system. They are so strongly convinced of the truth underlying their fundamental theory that contrary facts are either put aside, or so distorted that their own mother would not recognise them, in order to make them fit the pet doctrine. The truer this theory the stronger will

be the distorting or suppressing propensity. I have shown in the first chapter, how the strength of the great truth underlying the principle of free individual development without state interference blinded individualists to most patent facts clearly visible and recognisable to any unbiassed eye. I have shown the source of their errors to consist in the circumstance that they entirely lost sight of the fact that we can have no free development of individual powers, as long as natural opportunities, without which the free exercise of these powers is impossible, are monopolised by a minority.

A most interesting example of the magical power with which deductive reasoning from a great truth leads its adepts into overlooking the most simple and evident facts, when these facts do not agree with the one-sided and incomplete picture which the dominating truth takes in their minds, has just been supplied to me by a circular issued by an English individualist, Mr. Auberon Herbert in connection with of a new weekly he desires to start.

In one passage of this circular Mr. Herbert says: "We shall insist upon the fundamental right of each individual to direct his own life in such fashion as seems right to himself, provided only that he does not aggress upon the equal rights of others." This does not at all interfere with his saying later on: "We shall be democratic in a true sense as opposed to all forms of privilege; we shall be conservative in a true sense as defending property against all attacks." This is certainly a most striking proof of the wonderful power possessed by deductive reasoning based on imperfect foundations in waiving aside inconvenient facts which it meets with on the way!

A clear-sighted man becomes perfectly blind to the plain and simple fact that private ownership of mother earth is a privilege as undemocratic as any in this world and that such a privilege cannot be exercised without aggressing upon the equal rights of others. How are 38 millions of Englishmen, Scotsmen or Irishmen to direct their own lives in such fashion as seems right to themselves, if a few thousand of their fellow-citizens own the soil of their country with the right to use or misuse it, as they see fit? Suppose these men take the fancy to change Great Britain into a deer park, as

a foreigner Mr. Winans has been doing with a part of Scotland running from sea to sea, and suppose a general fashion quite the reverse of that of former times, when Englishmen went to America for a good hunt, growing corn on their English lands, set in, what would ensue? Nay, what do we now actually find? Americans using British land as a hunting ground, while Englishmen, Scotsmen and Irishmen grow corn on American soil! Suppose such use of existing rights, and suppose a general eviction of the 38 million inhabitants of the United Kingdom, how are these 38 million to direct their own life in such fashion as seems right to themselves? It seems right to them to stay at home, to remain on the land their forefathers shed their blood for, on that beloved English land of theirs. They want to plough and sow it, to exercise their industry on it, as their fathers had done before them. It seems right to them, just as it once seemed right to 15,000 hard-working Scottish crofters to remain on their native soil and to continue to work it with the sweat of their brows, as untold generations had done before them; but how can they direct their lives in such a fashion, if the legal owners of the English soil will not let them; if they treat them as the Duchess of Sutherland treated those poor Scottish peasants, whom she ordered to be driven off from her land to die in misery, to emigrate or to do whatever they saw fit to do in this beautiful world of "laissez faire" and "the devil take the hindmost"?

Oh, my individualistic Hon. Mr. Herbert, let me tell you, that such individualism of sons of lords and large landowners who want to be "conservatives in a true sense, as defending property against all attacks," of course including property of land of the Sutherland type, let me tell you that such individualism is not of the material required for building forts against the attacks of that terrible giant "Socialism" and that conservatives of your stamp are the most dangerous revolutionists or even anarchists. Do you really believe that in this almost twentieth century of ours brave Anglo-Saxons, the descendants of one of the freest tribes of the great Teutonic family, fully impregnated with the cravings for liberty and independence their ancestors once possessed, who at last after centuries of subjection to the domination of a

landowning minority, the descendants of a foreign nation of conquerors, have come to know their rights and their power of enforcing them either by law or by force, do you believe that such people are to be humbugged any longer with this kind of logic and so-called conservatism? Start your individualistic papers; spread them in millions of copies; preach, with the tongues of angels, that the old prison walls of landlordism, which keep men from the paradise around them, are to be kept protected against all attacks, but that to make up for it in some other way, you will set your individualistic face against any kind of interference with their right to get along as well as they can in their prison, against the interference of all those who want to bring them the food which your walls prevent them from getting by their own free exertions. Tell them all this and be sure that, when Most and his friends have once secured their victory, they will give to such as you the highest medal of the anarchist's State, to show their appreciation of the services you have rendered them.

Enough of this. May the reader excuse me that I have allowed sarcasm to take possession of me for a moment. I was in need of it to get over the feeling of disgust with which social reformers of this type always inspire me. And yet they are not bad men. I have no doubt they are sincere in their way. They are the living proofs of the magic power inherent in great truths manipulated by deductive reasoners who have not first investigated whether their premises really are correct, whether the base of their logic is built on the full truth and nothing but the truth, a foundation without which no lasting success is possible. It does not matter to me, that the single tax men following Henry George's lead already number hundreds of thousands. If numbers were a proof, socialists would be far ahead in truth and old school economists further still. If the great idea we are fighting for has so many followers, even though it yet be mixed with dangerous heresies, what must be its conquering power if its great leader, by trying the inductive method for once, by reasoning from real facts, totally different from those imaginary ones he deduced from incomplete theories, will find his way to the comprehension of the true relations existing between land and capital, rent and interest, and between

both and the *problem of commercial depressions*, which are *nothing else but another name for the great social problem*.

The Best Remedy.

I now come to the conclusion of this chapter, in which I have tried to show that the remedy for the evils we are suffering under is to be found in the restoration of mother earth to all its children, in its redemption from the hands of monopolists, who are now basing their rent and interest privileges, which are at the bottom of the great labour problem, upon their unjust monopoly rights. I have shown how I reached this conclusion in a totally different way from the great American leader of land nationalisers, or, as they prefer to call themselves, single tax men. It must greatly strengthen the conviction of its truth if such completely diverging ways finally arrive at the same goal. After having shown how social necessity compels us to abolish private land-ownership, with what feeling of satisfaction do we find that the remedy does not consist in artificial decoctions, disgusting to the palate and poisonous in their nature, but in the exercise of natural rights, in our strict conformation to perennial laws, to justice and the commands of humanity and religion. Of course there are other remedies as well, but they are more or less in contradiction to natural rights and principles.

Socialism.

Socialism is one of these remedies. I agree with Stuart Mill that all the objections against it, or even against communism would appear like a hair in the scale, if on the other hand the conservation of the present state of things without reform had to be taken into consideration. Fortunately we are not in this dilemma. We do not need to burn a house to roast a pig; we can preserve the treasure of free individualism, without keeping the dangers it brought us into, through never carrying it out to the full extent of its principles, through being foolish enough to exempt natural opportunities from the objects of free competition while we gave monopolies of them to a favoured minority.

I may be and I even am convinced of the fact, that socialistic principles will obtain to a much greater extent, than

they do even now, when in individualistic England socialist principles are reigning to an extent, realized by few observers. I recommend those who doubt this to read "*Socialism in England*" by Sidney Webb. Among other important facts he adduces to show the advance of English socialism, I only mention that already 31 municipalities own their own tramway lines, comprising a quarter of the whole mileage of the kingdom. Only eight of these lines are leased. The future may bring us great extensions of these and other kinds of public undertakings. Principles like those, which Herbert V. Mills puts forth in "*Poverty and the State or Work for the Unemployed*" may be carried into practice. The present English poor-law system presents such a terrible ulcer on the body of the State, that a reform like that which Mills proposes ought to be taken in hand at once, without waiting for the effects of land reform, which cannot be felt immediately to their full effect. There is nothing in Mills' plan which appears to me impracticable. To set paupers to work to produce all they need would, it is true, create a kind of socialist state in the state; but as long as socialism is not forced on those who want to be free workers, I do not see what harm it can do. There are plenty of people, who, though willing and capable of work, have not got the capacity of administration even as far as is needed for the disposal of their labour in the market. Mills mentions the example of a good and capable gardener in one of the Beggar colonies of Holland who did excellent work when he was under the government of the colony, which provided work for him, attended to his personal needs and left nothing to his own free will; but he became a worthless tramp as soon as he was released. There are plenty of men like him and in fact I find that those who denounce socialism are too apt to judge the masses by themselves. People who give lectures, write books, or influence public opinion in any way, generally possess a certain amount of energetic individualism. To submit to the government and management of others in regard to the disposal of the work they are to do seems to them an unbearable hardship. Even George prefers the present world without reform to the socialist's world without the

stimulating power of competition, in which, as we have seen, he entirely differs from Stuart Mill.

Though accustomed to abstraction, George in this instance is forsaken by his capacity and when he wrote these words in the *Standard*, man for him had taken the figure and colouring of that special specimen gifted with such great energy and such wonderful powers, called "Henry George." Let him look around in this world, especially on this older continent of ours and he will find it inhabited by quite a different set of people. Does he really think, that it makes such a wonderful difference to the workman of one of our factories whether the master is called individual enterprise or state? I think, we may safely say, that to 90 per cent of our European population free individualism is nothing but a well sounding word and even if they understood its meaning they would not understand its practical value. The daily routine of hard spirit killing work has left little of that higher feeling, which stimulates more elevated natures to accomplish the higher tasks humanity has shown itself capable of. "Stitch, stitch, stitch," goes on from morning till night, as in Hood's wonderful poem, and to make both ends meet, takes up the thoughts of the leisure hours. Free individualism indeed! Whatever there is of it in such people is soon crushed out by the Juggernaut car of daily drudgery from which they try in vain to save their limbs and souls, happy at last even if there is found room for them under the car. Let all progress stop and only give them a just share of what could be produced by present means of production, employing all the unemployed and doing away with the waste in the trades, in commerce, in military pageant and drone life, etc., can there be any question but that they would be much better off than to-day, even if the state officials were as hard task-masters as those appointed by the laws of supply and demand?

I would go so far as to say, that Herbert Mills' plan might be extended so as to embrace all those who are out of work or who through inclination prefer to work without thought for the morrow, leaving to a paternal government the care of attending to the management of work and to the distribution of wealth. Results would show whether the tendency of future development was in the direction of socialism or in-

dividualism; whether material prosperity and better education would make more independent beings out of drudges and with the growth of independent feeling would make them prefer to shift for themselves; or whether the disappearance of want with its ennobling effects on human character would succeed in so subduing human selfishness, that mankind would find it more advantageous to drop all the waste inherent to the best system of individual production and exchange by living like one great family. Perhaps it would adopt the system even to-day practised in the real family (extended to a greater circle, sometimes even numbering almost a hundred individuals in the Zadruga, the Slavonian family community) a system best described in that formula of one of the socialist schools: Every one according to his capacity and to every one according to his needs.

Even partial socialism may succeed in doing away with the most pressing of present evils. If the *German Imperial manifesto*, which has just appeared, as I am writing this book, could succeed in establishing universal regulations about working hours, prohibition of children's and married women's labour, fixing of minimum wages, etc., it might in this unnatural way arrive at the desirable end of doing away with the army of the unemployed, and thus, with this principal bar removed, the rise of wages might continue until labour was getting the just reward of its exertions, which would only be, when it got the full value of its product. The army of the unemployed, that immense reservoir of blacklegism, which no picketing will be able to close, because hunger is more powerful than all the threats of Unions, offers an unsurmountable barrier to the lasting success of strikes under present circumstances. This army once disposed of, whether it be by Imperial legislation, or by "black death," workers have it in their own power to raise their wages to the utmost limit. The scarcity of labour caused by the black death in the fourteenth century raised wages to such a degree, that laws were made for the purpose of limiting them.

Do Higher Wages raise the Prices of Commodities?

In the next chapter we shall see how ridiculous that objection is, which we daily meet with, when this question

of higher wages is treated, that higher prices would so much decrease the purchasing power of wages, that the gain to workers would only be an imaginary one. In this place I only want to point to the fact, that wages do not form the only component of the price of products. According to different estimates they do not exceed one fifth of the retail price of goods. Rent, interest, waste of all kinds take almost the whole balance. The part paid to wages of enterprise and supervision is so small, that we hardly need to take it into consideration. Prices therefore need not necessarily rise with a rise of wages, if the part of labour is increased from that of the other partners in the distribution of the product. It is certain, that the lion's share taken up by waste, mostly in the mercantile department, could be materially reduced and the saving thus obtained could by itself at least double the present share of labour, without increasing the price of goods. Under present circumstances rent and interest of spurious capital would get the saving made in this way. The consumption of merchants and shopkeepers, diminishing with the decrease of their numbers, without being replaced by a corresponding increase of consumption of landlords and capitalists would lessen the opportunities for work. The labour displaced from unproductive departments could not only find no occupation in productive ones, but even workers in these would have to be dismissed, because of the decrease of consumption. Waste, as I have shown already, performs the office of a leech drawing off some of the superfluous blood of the social body and thus putting off the danger of a stroke of apoplexy.

It will be different, if labour is enabled, to take up the share saved by a reduction of waste. The consumption of workers would so increase, that the superfluous hands crowded out of commercial occupations would find plenty of work in productive enterprises.

But what would prevent rent and its child interest from monopolising all the savings obtained in other departments even after such laws are passed? They do so now, why will they not continue to do so? They will not, because there are two ways of killing a parasite: one by taking away its food, the other by having another parasite feed upon its

body. The first, natural way would be land nationalisation, which by taking rent, and thus stopping interest exaction, starves the parasite monopoly. The other way sets parasite against parasite, monopoly against monopoly. Against the monopoly of rent secured by law, labour gets the monopoly of maximum hours of labour, reduction of competing hands, perhaps also minimum wages, etc. All these monopolies would procure to labour the power to strike for higher wages before it goes to work and the holders of the other monopolies would have to yield and be forced to sacrifice their blackmailing power to a certain extent. Theoretically we might think, that the owners of natural opportunities are the stronger in the fight, as they can get along without labour, *i.e.*, without any other labour than their own, whereas labour can do nothing without natural opportunities. Theoretically this is no doubt true, but not in actual life, where those men whose monopolies are the cause of our misery, the large landlords and capitalists, will not dream of working the natural opportunities they hold, by their own labour. Even if their laziness and want of practice or knowledge would let them, they could never satisfy more than a fraction of all those manifold wants to which they are subject, and if it were a question of starving out, it certainly would not be their effeminate bodies, which could hold out longest. Even if they had laid in a large stock of all the necessities of life, they are so much used to the services of their fellowmen, that the absence of these would soon be more painful to them than actual want would be to the workers. They cannot get along without work and if artificial labour-laws created a monopoly enabling labour to hold out for better terms, their own monopoly would have to yield.

This is in accordance with the so called iron law of wages, which restricts wages to the means of existence necessitated by the standard of life.

If the law artificially raises the standard of life, rent and interest will have to be satisfied with a smaller share.

It would not be the employers of labour who would be the sufferers, as far as they work themselves. Wages of supervision would rise with other wages, as they do now, for higher wages mean increased consumption and production

and, of course, a greater demand for work of organisation and supervision. There can be nothing more foolish than for employers as a body to protest against higher wages. Of course a single employer, a set of employers, and, in some cases, even all the employers of a single country might be losers, if they had to raise wages; but there can be no doubt that a general rise of wages would be advantageous to all employers in the world. Even if such a rise were restricted to a single country, it would be of advantage, for even supposing it was necessary to shut out the competition of cheap labour by protective laws, what is all international commerce, if compared with the home trade, as it could be, if we only willed it? If the United Kingdom, great as its international commerce is, would restrict itself to a simple exchange against those products which her own people cannot create by their own labour, viz., tea, coffee, spices and tropical products in general, and would put a Chinese wall around the country, prohibiting all importation of anything else, foolish as such proceedings would be, by which all those immense advantages of international division of work are given up, her people would be immensely happier and more prosperous than to-day, provided the breaking down of our present artificial obstacles, or, in case the false and roundabout way of such state socialism as the Imperial manifest points to, should be preferred, if labour laws forced up wages to such a height, that there was nothing left for monopolistic millionaires. In a very short time we would see a rich and happy land filled with happy and contented agriculturalists, producing food of all kinds in abundance for the whole nation, and flourishing manufacturing establishments providing all the necessities and luxuries of life, not for a wasteful minority, but for the whole people. The British Islands could maintain a much greater population than they possess, without having to import a bushel of corn.

We see now, that even by the artificial way of socialism or that of a more mitigated state interference an important reform could be carried through; but this method of procedure is a thoroughly unnatural one, and here we find the cause of the enormous difficulties all such plans will have to fight against. The teachings of the great economic school

started by the French Physiocrats and by Adam Smith, strengthened by the analogous current of thought in the department of science, which showed natural development and evolution to be the agencies gradually bringing about the great changes in this world, have created a strong objection in the minds of leading spirits against any unnatural interference with economic laws.

It will be much easier to make them understand, that these economic laws could not operate, as they ought to have done, by showing them that liberty is a goddess, who does not brook any half service, but will only pour out her blessings, when fully obeyed—and this cannot be done, as long as we monopolise natural opportunities—they will easier understand this, than believe in increasing state interference. Though an emperor stands at the head of the movement, and though his bold lead reflects the greatest credit on him, I believe that it will not be carried to success. I believe that the easy and natural way, which land nationalisers are showing, will much sooner find general acceptance.

A French quack was selling patent medicines to a gaping crowd. He had just succeeded in selling a powder which according to his promises never failed in killing those diminutive animals, which to our great disgust have at the same time chosen our bodies for their gymnastical exercises and for their dinner table. The peasant, who had bought the powder wanted to know how it was to be applied, after he had paid for it. "You take ze flea with ze left hand between ze thumb and ze middle finger," explained the quack, "and you take one of ze powders with ze right hand. Now you tickle his throat until ze beast laughs, which makes he open ze mouth. Quickly you put in ze powder and he will die immediately." "But if I have got the flea, I can smash it with my finger-nails," interposed the customer. "You can do zat, if you prefer it," impertubably replied the quack.

I think, that the natural way of killing the parasite which infests the social body by simply catching and killing it is greatly preferable to the insertion into his throat of patent medicines, in which some of our best meaning men believe. State interference is a poison and though in certain cases even a poisonous medicine may be preferable to none at all,

cutting off the fountain of the disease by getting nature to act will always be better.

Nature will act, if we only let her. She is a bountiful mother, at whose breasts every human being will find plenty of food, if we do not deny him access by unnatural laws. Natural law knows nothing of private landownership. There cannot be any ethical, moral or natural foundation for property rights of this kind.*

Arguments against Land Nationalisation.

The *Nineteenth Century* of February 1890, offered the sad spectacle of a man, who had done great things for the progress of his kind, prostituting his mental powers by trying to prove that there was no such natural right as that of common landownership. Professor T. H. Huxley with all his brilliant rhetoric about the natural rights of tigers to eat Hindoos and of hunters to kill tigers, could not

*William A. Phillips in "Labour, Land and Law" a search for the missing wealth of the working poor. (New York, Scribner) gives an excellent illustration of what we call *property*, by beginning his book with the following tale:—

"It is related that a certain Eastern potentate fell into the impecunious condition, common to many of his predecessors, and set his wits to work to devise a remedy. A farmer of imposts who had often aided him, in this dilemma came to his rescue. He offered him sixty thousand toman's for all the winds that should ever blow over Cashmere. The monarch at first affected to be staggered at the proposition. He was unable to find anything in precedents to warrant it, but although a believer in the doctrine that whatever is is right, he was forced to admit that a monarch may introduce useful innovations. Of course, it was assumed that he was the supreme owner and disposer of all things in his dominions, not only for his own brief, erratic span of life, but for all time, and so he came to the conclusion that, as everything in the world has been sold which could be sold, there was no good reason why the winds, unstable though they might be, should be exempted, if a purchaser could be found. After a proper amount of preliminary haggling a sale was made and the transaction legalized by all that signatures, seals and parchment could do for it.

Before the public had fairly got over laughing at the absurdity of this novel bargain, the owner of the wind issued a proclamation forbidding all persons in Cashmere from using his wind to turn their windmills, winnow their corn, propel their vessels, or employ

arrive at a better conclusion than that there existed no natural right but the right of the strongest, an argument, we might safely accept, for after all it is only another way of saying, that the majority of men, whenever they are stronger than the minority, which monopolises the ownership of the earth—which they always are, when they only know their power—have a natural right to dispossess the minority. Never mind in which way we look at it, no amount of sophistry has ever been successful in proving, that some men have got a right to live and others have not, even if both are equally well fitted for the battle of life. Furthermore, no amount of sophistry can prove, that life without access to the earth, and its fruits is possible, from which it logically follows, that those who own the land can prevent those who do not from living on this earth, unless they accept the landlords' terms unconditionally.

But this was not the worst argument Professor Huxley brought against land-nationalisation. He says that if the earth belongs to all men, then every Chinaman has just as good a right to the English soil as Englishmen, which he thinks a most conclusive argument against land-nationalisation.

At its best this argument maintains nothing but the principle that if we cannot right a wrong altogether we had

it in any other manner, until they had first entered into agreements with him and obtained leases for the various localities, covenanting to pay certain amounts for the privilege. Then the laughing turned to lamentation. The monarch met the torrent of petitions and complaints by affecting to deplore the circumstance. He could not foresee, of course, all that had occurred, but his sacred word was involved. Rulers of that type are usually very particular about their sacred word. Driven to desperation, the inhabitants contributed the amount that had been paid for the wind and tendered it to the sovereign so that this unheard of transaction could be cancelled.

The matter was not to be so easily arranged. The owner of the winds of Cashmere would not think of such a thing. He had acquired a vested right in them. Since it had become purchaseable the wind had greatly risen, in price at least. Wind stocks were on an upward market. The owner insisted that his title was good. He did not claim it merely by his right of discovery of the commercial value of the wind, or that he had been the first to preempt this privilege, but he had fairly bought it from the representative

better continue it rather than to do away with part of it. Improvement is out of the question because we cannot get perfection. We get hold of a robber, but our conscience will not allow us to take away his booty, because we cannot get at all those whom he robbed. Surely this is almost as bad as Mr. Auberon Herbert's argument that if the land belonged to all men, only the whole body of humanity without a dissenting voice has a right to dispose of it. If a single man has no right to own land, the majority has not got any either, which means that landlords are not to be disturbed, because we cannot get them to join their vote with that of the other rightful owners. Mr. Herbert as a shareholder of a limited stock Company no doubt will contest the right of the meeting of stockholders to dismiss unfaithful servants, because not all the stockholders are represented, or because the vote of the accused dissents.

of government, and declared that his title was begirt, and founded on all that was sacred in law or the theory of eminent domain and supreme authority. It would be altogether unfair to ask him to surrender this valuable privilege for anything less than what it might bring him in case he should be allowed to keep it. The proposition of the people was merely a bald scheme of robbery. It was subversive of all property rights ; was socialistic, agrarian and revolutionary ; and to force him to accept of a price so inadequate would strike a fatal blow at the best interests of society and undermine the whole fabric on which the rights of property rested.

This reasoning was, of course, entirely conclusive to the monarch, who was undoubtedly the confederate of the farmer of imposts, but, as human endurance can only be stretched to certain limits, it was agreed between them that a fair price for the wind, at that date, would be ten times what was originally paid for it. This amount was finally raised by a long suffering people, who merely exacted a promise from the commercial monarch that he would never sell the wind again, but permit it in God's providence to blow over them free and unrestricted as of yore."

How ridiculous this story appears, to all of us and yet there are millions, among them many teachers of political economy, who laugh at us, when we oppose ourselves to private ownership of land, as if land was less a part of creation than the wind and as if men could live better without it. The fact is, we might get along without the wind, but we could never live a second without the land.

How does Mr. Huxley know, that we would strike such a bad bargain if we had a mutual agreement with Chinamen, to own our lands jointly, which means that the ground rents collected by the two states would be divided equally among the inhabitants of the two countries? It is nothing but a division of ground rents, for the only way to enjoy a common property of this kind is not to divide it into equal parts, which is impossible, but to rent it out to the highest bidders for the common benefit. A hundred stockholders owning a factory do not divide it between themselves, but they rent it out to the highest bidder and divide the proceeds, if they do not prefer the usual plan on a socialist basis of working it jointly. According to the excellent book of my friend Eugene G. Simon—who in his “*Cité chinoise*” gives an excellent description of China, which he saw, as few Europeans have seen it, when as French consul he lived and travelled there for many years—the land values of China are so high, that if we compared them with those of Great Britain and Ireland acre for acre it is more than questionable if the balance would not be in favour of China, so that a partnership of the kind supposed by Mr. Huxley would benefit us more than the Chinese, who probably would be the losers by it. The time may come when human progress will have abolished boundary lines and when a citizen of the world will be at home where-ever he goes, enjoying equal rights everywhere. In that day perhaps the great congress of nations may have the task of establishing a world’s clearing house for rent of land in the different countries, in which the total of rents collected by each national division will be divided among the different nations according to the number of inhabitants, so that each citizen of the world will get his equal share of the rent realised for the common earth. But until then we shall have to content ourselves with having got as far as to have accomplished unity on a national basis, as immense a progress from the unity of the tribe and tribe ownership as was the tribe from that of the family, and family ownership. We must be content if we accomplish land nationalisation on a national basis, until some day perhaps we may reach world ownership, *mundanisation*

In the Slavonic principalities of the lower Danube we have

yet numerous examples of family landownership, (Zadruga) the family consisting of several generations. In Russia we have the (Mir) the ownership of the commune. In different countries we have extended communal property of land as a remnant of a system, which formerly seems to have been universal. Even though their way of administering the common property requires great reforms and has many drawbacks, immense advantages are accruing to the communities concerned—accruing even from this imperfect and antiquated system. If, instead of entirely doing away with the great principle underlying it, our forefathers had contented themselves with the improvement of the system of administering the common property, the world would be a good deal further advanced in civilisation than it is now.

I have dwelt a little longer than the subject warranted on Mr. Huxley's arguments, for it must be very instructive to see what kind of defence landlordism is finding, even among a class of men for the most part highly qualified by natural talent and by study of a varied nature to do the best for their client that an advocate could be expected to do. And these are really the best arguments offered by the antagonists of land reform. There is no need to enter into the weaker sophistries, which they advance. There is no excuse for them, but the natural influence of interest, of friendship and other powerful links attaching such people to the present state of things and blinding their otherwise clear reasoning powers. If it was not for this, it would hardly be possible to find among the other arguments of Mr. Huxley one brought against the principal foundation of our theories, the limited quantity of land. He has the courage to reply that the fruits of land are limited as well as land itself, in spite of the undisputable fact that the fruits of land can be multiplied to an almost unlimited extent, whereas land cannot be multiplied at all.

The fruits can, land cannot be increased.

Again, take his objections to the theory that man can only have a right to the improvement his labour accomplishes, not to the raw material of the earth. The two, he urges, cannot be separated, for instance, in the case of a watchmaker, as if the royalty paid for the iron, the coal, the gold, and other

raw materials contained in required for the production of the watch did not pay for these raw materials. If these outlays are deducted we find that only the property in the improvement remains as the real net creation of labour and nothing more.

It would be impossible to explain on other suppositions, how honourable men possessed of common sense, like Mr. Scott-Moffat, could write defences of landlordism like those answered by me in a symposium on the land question, which appeared in the "People's Rights' Journal" of '89, in answer to a paper by that gentleman. I here quote the passage:

"There is something so infinitely enjoyable in his definition of the functions of ownership. It is so correct, too. You can see that immediately, when you take, for instance, Mr. Winans, the American, who owns a part of Scotland from sea to sea. First, 'to guard the land against intrusion'—of the cultivator; 'to maintain the right of the owner or his representative to its fruits'—driving away the original owners of the soil, the people who cultivated it for many centuries, who fought for their country's glory on many battle fields, to Canada, Australia, or the United States! Secondly, 'to procure and maintain (drive away and starve) tenants capable of cultivating it to advantage!' Thirdly, 'to maintain or improve the condition of the land'—changing it back into the original desert, to afford a hunting ground for idlers. Formerly, these went to the American West to shoot deer. Now the Scottish cultivator goes there, and his fields are turned into western wilds so that the Americans can hunt here. "Whether directly, or by agreement with the tenants.'—For form of agreement see Sutherland clearances. Instead of 'agreement with' read also 'with the rent paid by the tenants.' It is equally refreshing to read about the excess of rent being due to the high cost of food, at a time when rents are too high because wheat is cheap."

When we turn from such trash to the powerful arguments of men like Henry George, Herbert Spencer,* A. Russell

*The irrefutable logical conclusions presented by Herbert Spencer in his "Social Statics" will not lose anything of their power, even if their author in later years has chosen fit to deny them. If

Wallace, Charles Wicksteed and others, we are reminded of the fight men like Stevenson and Morse had to sustain against the scientific and technical authorities of their time, proving with irrefutable arguments why the inventions of these great men were thoroughly impracticable. We laugh at such things now and so will our children when in the full enjoyment of land-nationalisation, they read of those arguments once brought forward against the great reform. They will produce the same effect on them as it produces on us, when we read of the impossibility of running trains on rails by steam power, because the axles would melt and the rails be turned into glowing firebands from the heat produced by the trains. Yet this was proved by Dr. Lips, a German scholar in 1833, four years after the first English steamhorse was running its regular course. He equally proved that our breathing organs could not stand the rapid motion.

Pythagoras had repudiated the mathematical proofs connected with his name, it would never have taken away a particle from their scientific force, unless he could have shown where the error came in. This Mr. Spencer never did; he only found it inconvenient to stand by the practical conclusions, to separate which from his theoretical premises proved an impossible task even for a man of his powers.

In the January number of the *Nineteenth Century* he says :

“It remains to add that beyond the deductions which, as we have seen, are verified by vast assemblages of inductions, there may be drawn other deductions not thus verified, deductions drawn from the same data, but which have no relevant experiences to say yes or no to them. Such deductions may be valid or invalid; and I believe that in my first work, written forty years ago and long since withdrawn from circulation, there are some invalid deductions.”

In a letter written to the *Times* in November '89, he specifies the points in which his deductions about land-nationalisation, according to his views, are not verified by inductions. Taking the land without compensation seems to him out of the question, being downright robbery. On the other hand, he cannot see how the landlords can be bought out without having the interest charge take the place of the rental charge, thus leaving no advantage to the nation, and he cannot see that state management would be better than landlord rule. I have not got the letter before me, but if I remember correctly these were his ideas. I shall show in the last chapter that compensation is possible without a permanent interest charge

The Bavarian minister, Abel, said at about the same time in reference to railroad building: "If England wants to ruin herself, we must let her do so; for us Germans there is no reason to imitate this folly." The celebrated French scholar Arago, proved that it might perhaps be possible to transport men by rail; but that certainly steam-cars never would do to carry heavy freight. The extract from the *Quarterly Review* of 1819, which can be seen in the Kensington Museum, is well known, in which a scientific authority makes fun of railroads as of impracticable dreams. And a great many more of these irrefutable proofs of authorities could be added. I only mention one of the latest, the great scientist Faraday's prediction, that the piercing of the Suez Canal would cause a deluge of all the countries bordering on the Mediterranean.

It is not the purpose of this book to produce all the arguments in favour of common ownership of land, a task which has been fulfilled better than I could do it. I only want to add a new line of arguments to those already given. I want to show that private land monopoly is at the bottom of all monopoly rights existing under the name of spurious capital and of all the forms of tribute unjustly exacted from labour, whether they are called rent, interest, taxes, or otherwise. I want to show that to private land-ownership we owe the existence of the modern social problem of diminishing working opportunities and deepening commercial depressions, but from completely different causes than those given by other land reformers. They only saw the superficial effects of the present system, speculation driving labour from the land to

on the nation, and if it can thus be proved, that it is possible to get the land back for the nation without despoiling present owners, and obtain a revenue of over 150 million for the people, which to-day go into private pockets, if we can make rent serve as a means of relieving the people of all other taxes and rates, instead of being the source of all misery, by forming the nucleus of those unconsumed interest avalanches, which threaten to destroy our civilisation, if this can be proved, it would be a matter of indifference, if it were true, which it is not, that the state or the municipalities could not manage the land better than landlords. Herbert Spencer will perhaps live to see inductions verify his irrefutable deductions.

swell the industrial crowds in towns and to add increasing violence to their battle for life. I have tried to strengthen the position of land reformers by showing how much more powerful the effect of our proposals is bound to be, when we prove that the indirect effects of land-nationalisation through its influence on interest of capital will be much more powerful than the direct ones seen by most land reformers. Most, not all, for though the real cause of depressions has not been understood by any one of them, the relation of rent and interest is to a certain extent seen by some, for instance by Mr. Charles Wicksteed, whose book "The Land for the People," which I have just seen for the first time, is by far the best work of this kind, I have met with. I shall yet have occasion to refer to it in the chapter treating of the practical question how to obtain and to manage the land for the people. Books like these and especially like "Progress and Poverty" have to be read by any one who feels interested in the greatest problem of our time, of all times. Mine cannot pretend to take their place. All I want, is to give a supplement, which I thought was urgently needed to attain a full understanding of the great problem and to facilitate the way to its solution.

