CHAPTER IV.

The Effects of the Remedy.

The effects of the great reform are best divided into two kinds. 1. Direct and 2. Indirect effects.

I do not intend to spend much time on the first kind. Henry George and others have done that better than I could. They have shown how labour is driven from the land through landlordism crowding our towns with that immense reserve-army of the unemployed, which presses upon wages and renders almost impossible any efforts of organised labour to better its condition by its own exertion. They have shown how impossible it is for any other system to secure the land to those who want to work it by their own hands, how futile all the efforts of those well meaning philanthropists are bound to be, who believe in that phantom, called *peasant-proprietorship*.

Peasant-Proprietors.

If any further proofs of this are required we have them in the latest discoveries published by our friend Albert Toubeau. In his excellent book "Le proletariat agricole en France depuis, 1789" he effectually dispels the deep rooted *illusions about the French peasant-proprietor*. He shows that it is only one more of many myths of this kind, when we hear of the soil of France as being owned by peasant-proprietors, and another, when we hear of the exceptional well-being of these peasant-proprietors.

He sets before us an extract from official documents, showing that, setting aside the large farms of 200 hectares on the average, the owners of which do not cultivate the soil with their own hands, and only counting those where the owner guides the plough himself, *not more than one tenth, say one tenth of the soil of France is owned by peasant-proprietors.* Leroy-Beaulieu has to confess in the very book by which he

tries to show the gradual equalisation of wealth that 50.9 *per cent. of the French territory is worked by tenants.* If we add to this forests, heath, mountains, lakes and rivers, towns and factories, if we further add the large farms worked by their owner, either through superintendents or even by personal supervision, but without actual manual work, we arrive at Toubeau's figures. R. Meyer and H. Ardent in "La question agraire," Paris '87, say that the territory owned by great proprietors has increased since 1889, and landlordism has become harder and more unlimited in its rights than it has ever been since the Roman occupation. Rothschild alone owns 200,000 hectares. In his book, "La reforme agraire, et la misere en France," Fernand Maurice arrives at the same results as Toubeau. He shows that 8·6 million landowners own not more than 2,574,589 hectares, not more than 5·9 per cent. of the whole territory, that in consequence they do not own much more than an acre each on the average.

Mortgages.

Karl Preser in "Die Erhaltung des Bauernstands" (Leipzig 84), estimates at 20,000 *million francs the total of the mortgage debt resting upon the French soil in* 1876, of which four-fifths fall upon the small proprietors, every hectare of whose property is indebted for 1,200 francs on the average. As the rate of interest of mortgages can safely be taken as double the rate at which economic rent in its relation to the value of the land will amount to, we arrive at the result that in the country, which is usually given as the paradise of the peasant proprietor, on the average this fortunate peasant proprietor does not own the rental value of his land which really is owned by capitalistic mortgage holders. Instead of improving this state of things is getting worse from year to year. In 1882 alone the credit foncier increased his mortgage loans by adding 400 millions to his bonds. According to Toubeau the mortgages entered officially, which will by no means give us a correct idea of the real debt, amounted to 8,854 millions in 1820, to 11,232 in 1832, to 12,308 in 1840, and to 16,000 in 1868. More than 200,000 of the houses in which these happy French peasant proprietors

live have not got a single window, the door being the only opening of the house.

It is everywhere the same, wherever free trade in land, the ideal of English Liberals, is reigning. In one single year, from 1886 to '87, mortgage indebtedness increased 624,161,840 Mark in Germany on agricultural land alone, not counting the towns, from which only 40,100,101 have to be deducted for mortgages paid back.

A. H. Heath, entrusted with labour statistics for the State of Michigan, gives the mortgages of his State as being estimated at 129,229,553 dollars. An agricultural paper gives the increase of mortgage indebtedness as exceeding 50 millions a year in the State of Ohio alone. An article in the *New York Times* names ten western states, the real estate of which at a low estimate is burdened with mortgages to the amount of 3,422 millions, one quarter of the nominal value. The rate of interest being very high in these States it is easy to estimate how soon the ownership of the rental right will have completely passed from the hands of the nominal proprietor into those of the capitalist owning the mortgage.

In Austro-Hungary mortgage indebtedness increased 1,500 million florins between 1870 and '80

It is a great pity, that the old Grecian system of erecting stone tablets on each estate showing the indebtedness is no more in use. The greatest part of our civilised countries would present the appearance of immense churchyards, on the tombstones of which could be read, "Here lies in peaceful deathrest, what once was a free community of independent peasant-proprietors. The coffin has been manufactured in the workshops of Capitalism."

A good deal of nonsense about free trade in land, peasant-proprietorship, etc., would be done away with. We have only to read history, to find on every page how peasant-proprietorship has always been the forerunner of the *Latifundia*-system. Free trade, free inheritance, and free indebtedness of land, finally always result in the big fish swallowing the small with increasing rapidity.

Capital at Compound Interest increases faster than Land Values.

I do not intend further to enlarge on this subject of direct

and indirect *latifundiæ*, direct, as represented by those immense estates with which English readers are familiar enough, indirect as found in the existence of an immense spurious capital consisting of mortgages, bonds, etc. Neither do I intend to waste time on the question of the unearned increment, which George and others have handled so well. I only wish to point out, that even here the direct effects of land-ownership have to give way to the indirect ones. The increase of capital placed at compound interest in secure investments is faster than that of land values, even if the rental incomes are taken into consideration. I can prove it for the United States, and if it is true in a country with such enormous increase of land-values, it certainly cannot be denied in other less fortunate parts of the world.

The German statistician Neumann-Spallart gives the increase of national wealth of the United States between 1810 and 1880 as from 1,500 to 43,642 million dollars. As in 1880 half of this wealth consisted of land (in reality it was more than half, as Neumann-Spallart based his calculation on the low estimates of unoccupied land, which do not usually reach more than half their market price), we may suppose that the same proportion held good in 1810. We thus have a twenty-nine fold increase in 70 years. Capital would have obtained about the same increase in this time, if invested at 5 per cent. Would capital have brought 5 per cent. beyond the rental incomes of land during this period? I think it would have brought more, for the following reasons: 1. The greatest part of the land did not bear any rent at all during this time. 2. The rate of interest of rental incomes in the United States is much lower than that of capital secured by mortgages, for the value of land arises from the capitalisation of rent at the market rate of interest of such investments. In the estimate of this rate, the prospective increase of value is taken into account, and we thus arrive at a very low rate of rent, if the rate of prospective rise is a very high one. Supposing 10 per cent. to have been the average rate of mortgages (it was even higher), and 5 per cent. the rate of increase, the remaining 5 per cent. or 20 years purchase would be the rate of capitalisation of rents; land would have brought 5 per cent rent

on its value, where it could be let at all, whereas capital brought ten.

When we come to investigate the question more closely, we shall be brought to the conclusion that after all it could not be otherwise. As interest is the offspring of rent, so interest must keep apace with rent; but not only with rent proper, but with the profits obtained through the unearned increment added, for capital will not invest in any other shape unless it can obtain at least as much as it gets from land investments. I say "at least as much" for the honour usually connected with land investments, helps to reduce a little the rate of interest obtained through such investments as compared with that reaped in other departments. It is quite natural therefore that capital invested anywhere expects to increase as much as it would if invested in land values and for this reason compound interest must secure at least as large an increase as land investments. It is only as the base of all secure income-bearing investments that land is also responsible for the booty taken by interest.

The Protean shapes of land and fictitious capital, of rent and interest, two names for the same thing, are the cause of most of the misunderstanding reigning in this field. It is true, that land and real capital are essentially different and so are rent and real interest; but the vendibility of land has created a new economic factor, called land-values. Land and land-values are so intimately connected in our habits of thinking that most people are not able to separate them.

Land is the substance of the globe we inhabit; it is a tangible concrete object continually before our eyes, always in direct or indirect contact with our body. Land-values are the estimates of how much wealth land will exchange for in the market and as in this capacity they are playing exactly the same part which any of the real kinds of wealth are performing, they cease to be commercially distinguishable much as they may differ in their economic nature. They are only fictitious or spurious wealth, but their exchange value is the same as that of real wealth. The same relation holds good between rent and interest. Economically they are two completely different things. Rent is the hire exacted for and, interest is the hire exacted for wealth, *i.e.*, for goods of

any kind, *i.e.*, for any joint product of man's and nature's labour But though economically different they become identical in practical life, wherever land has become a saleable commodity. Whereever land as fictitious wealth is exchangeable against real wealth, the hire of land is bound to become identical in its effects with the hire of wealth and rent as spurious interest, with real interest, or rather *vice versa*, as it was the spurious mother which gave birth to the real child.

This practical identity of the real and the fictitious, as far as economic and social effects are concerned, is the cause, that the unearned increment and the increase of capital through compound interest are very much the same thing described in other words. It is true, that there are cases, in which the unearned increment reaches a point which accumulation through compound interest could not have reached in the same period. There are small areas of this globe, where the increase of population has been so much greater than in others, that the hiring value of the ground has increased enormously in certain periods. In New York, Chicago, or other growing western cities, in Berlin, especially since it became the capital of the new German Empire, rent and land values have increased more than a thousand fold in certain localities within the last 30 years. Such exceptional cases can just as little be allowed to influence general rules as exceptional commercial profits of a few lucky speculators can influence the average profits of a nation. It is easy to see that as a rule the results of compound interest accumulation must be at least on a level with those due to the unearned increment. We have only to remember that even at the lowest rate of interest obtainable in the market for secure investments, we get such immense sums through the operation of the interest-law that all the wealth of the world could not keep pace with it. Impossibilities are impossibilities, and therefore those sums cannot be reached either in actual wealth, or in spurious wealth, for even spurious wealth cannot rise beyond certain limits. It is bound to keep some relation to the actual wealth against which it is exchangeable. In the present state of things when land as a saleable commodity is the base of our economic system and the fertile

mother of many other kinds of spurious wealth, the proportion of the real wealth to the spurious is continually diminishing, or rather, to express the relation more in accordance with the actual facts, the proportion of the spurious wealth to the real is continually increasing, with the advance to civilization.

Mutual Relations of Real and Spurious Wealth.

When man yet lived in the primitive state, when land was common property, and when each worker owned the full property of what his labour produced, there was no spurious wealth; all wealth was real, what little there was of it. It would have remained so, if land had remained common property. No monopoly rights of any kind giving a permanent right of levying blackmail from workers would have come into existence. With increasing wealth the rental rights accruing to the community from the lease of the common patrimony would have increased in proportion and would have made the state the greatest capitalist, fully able to undertake all those great enterprises of transportation, irrigation, water-supply, &c., which under different circumstances became such prolific sources of spurious wealth. But land was privately appropriated and fictitious capital was born.

As long as the community was poor, as long as workers hardly earned enough to make a living, even if they owned the full product of their labour, there was not much chance for fictitious capital, which can only exist where the worker can afford to give away part of the product, being as we have seen, nothing else but a capitalisation, or market value of the privilege of confiscating a part of the product of labour. It was only when wealth advanced beyond a certain point that spurious capital made its appearance, at first mostly in the shape of land and slave-values.

It bore a very small proportion to the real capital; but as the real capital increased faster and faster, the part which could be squeezed from labour increased in a much more rapid manner, every increase of wealth, as we well know, not increasing the share of the labourer in proportion to the growth in value of his product; but on the contrary giving a continually increasing share to idlers. Spurious wealth

being nothing but a capitalisation of this share, was thus bound to increase in a faster proportion than real wealth.

In the machine age the advance made by spurious wealth over the real made rapid strides. I estimate the proportion of the two as one against two, *i.e.*, one part of real capital to two of fictitious, so far as progressive countries, like Germany, England, France and the United States are concerned. It is immaterial what are the components of the spurious wealth of a country, whether they be slaves, land and transportation-values, or public-debts, etc., and what proportion they bear to each other. When public-debts take the lion's share, as in England and France, land-values are smaller where there are few public-debts, there is more room for other kinds of fictitious wealth. Labour is spoiled just the same as in other countries having large debts; only instead of levying the blackmail through the taxgatherer in the shape of interest on bonds, it is done in the form of rent through the landlord, or of interest through the mortgagee, as in the United States, for instance, where land values form a proportionately greater share of spurious wealth.

Though spurious wealth forms a continually increasing part of the total of national wealth, it can never rise beyond those limits, which are traced by the "fleeceability" of labour. Successful combinations of labour, or state-laws limiting the number of working hours or the number of workers, or fixing minimum wages, may limit that fleeceability, may even reduce it and by thus changing the relation of real and fictitious wealth in favour of the former, may constitute real reforms, though the way be an unnatural one and not half as good as the natural destruction of spurious wealth through the resumption of the land by the state. Unlimited "laissez faire" in every economical department, in the free exploitation of labour as well as in trade in land and natural opportunities—a free trade without which the other unlimited freedom would do no harm would be a blessing—may increase the fleeceability of labour to such a degree, that millions are driven to slow starvation, which would be hastened if a humanitarian age had not provided poor-laws, forcing the owners of fictitious capital to lengthen the starva-

tion process, thus putting a few weak trammels on the increase of their wealth.

But even did such laws not exist there is a limit to exploitation of labour, the limit of nature. A man must eat, if ever so little, to be able to work, and in spite of machines we cannot quite get along without human workers. There is a limit to the blackmail obtainable and therefore to the market-value of blackmailing rights, in other words of fictitious wealth. Beyond this limit it cannot increase; the law of compound interest must become inoperative at this point. This is the reason why such mathematical results as the immense wealth obtained by the capitalisation of a penny since the time of Christ remain only theoretical playthings of no practical value. Bankruptcy of the debtor is the limiting point at which compound interest multiplications will have to stop. The inability to pay more rent is the limit and the only limit to the rise of rent, to the increase of the unearned increment, and as rent forms the greatest part of spurious interest, we here find the limit of compound interest multiplications.

The one great difference between *spurious and real interest*, its child, is that the point, at which the limit of the multiplication is reached, is arrived at much sooner by the child than by the mother and that where spurious interest only has to slacken its progress, the real dies altogether with the real wealth from which it is obtained. The bankruptcy of the real-wealth-user generally entails a destruction, or at least a depreciation of wealth, whereas that of the "tributee" of fictitious wealth in most cases leaves the value of the wealth in question untouched and unharmed.

A machine will soon lose its value after it has gone out of use, whereas land rather improves if let alone for a time and if one tenant is ruined another steps into his shoes, or if one taxpayer becomes a bankrupt and can no more pay his taxes, others will do so in his place and the value of the government-bond the interest of which is paid by the taxes is not impaired thereby. The natural consequences of this state of things are that real capital very rarely accumulates in the hands of the same family by means of its own power of increase through interest. The ever increasing danger,

caused by the accumulation of fictitious wealth in the hands of a few families, in most cases attaches itself to real wealth and ruins its owners, whereas spurious wealth, being protected by the whole power of the state and based on the indestructability of land and the impossibility of living without it, not only enables its owners to maintain their position, but to crystallise the flying splinters of destroyed real fortunes around the indestructible nucleus of monopoly and thus to continually intensify the causes of ruin. It is not only the relative increase of spurious wealth, which offers an ever deepening danger to our civilisation, but it is the fact that these increasing fortunes by their very nature must always condense in fewer and fewer hands, which renders the impending danger so imminent. I say "by their very nature" for the working of the compound interest force resembles that which causes larger cosmic bodies to attract and incorporate smaller ones.

Smaller fortunes are subject to the disintegrating force of division by inheritance, want of caution, or prodigality of heirs; fortunes like those of the Rothschilds do not need entail to keep from dissipation. Interest has an accumulating power exceeding that of all these disintegrating forces.

In one generation such a fortune will increase three or four fold, whereas on the average such rich people only have two or three children, so that in spite of division each successor is bound to become richer than his father. The greatest waste will not prevent it, for what does it matter if a Vanderbilt spends 200,000 dollars for an evening party, a waste, compared with which the lavishness of a Lucullus or a Crassus dwindles into nothing, and of which the whole press spoke in tones of amazement? It is nothing but the income of half a week. The greatest stupidity will not be in the way, if only the family traditions are observed, of not investing in real wealth, but always sticking to fictitious capital. If the children of real capitalists do that, the whole power of the State will take care of the preservation and multiplication of their fortunes; the whole activity of the community will be at work to accumulatate for them. Let labourers starve, let the gaunt figures of misery and death stride about and make fearful havoc among the working population, it will not

matter, their fortunes are bound to increase. Mathematics will fight for them. Though the self-increase of interest cannot take place indefinitely and though bankruptcy will have to put a stop to it finally, this destructive force will first disintegrate the smaller capitals, especially the real ones, before it finally reaches the larger spurious fortunes in the general crash. They are like a powerful tree, growing on a limited piece of ground large enough when the tree was small but getting more insufficient as it grows in size. Its powerful vitality makes it suck from the soil all the nutriment there is in it, so that all other vegetation round it has to die; but finally it, too, will be destroyed by the very strength of its assimilating powers and vital growth.

We have seen now, how the unearned increment is nothing but one of the roots of the capitalistic tree, one of the feeders by which the vital power of compound interest is sucking the lifeblood out of the social body and that it is impossible to get a real perception of the true nature of the economical process going on before our eyes, as long as the real relations between rent and interest, between land and capital are not understood. If George, in spite of his deficiency in this respect has been able to gain such a great number of adherants in the United States, as well as in Great Britain and her colonies, it is to be ascribed to the fact that in these countries the direct effects of land monopoly are so distinct and clear, that his powerful eloquence could easily make his followers tide over the more complicated and seemingly less important and urgent problems of capital and interest. It is different on the European continent, and land-nationalisation would never have made any headway, if it had not been possible to show up the errors of the great American leader and to approach the fort landlordism from another side, from that of capitalism based on landlordism.

Urgent Political Reforms.

Land robbery forms such a prominent feature in American social problems, that it is no wonder that Socialists are few when compared with George's single tax-men. It is different on the continent of Europe. In Germany the Socialist vote at the last elections amounted to 1,420,000,

thus proving socialists the strongest German party, which would have elected 80 members, if a correct system of representation existed, if representation was given in proportion to the total of votes in the country, not according to accidental results in single constituiencies. Under the present electoral system a party could have a two thirds majority in any one of the modern states, if the total of votes were considered and yet only get one third of the representatives. It would be different if the minorities got the right of representation now denied to them, which could be done by summing up the total of votes polled by each party, and awarding a representative to each fraction of votes corresponding to the figure obtained by dividing the total of all votes given with the number of representatives to be elected. Of course those representatives of each party would be declared elected, who polled the greatest number of votes of the party's candidates, even if in their constituency the antagonist had polled a heavier vote. I have taken occasion to point out the necessity of a reform in this direction, for every political reform, which gives us a better expression of the people's wishes, has a social importance. As we cannot hope to obtain reform from the classes, who, though they may be better educated, have always made use of their power to press forward their own claims and to obtain privileges for themselves, we have to do all in our power to avoid falsifying public opinion by artificial hindrances. For this reason I also think, that the referendum is one of the reforms most urgently required in all our constitutional governments. It is a reform, which would make it impossible for a parliamentary majority elected in a moment of public delusion and no longer representing the real wishes of the people, to pass measures hostile to the majority of the nation. In Switzerland, the only country possessing the referendum, such a proceeding is impossible, for a certain number of citizens can always demand that a law be submitted to the vote of the whole nation, before it becomes definitive. The referendum may sometimes have vetoed a law, which had better been adopted, but it will not do to make laws in advance of public opinion. It is always best to wait till the people have been educated up to them.

Indirect Effects of Land-Nationalisation most Important.

Though Socialists are not numerous in England as yet, they are making rapid headway, and no real social reform has any chance, which does not reckon with them. Hence it is of great importance even in England, that land nationalisation should fight its way with weapons forged of the steel of real truth. If false alloys are mixed in, they will break at the first fight with a worthy antagonist. Henry George had the best occasion to find this out in the debate he had with the Socialist, Mr. Hyndman, in the summer of 1889. In the opinion of impartial judges it was certainly our own leader who came off second best. It was no use advancing the theory that when labour could get hold of the land, it would cease to press into the towns, competing for industrial situations and forcing down wages, one of Henry George's favourite arguments. Mr. Hydnman had only to show that naked labour without the help of capital could not compete with capital even in agriculture, and therefore could not pay as high rents as capital; that much less could it hold its own against capital in manufactures, where unaided labour becomes more powerless from day to day. It was no wonder the socialist could not see how taxing away rent and relieving labour of other taxes would solve such fundamental difficulties. Henry George could not answer, in the only way in which a satisfactory answer was possible, by showing how the privileges of capital in one form follow those in another, how the capital to which Mr. Hyndman and his friends attach such importance: real capital would be freely accessible to labour, as soon as its dangerous enemy, spurious capital, fell with private landownership. Henry George could not give such an answer; because, though he was very near the truth in the fourth chapter of his third book, which treats of spurious capital, he did not see the whole cat—to use a favourite expression of his friends—and by maintaining the right of capital to claim interest, he undermined the whole of his position in a hopeless manner.

It is human nature to judge of the whole by its parts. As people very often base their judgments of national character on the personal character of a few individuals with whom

they accidentally became acquainted, so if we stumble upon flagrant errors in a book, we are very apt to distrust even the truths it contains, though they appear ever so incontrovertible. "The author has been mistaken in that other point, so he may be in this, though my knowledge does not go far enough, to prove it. Others, who are more competent will certainly do so," must be the way in which such books are accepted; and such has been the fate of "Progress and Poverty" with a great many readers, whose assistance would have been of immense benefit to the cause, because they belong to the thinking part of the community, who do not accept a theory, because it is popular, but because they have become convinced of its truth.

I am confident, therefore, that even in England it will be of a great help to the cause, if it can be proved that the indirect effects of land-nationalisation on capital and interest are the most important ones. The comprehension of these is the more valuable, as it leads us to see, how easily a peaceful purchase of existing rights can be accomplished, without burdening the people, because the sinking of interest on one side and the rising of rent on the other, would soon pay for the land by redeeming the bonds issued for its purchase.

"Taxing out the landlords" is only another name for confiscation, and as far as I can judge of the English character, with its veneration for historical rights, I think it highly improbable that such a rough and ready way of settling the question will find general favour. I shall return to this part of the subject in the next chapter. For the present I shall have to go into the indirect effects of land-nationalisation.

Gradually the spurious capital begins to disappear, because land can no longer be purchased in the market, and the bonds paid for it as well as the existing government debts are rapidly being redeemed through the profits made by the state in virtue of the increasing rent she receives and the decreasing interest she pays off. Their gradual liquidation will soon be followed by the purchase of railroads and other monopolies of a valuable nature. When in this way the spurious capital begins to disappear, the savings of real and spurious capitalists have to look to real capital for investments. This will quickly bring down its interest, which is always

much higher than that of the spurious capital, because of the *element of risk*.

Low Interests beneficial to Labour.

People, who are not in business have no idea how great the difference between the two kinds of interest is. The lower interest proper, the higher we find real interest paid in business life, if no security of spurious capital can be furnished, or of such kinds of real capital, as in consequence of their more intimate connection with spurious capital, enjoy some of its monopoly value, as houses in desirable situations, certain raw materials of urgent necessity, viz., wheat, pig iron, timber, etc., which in consequence of their relatively limited production are always saleable. In most cases workers cannot find the capital they need to do business on their own account at any price, even if they should offer 50 per cent. interest. In Germany it is quite usual to get cash discount of two, three and even five per cent. on goods sold on three months credit, which means that sellers are willing to pay interest up to 20 per cent. to have the use of their money a few months earlier. As low interest proper is a sign of commercial depression, high interest proper one of commercial activity, and as commercial risks are greater in times of depression than in those of activity, as a natural consequence *the premium of risk, and therefore the real interest paid by borrowers of real capital will rise when interest proper, i.e., the interest of spurious capital is low, and vice versa.* I have shown in the preceding chapter that we here find the cause why wages are low, when interest proper is low, and high when it is high, a fact by which Henry George was led into his error of proclaiming the identity of interest between capital and labour. An error of this kind would have been impossible, if there existed only one kind of capital: the real, so that the rate of interest would indicate the rate at which real capital could be borrowed, instead of only indicating the rate of spurious interest. The fact is, that when once in consequence of land nationalisation spurious capital has disappeared from the market, a low rate of interest will really be the sign of the very opposite state of things it indicates to-day. Instead of being the expression of commercial depression it will be a sign of activity; instead

of being a proof of low wages it will be co-existent with high wages in every department of work, high wages of enterprise and supervision as well as high wages of manual labour. Wherever workmen find it easy to get capital, with which they can start work on their own account at a time of good business prospects, they will not work for employers, unless they earn at least as much as they can make on their own account. The employer will have to pay them as much as they would earn if they were working in a co-operative factory, which they can easily start, as capital will be glad to offer itself to united workers of good credit and joint responsibility, even if it got no interest at all beyond a low risk premium (insurance). Employers can only exist in this case, if their superior capacity of organisation and supervision leaves them a special profit. They may make more than the salary they would receive as managers of co-operative works; but so does the worker at piecework compared with the time-worker. It is no loss to the employer if a pieceworker earns double wages, for his goods do not cost any more for that, and so it is no loss to the workers if managers on piecework, as we may designate those who work on their own account, gain more than those on timework, *i.e.*, the managers engaged at a salary.

Do High Wages Benefit the Worker?

There is such a wide-spread ignorance of economic truth, even among those who pretend to know all about it, that it appears necessary to explain facts which ought to seem self-evident to everyone who looks at such things with clear unbiassed eyes. For this reason I shall have to show, that *high wages are a beneficial thing* for the workers as well as for the whole community. I beg your pardon, my poor ignorant socialist labourer, if I have to appear a little ridiculous in your eyes, by thinking it necessary to prove such a self evident case. I know it is self-evident to you and to anyone who has got an inkling of the natural relation of things; but it does not appear at all so self-evident to those half educated men, who write in newspapers, magazines and even in books, who, having obtained a little smattering of economic knowledge think they are omniscient, and in their supercilious way show

us social reformers what asses we are if we think to improve the workers fate by raising their wages; for do not prices rise in proportion to wages and will not therefore the purchasing power of wages decrease in exact proportion to their money increase? And supposing even the rise was real, would it not result in more drunkenness? Does not the liquor bill of the United Kingdom exceed the amount of the whole rental?

Let us first consider the question of earnings, and then the way they are spent or will be spent; for if there is to be no real increase of incomes we need not worry our heads as to the way of spending them. If wages were the only component of prices, there would be no answer to arguments of this kind. Every rise of wages would certainly carry also a correspondent rise of prices; but wages only form one of the components of prices and that not even the most important. They only account for one fifth of the retail price of goods. I do not think it worth while to enter into the special calculations of different kinds, by which jointly with others, I arrive at this estimate, for it is immaterial whether we assume only a fifth or as much as 40 per cent., which, if my memory is correct, is the optimistic figure resulting from Mr. Giffen's statistics. Even if this highest of all estimates were right—and it may be right, if Mr. Giffen in his figures of national income takes goods at wholesale prices, whereas I take their retail price as that which we have to take into consideration when we speak of the prices paid by the workers—and even if it was meant in relation to retail prices, wages could be increased without proportionately increasing their purchasing power, if we only do not raise those 60 per cent. which help to make up prices. Supposing that wages treble, it would bring their part of P. (price) to 120 from 40. Adding 60, P would be 180 and wages would have increased to 66 2-3 per cent. of P from 40 per cent. an increase of two thirds. If we take the estimate which I think to be the correct one of the fifth as the real share of wages, we arrive at the figures of 60 for W. (wages) and 140 for P, which means that though wages have not really trebled in purchasing power, when they treble in money value, they have anyhow more than doubled. But this by no means gives the full extent of the advantages reaped by labour; for our assumption that the other partners

keep the same amount they now obtain will prove an erroneous one.

As I have already indicated in the last chapter, the lion's share of this immense amount deducted from the gross of production is dissipated by waste in the exchange of products, or in other words in their sale.

Waste in Distribution.

We have here arrived at a most important question. Even the blind, even those who are not in the least familiar with economic questions, see clearly, that there is an immense waste going on in the work of exchange or sale of products. We have only to look round us in any of the streets of our towns to become impressed with this fact. In a single street we find a dozen grocery stores, where one could very well do the trade without more than doubling its expenses and the labour employed. Nine tenths of both are waste. But the waste does not stop here. The grocer does not get his goods from the producer; a great many middle men come between.

Most of them are superfluous, most of their work and their expenses are waste. John Stuart Mill calculated as long ago as 1851 that nine tenths of English merchants were superfluous, that one tenth could do the work required. But the waste does not stop even here. The greater the competition, the greater must be the efforts of each competitor to beat the other in the battle of life. Each tries to find a new and better way. A time was when once in a year the greater producers used to come to a centrally located place where those who undertook to sell their products to the public met them and gave their orders. At a later time another middle class interposed between producer and consumer; merchants met the producers at the marts, and they sold to shopkeepers. These marts or fairs gradually lost their signification and degenerated into insignificant local affairs. Only a few remained and these are rapidly losing their importance. (Leipsic, Francfort. o.) Only one can give us a feeble idea what these ancient fairs have been for trade: the fair of Nishnij—Nowgorod in Russia. A barbarous nation, the greater part of which is yet in the state in which middle Europe was in the middle ages preserves an institution which

in such a state of civilisation answers its purpose. Only in such a state? Is it so sure, that our present system is a better one, that it denotes a progress of civilisation? Can it be a progress, if each producer sends one or more commercial travellers to the merchants of the country and that each merchant sends a still greater number of commercial travellers to the shopkeepers of a section or of the whole country, instead of having buyers and sellers meet once or twice a year in certain places? Instead of having to pay only for one journey and wasting one week's time, each has to pay the travelling expenses of one or more special men, for the most part not half as capable as himself, all the year round. If the shopkeepers do not displace themselves, they have to pay for the travelling expenses of the others in the price of goods and the time wasted. To get rid of all the commercial travellers all the year round, to look at their samples, to listen to their eloquence in the end costs them so much labour, that they would prefer to meet the different producers or merchants together in the same place, where they could talk to the principals and make comparison of samples and prices in a much better way than at present between those of travellers, who visit them at different periods.

No certainly, this is no progress and if I said that the great fair of Nishnij-Nowgorod corresponds to a former state of civilisation, can I really mean that our present system is an advance on this primitive one? No, I do not mean this; on the contrary, I think, that we have retrograded. There can be no doubt, that the old system was a better one and that an immense saving of labour and expense would result from its re-adoption. But what would be the consequence? I have indicated it already in the last chapter. All those hundreds of thousands who at present find employment as commercial travellers, would be out of work. Others, who get work through them as railroad employès, hotel keepers, hack drivers, trunk makers, etc., would find a decrease of their work, and would see a certain number among their ranks out of employment. It would be much worse yet, if a thorough reform took place, if central bazaars were organised, doing their business with the greatest economy, purchasing

from certain producers, who being fully employed by a certain number of bazaars do not need to trouble themselves about the sale of their goods. Transportation would be saved to a great extent, as the bazaars could buy from those producers nearest to them, and in course of time producers would so group themselves that they would find themselves in the centre of the different bazaars they were providing with their products. What an immense saving in shops, in lighting and heating, in people engaged in them, in railroad work, in advertisements, and consequently printers and other workers, such a reform would bring about! And as a natural consequence how many more would be out of work, how much greater would be the army of the unemployed! Why? Because the progress of our civilisation has enabled us to get along without their work in productive occupations, machines having taken their place. In uncivilised countries, like Russia, such reforms might do less harm, as machines have not yet done their work to such an extent, and consequently they may, for the time being, continue to enjoy the advantages of great fairs and save travelling and travellers' expenses. A civilised country cannot afford such things. As long as we have not the great fundamental reform, which will make reforms of any kind in the work of production and exchange of goods a real blessing, because it increases the consuming power of the people, in exact proportion to the advance of their productive facilities, by preventing a minority from stepping in between production and consumption—as long as we have not this fundamental reform, all other reforms will only harm instead of benefit us. The more you add to the size and to the contents of a building without foundations, the surer you will hasten its crash. In a world which has been turned topsy turvy by false economic arrangements, only what stands on its head can be considered upright, and what stands in its natural position must by the very nature of things find itself standing on its head. It has become a habit with me, which I have almost invariably found to produce good results, always to decide the advisability of a legislative measure by inverting the result of theoretical examination.

If true economic science teaches that a measure ought to be

adopted, I have every reason to feel certain of its working more or less harm, and if on, the other hand, I know that theory condemns it, I am certain that it will do a great deal of good under present circumstances. Let me illustrate my point by a few examples.

Productive work done by paupers and by convicts.

Can there be anything more reasonable than to have those whom society has to feed, to house and to clothe repay such outlay by their work? There can be no doubt that in a natural state of affairs society would reap benefit by such an institution. The work done by paupers and criminals would amply repay the losses entailed by them on society. But what would be the result under the existing unnatural condition of things? A decided increase of social misery. Over-production would be growing to an enormous extent, if those millions who are eating the bread of charity or who are maintained by our prison administrations were to produce goods, without in the least increasing consumption. The complaints of free labour against convict labour are perfectly justified under present circumstances. At a time when millions of workers have to go without regular work, millions more will swell their ranks, if those who are kept from productive work by poor-laws and prison authorities become producers without consuming more than they do under present circumstances. *For every pauper and convict turned into a producer a free and honest worker will have to become a pauper or a criminal.* The final result would be socialism attained through pauperisation and criminality.

Militarism.

Can there be anything more antagonistic to all common sense than the spectacle offered by our standing armies? Three million of healthy and strong men, the very strongest and healthiest in fact, are kept from productive work all the year round. The taxpayers are forced to feed them in order to enable them to march forward and backward, shouldering and presenting arms, wasting powder and lead by shooting-exercise, or worse yet to enable them to go to work and destroy life and wealth in bloody warfare.

Granted; but let us suppose our peace societies have become successful in their efforts. Let us suppose that the sword has been turned into the ploughshare, the lazy soldier into the active workman, and that universal peace reigned over this earth at last. Under natural circumstances we should have an immense increase of prosperity. Those millions would produce wealth, and hundreds of thousands who are now busy in manufacturing implements of destruction would go to work and increase the capital stock of the world. What would be the result of such desirable reforms under present circumstances? *A decided increase of social misery. For every one of those three million soldiers or those makers of guns, powder, swords, warships, who will get productive work, a worker who now attends to it, will have to leave off work,* as those millions will not consume any more than they do now. The average consumption of a soldier, obtained by dividing the amount spent for the army and navy by the number of soldiers and marines, is not as large as the average expenditure of a civilian of the same class. If the national consumption does not increase through the dismissal of our armies, the demand for goods in the markets of the world cannot increase either, and in consequence it will be impossible to employ the millions of new workers without taking away a proportionate amount of work from the old ones. Pauperism and crime will have to fill the gap made by the absence of militarism. On the other hand universal peace, doing away with the waste of war, will stop an important outlet for our superfluous production. Destructive wars form one of the most important palliatives we possess against the terrible social disease we are suffering under, the external symptoms of which are exhibited by overstocking of markets and want of employment. This is the reason why after great wars we always experience a renewal of commercial activity, even if the depression during the war has not been greater than the depression before it began. Things have come to such a pass that business men all over the world look at wars, if only they do not involve their own country, as blessings, which a poor overstocked merchant ought to be very thankful for. I know they do not say so publicly, and their press organs are duly praising the blessings of peace with a grateful upturning of their eyes,

but I know what is said behind the scenes, for during thirty years I have been an initiated member of Mercury's Limited Stock Company, called the commercial community. If this had not been so, if I belonged to that learned clique, which the world over have monopolised economic and social science, I should speak differently. I should praise the beneficial effects of peace ; I should curse the destructive tendencies of war ; I should declaim against the waste of militarism ; I should expect universal prosperity from general disarmament ; I should do all this, and I should be as great a liar as they are under the existing state of things.

Temperance and Economy.

How many millions could be saved, if that terrible vice intemperance could be gotten rid of! How many good workmen could be saved from sickness and death, could use their sinews and brains in the beneficial work of wealth production, instead of falling under the ghostly embrace of demon Alcohol! Let us suppose they kept out of temptation : let us suppose that our temperance societies scored a world-wide victory amidst universal pledge takings, and what is more, pledge keepings; what would be the consequence under present circumstances? An immense increase of misery. If a limited number of workers leave off drink and begin to save, it will certainly benefit them, even in the present state of things, but if all do so, wages will be pressed down in proportion to the saving effected, because the army of the unemployed will be able to underbid their brethren to the lower margin to which their abstinence will allow them to descend. Under present circumstances the iron law of wages, proclaimed by Ricardo, holds good, whatever some economists may say against it. Nay, we may even go further and say that this terrible law has made room for one much more fearful. If it be no longer true, that wages have the tendency always to reach the lowest margin prescribed by the minimum, which is absolutely necessary for the maintenance of existence according to the standard of life obtaining in the locality at a given period, and for raising offspring, it is false in a sense not meant by those who deny the doctrine. It is true, because wages no more maintain this minimum line ; they

are rapidly descending below it. As semi-starvation is preferable to starvation so the unemployed rather than starve altogether will accept wages which permit them and their children to die a little more slowly than before. The iron law of wages, except in exceptional cases where trade-unions have been successful in raising wages, can only be denied on the ground that it has turned into a steel law. Temperance and economy under present circumstances will only help to further reduce consumption, and in consequence, opportunities for work. All those millions who are now employed in the liquor traffic would lose their work without having a chance of obtaining an equivalent in another department of production, because *the final result would be a proportionate reduction of wages*, which render the replacing of the displaced consumption by another impossible.

Free Trade.

What could be more reasonable than to put aside those artificial fetters to international exchange, clasped around the wrists of labour in the shape of custom houses by protective laws? Is it not ridiculous to dig tunnels, to build new railroad lines and canals for the purpose of a better and cheaper connection between different countries and to erect custom houses at the ends of these tunnels, railroads and canals to outweigh the advantage afforded by them through import duties?

If it is an acknowledged fact that the different sections of a country profit by the free intercourse it affords, why does not the same law hold good between different countries?

Free trade certainly increases production and for this very reason protectionists understand much better the needs of the age, when in a time of overproduction they denounce the heresy of free trade. Anything which hampers trade, which makes more work and produces less at the same time, must, alleviate the evil we are suffering under. George is perfectly correct, when he says, that we might just as well pass a law to protect our manufacturers, by which we order a ship to go twice round the globe before we allow it to land, as levy protective duties. I even go further in saying that such a

system would be much preferable, because it would create a great deal more waste than custom-houses; and waste is our best friend under present circumstances, without which we should arrive much more rapidly at a catastrophe.

Treating the problem from a national point of view, the question statesmen have to solve, under the actual state of things, is whether in the general scramble for buyers the trade of a nation will benefit by free trade or by protection, whether the balance of trade will improve more in one way or the other; for it is self evident, that in a world in which a continually widening gulf between the producing power and the purchasing capacity of the people increases the difficulty of finding work in an accelerating proportion, those individuals and nations must be best off in the battle of life, who succeed in securing the greatest number of purchasers at the expense of less fortunate competitors.

I know that this balance of trade policy is hooted at by free traders, who proclaim the theory that goods will buy goods and therefore that the more a nation imports the more will it export. There never was a greater fallacy. It is just as little true that goods buy goods, as it is true, that our millionaires spend their incomes in giving employment to workers. There is such a thing as international indebtedness, as well as private indebtedness. A nation may buy goods from another by running into debt to the foreigner, without getting a chance of paying in goods of her own make. The amount of British capital invested all over the world is estimated at £2,500,000,000. Does this enormous indebtedness of other nations to England not prove that they did not export as much to England as they imported thence? Such international indebtedness signifies yet something else. It means that besides the increasing tributes paid to the national millionaires further tributes have to be paid to the foreign ones, tributes which they only partly levy in products or work but which mostly serve to increase their tribute levying and, consequently, work depriving power.

George in his last book '*Free Trade and Protection*' gives us the simile of Crusoe on his island, as being warned by a protectionist against the importation of cheap goods brought by a merchantman. The man tells Robinson that such impor-

tation will deprive him of work, upon which the islander replies that he does not want work, but goods, and if he can get these goods with less work, he certainly prefers to buy them rather than to manufacture them himself.

There can be no objection to Robinson's reasoning, if the merchant is willing to take hides, furs and other produce of the island in payment, and in case he will not take these, if R. does not buy his goods; but let us suppose, that he does not want any of Robinson's goods, being provided with, or having no sale for them, or that he is willing to take these goods even if R. does not buy of him. In the first case the latter would have to run into debt and finally would become a dependent interest or rent slave of the foreigner. He would be forced to work for a continually increasing tribute and yet find an ever growing difficulty of getting work, if the creditor did not need his products. Finally he would have to mortgage and sell the island and there would be no work for him on it, if others did this work cheaper, and in such manner as to give satisfaction. In the second case he would become the creditor of the foreigner, would get interest from him, which, if things continued in the same way, would finally allow him to live without work. His economy and hard work, which allowed him to get along with the goods made on the island, though the foreigner could have made them for him with less expense of labour, in the end would enable him to force the foreigner to work for him and his descendants to all eternity, supplying all the goods he and they might need, without having to do a stroke of work or to deliver a piece of goods in return. He would simply live on his income from the interest due to him.

Is it any different if we substitute a nation for this individual islander? Is it less true, that he who saves by selling as much as possible and buying a little as he can, will be better off, than he who spends what he earns, or, worse yet, runs into debt, by buying more than he can sell?

It is all very well to contend that division of labour, whether carried through nationally or internationally, is a blessing and that it is a retrograde movement to go back to the old system of making things ourselves, which others could make much better for us. We pride ourselves on the development of

technical science, of transportation facilities, which made us give up the old system for the new. This is all very well; but it presupposes free mutual exchange. The moment this is interrupted, as it is by the effects of capitalism, the very reverse takes place. We do not want to economise work, we want to make work. The unnatural state of things we live under has turned everything topsy turvy. Thus when we find continental peasants spinning their own flax and weaving their own yarns we cannot blame them, though such work shows an enormous waste of power, as a spinning machine enables a single girl to do the work of a thousand hand-spinners and a power loom enables one man to do the work of a hundred, and yet, I repeat, we cannot blame these people. To purchase the product of Manchester they have to sell something they can produce to better advantage than these goods; but if nobody wants to buy, how can they get the means wherewith to pay the dealer in Manchester goods? Having no paying employment for their labour, is it not better to make their own linen, even though it cost them a thousand times as much labour as it costs in the steam mill?

As it is between individuals so it is between those aggregations of individuals, called nations. We certainly shall think it a foolish thing if the West Indians produce ice with ice-machines instead of buying it from the Canadians and we shall think it no less ridiculous if the Canadians go to work raising pine-apples in hothouses, instead of ordering them from the West Indies. A mutual exchange between the two countries, the one sending pineapples, and taking back ice would certainly save an immense amount of labour to both; but suppose that the West Indies instead of ordering ice from Canada get it from Norway, will not the Canadians find it to their advantage to employ their unoccupied iceworkers in hothouses raising pineapples, rather than let them lie idle in poorhouses while at the same time they run into debt for the West Indian pineapples? And is it not better for unoccupied West Indian pineapple raisers to make artificial ice, if nobody is willing to furnish them with ice against pineapples? All the arguments brought against the balance of trade theories by freetraders are nothing but sophisms. They ridicule the theory by making out that according to it a cargo of rice

leaving New Orleans and getting lost by foundering ought to be of a greater advantage to the exporting country than if it had remained in port, for does it not increase exports? A cargo of imported tools getting lost on its way ought to be of equal benefit, for does not the shipwreck providentially help to diminish imports? Such arguments leave out of consideration the fact that export figures are not or ought not to be counted until the exported goods are paid for, or at any rate until payment is assured, and that imports have to be counted in the national balance sheet, as soon as they are paid for or have to be paid for, independent of their arriving or getting lost. Looking at the question in this way, we find that the rice cargo no more counts among exports—if they are estimated correctly—than if the rice had been burnt in the storehouse of the New Orleans docks, and that the tools, if they have been bought by an American merchant have to figure among imports in the balance sheet, because they have to be paid for just as if they had arrived in good order, the risks of transportation generally being charged to the buyer. National wealth will have decreased by the amount of the destroyed goods and the balance of trade will be affected just as much as if both ships had arrived in their ports.

The argument, against a favourable balance of trade, that the value of the imported article has to exceed that of the one given in exchange, as otherwise there would be no profit, and that therefore by the very nature of the case a healthy trade implies the excess of imports over exports is based on a similar fallacy; for the value of export figures is based on the price received from the buyer and the value of the imported goods is based on the price paid by the importer. Though a profit may be made, even when the imported goods cost more than the exported ones realise,—because the former are worth more and the latter cost less,—debts can only be avoided, if the cost price of imports is balanced by the proceeds of exports.

Is the author a protectionist? the reader will now ask—a very natural question in the time of party divisions enclosing men and opinions in classified and labelled cases like specimens in a collection. I am sorry for the inconvenience I am causing; but I decidedly have to refuse to be classified.

If asked whether I think rain or sunshine more advantageous to agriculture, I shall decline committing myself; but reserve the right to decide according to circumstances. I am neither protectionist, nor free-trader. I am for free-trade under natural relations of production and consumption as well as of nations. I am a most decided champion of as favourable a balance of trade as can be obtained under the circumstances, never mind whether protection or free-trade will attain the object.

If England thinks that by adopting protective tarifs, she loses more in exportation than she gains in preventing importation, my opinion is that she ought to adopt free-trade; if the benefit was the other way, protection would do her more good. If she can put duties on some goods without giving up a proportionate exportation of others, she ought to do so. For instance, I am not at all frightened by the small-loaf spectre from thinking and saying that in my opinion a a duty on corn would just now attain such a beneficial result. It may reconvert into cornfields millions of acres lying idle or serving as pastures, and thousands of workers would find employment on the fields who now depress industrial wages through their competition. The relief of the labour-market thus obtained will increase the amount of wages much more than their purchasing power would decrease through the slight rise in corn prices. It would not decrease exports, for neither Americans, nor Russians buy English goods, because the English buy their wheat; but because they are cheaper than those offered by other nations. The decrease of corn importation would probably not decrease the exportation of manufactures to a very noticeable extent, for even if the purchasing power of the Russian and American farmers decreased in consequence this would only very slightly affect English commerce, because English goods form only a very small portion of the present consumption of these farmers, whereas the consumption of the English farmer and agricultural labourer consists almost exclusively in home products.

America and Russia might realise that the sword of protection cuts two ways. If other European nations, for example, joined England, they might be able to force those two great countries into entering into treaties of commerce with them.

by which the present protective duties on industrial products would be lowered, so as to increase English industrial exportation and give employment to the labour driven from the soil by agricultural imports.

Industry.

The praise of industry sounds from every pulpit, is dinned into our ears by millions of leaden soldiers from the type-foundry regiment, leaving the impress of their footsteps on millions of tons of paper which go forth as dailies, periodicals, or books. How strange, that we find a growing fear of industrious workers and that we do our best to send them out of the country or to prevent their getting in. Emigration societies, laws against the immigration of foreign workers are enacted or demanded. The rich drone is welcomed everywhere, and glowing advertisements set forth in rose colours the advantage of different towns in order to attract them, whereas workers are warned off in every possible way. It is a natural result of the unnatural state of things we live under, for consumers are wanted and producers shunned in a world in which the purchasing power of the masses lags more and more behind their producing capacity.

A better Organisation of Production and Exchange.

What greater blessing can there be than labour-saving machines? What greater bane under present circumstances than the invention of better machines or modes of productions increasing our productive power without at the same time proportionately increasing our consumption, because a surfeited minority reaps the main benefit of the increase in production? I have already shown how a better organisation of exchange would only harm us, how the organisation of immense co-operative stores all over the country, diminishing the waste in the present modes of exchange between producers and consumers, would only enable the capitalist minority to supply their wants more cheaply and in consequence to save more, thus increasing their tribute rights, whereas millions of people employed in mercantile business would loose their occupations and consequently their purchasing power. In the age of reform these would

find employment in production and the power thus saved would benefit everybody; *in our time they would only swell the ranks of the employed and help to depress wages and the purchasing power of the masses.*

Cheaper Government.

The dismissed employés would only decrease consumption and depress wages.

Poisons Sometimes Remedies.

Enough. I think, I have shown satisfactorily that all our ideas of right and wrong have completely changed. If we still hypocritically proclaim the old teachings of morality and the fitness of things, our practical code has long since completely changed to the very reverse of what we preach.

Poisons may become remedies in cases of disease and what is poison to the social organisation in times of health may be a remedy, or at any rate a palliative in time of social disturbance. In nature there seems to exist a law, which might be called *the law of parasitism*. Parasite is killed by parasite. A noxious insect multiplies to an enormous degree; it would soon destroy all vegetation; but another little insect appears and lays its eggs in the larvae of the destructive little animal. The larva grows; but it is only to feed the enemy encamped in its very life-blood and finally it is he who makes his appearance from the empty shell of the larvae.

Another smaller insect in turn plays the same part with him to prevent his undue multiplication, and so forth. This parasite-law finds its application in the social organism as well. The parasite "capitalism" raised from the caterpillar "rent" and the larva "interest" would destroy the social organism much faster, if those different parasites which I have been enumerating: militarism, waste in exchange, bad government, intemperance and want of thrift, protection, etc., were not all the time doing their best to tap the life-blood of the ogre, so that his growth gets somewhat retarded.

Effects of a Return to Nature.

All this will completely change, after the social body has returned to its natural health by discarding the parasite

which is eating away its life-blood. All the other smaller parasites can now safely be killed, will even die of inanition through want of food. When the artificial obstacles, which capitalism has interposed between production and consumption, are put out of the way, when plenty of work in every department of production has raised wages by making one employer look out for two workmen, instead of two workmen seeking one employer, there will be such an immense increase of production, that gradually all those forces now wasted in the different ways described will be turned to productive work. This will not take place in a day, of course. We shall not see all of a sudden every shopkeeper liquidate business and engage in productive work ; but we shall find the rising generation keep away from less remunerative occupations and turn to the better paying ones. If our boys overcrowd the liberal and mercantile professions, if we see them fight for government offices, it is not because they dislike manual work ; but because it does not pay, or is too difficult to obtain. Let there be plenty of well-paid work in the trades and we shall soon see the current turn in their direction. We shall gradually accomplish in this way a reduction of waste. Slowly but surely we shall see a better organisation of mercantile work. Large bazaars will take the place of hundreds of small shops, and manufacturers will contract with them directly, saving travelling, advertisments and other expenses of a similar nature. Whereas now on an average 100 per cent. are added to the cost price of goods, before they reach the consumer, less than one tenth of this amount will pay for all the work of exchange. All the immense savings thus made will go to labour, will raise wages. The disappearance of interest will add another item to the balance turned over to labour. Rent will remain, but going into the coffers of the state it will take off all present taxes and still leave a balance either for distribution, or better yet to be spent for the common benefit of all citizens. Even if no further improvements in the arts of production were made, the savings here mentioned would by themselves treble wages.

Let us now consider for one moment what trebling of wages really means.

Counting only 8 million workers in the United Kingdom, and assuming one pound a week to represent present wages and salaries, a trebling of this amount would increase the yearly income of the lower and middle classes to the amount of £800,000,000 beyond present figures. All this income would be consumed sooner or later. For that part which is saved other parts formerly saved will be consumed, as our present system of so-called saving (in reality a system only of increasing the power to blackmail our fellow man,) will have given place to real saving of unconsumed wealth. Just imagine what an increase of consumption and consequently of production 800 million pounds yearly represent! There will be no more want of work but of workers in any department of labour, for human wants never cease, and if one of them is satisfied new ones will appear. Human ingenuity will increase working facilities to an extent now undreamed of. All the immense increase of productive power thus generated will no longer benefit monopolists alone, enabling them to increase the weight of the chains with which they weigh down labour; but will result in a proportionate increase of wages and rent. Rent being common property will be only another form of wages. It will constitute a wage fund, not distributed but employed for the benefit of all workers collectively. They would reap greater benefit by such collective enjoyment than if each had to spend his share personally. Free means of transportation, free museums, free theatres, free schools, free universities, free concerts, and perhaps free lighting and heating and such like, would afford so many different modes of collective enjoyment of wealth, which individuals could never secure in equal quality and cheapness by their private exertions. All such investments of the public rental income would help to increase this income, and thus enable the community further and further to increase public improvements to an extent now undreamed of, every improvement soon paying for itself through increased rental income.

We are so blinded by habituation to the present state of things, that we are apt to treat as the illusions of a dreamer such a forecast of the possibilities of a world freed from the bane of landlordism and usury, and yet when we look at the

present state of things with unbiassed eyes we shall be astonished to find how much stranger things appear quite natural to us in our time. We see railroads built by private companies paying dividends or none as the case may be. Whether they do, or do not, one thing is certain, viz., that the rents of all land in the neighbourhood of the new road will immediately increase enormously without the landowners doing the least thing towards the building of the road. We call this unearned increment. Miss Helen Taylor said: "Properly speaking it is not unearned. Those who earn it don't get it, and those who get it don't earn it." It is earned by the community; and private parties, who have done nothing towards this earning, but who accidentally are the owners of a certain part of the globe's surface, without the use of which the benefit of the improvement creating the increment cannot be enjoyed, take most of it for their own exclusive use. We think this perfectly natural, because we are so used to it, though in fact, nothing could be more unnatural. The community ought to enjoy what it creates, and it will do so when the ownership of natural opportunities reverts to it. We then shall have the common fund absorbing the increased rental income created by a new railroad, and in most cases we shall find that this increase of income will not only gradually pay for the making of the road—especially after interest has disappeared—but even for its free use by the public. To those who smile at this idea, I recall the fact, that in a great many office-buildings we find elevators running for the free use of the public. We all know, that this is not done by any generous whim of the party who runs the elevator, but that the house owner pays these expenses out of his own pocket, because he knows he gets his money back with interest from the parties who rent his rooms. They willingly pay for the facility of getting to their rooms. Not only is it easier for them to get there, but people will come and see them, who would keep away if they had to climb so many flights of stairs. Many customers would be lost, or not won, if the elevator did not run. Is there a difference between a railroad and an elevator? The one performs in a vertical direction what the other does in a horizontal. Whether it is a room rendered easier of

access, by riding up towards it, or by riding horizontally towards it, is the same. The owner of a house connected by a tramway with the centre of the town can ask more rent for it, than the owner of one without such accommodations, just as the owner of a room accessible by an elevator gets more rent than one who can offer nothing but a staircase. If the one builds and runs the instrument of communication free of charge why should not the other ? Why does he not do it ? Because it is impossible to produce a fair agreement between the different owners of occupied and unoccupied land as to the relative advantages reaped by them from the new road and, in consequence, as regards the proportion to be contributed towards building and managing it. In a house we have not this difficulty, because all the rooms belong to the same owner who pays all and recoups himself by increasing the rent of his rooms in proportion as the demand enables him to. Where the whole land of the town belongs to one owner means of communication could be supplied by the landlord without making the users pay for them, as the increased rent obtainable in such a town would amply pay for the outlay. The same principle holds good for any other improvement. If the owner of a house furnishes the heating and lighting, he will be able to get a higher rent and so will the owner of a town who does the same thing.

What holds good in a town will hold good in a whole country. The owner of all the land in it can afford to build and to run a railroad or many railroads, connecting its different parts, without charging for the privilege of their use, because the higher rents he will get will amply repay him. So it will be with all other advantages offered to the tenants. Rents will be higher in a well governed country than in one which offers no security for life and property. Is it unreasonable to ask that those who supply such advantages ought to earn the benefit arising from them ? Who supplies them, the landlords or the community ? Under our present system the taxes paid by the community at large, of which the land tax forms only a small part, furnish the means for supplying all those inestimable advantages enjoyed by civilised communities, viz.,

protection of life and property, education, and so forth, and the landlords enjoy the benefits of these sacrifices. Under the system of state ownership the community will earn the equivalent of its outlays in increased common incomes. Can there be anything more just? Is it not ridiculous to see cities like Rome, becoming bankrupt, because the debts made for public improvements overwhelm them, whereas in these very same cities landowners have earned untold millions, sums by far exceeding the municipal debts, through these very improvements, whichr uined the community, that made them ?

Increase of Rent after Land-nationalisation.

With the advances made by humanity in science and productive facilities not only the earnings of labour will rise in proportion to the productivity of labour; but rent, the common fund, will also increase enormously. But how does this agree with the theory that the more rent rises the more will wages go down ? Why is this theory correct to-day and wrong after land nationalisation ? The answer is easily given after our investigation of the real nature of the relations between rent and interest. As long as rent is privately owned it forms the base of interest, the foundation of spurious capital, which with the accumulating power of compound interest tends to make a small number of men the owner of this whole earth and of all its rental income. By using a continually diminishing portion of this income for the employment of labour and a growing part for the increase of their tribute rights,—in the prohibition of consumption and production,—they create that well-known state of things, which finds its expression in want of work with its concomitants of low wages and business depression. The very moment rent returns into the possession of the people at large, spurious capital and interest will have their death knell sounded; improvements in production will no longer be the helpmate of capitalism by increasing the rate of progress at which spurious capital and interest are accumulating, but will instead increase the earnings of labour. The greater these earnings are, the greater must be the value of raw materials as a whole and consequently of land, the source from

which they are taken, as without this foundation work is impossible, and to begin work, workers must first begin by competing for land. Such a competition cannot result in rack renting, for this earth is large enough for a hundred times its present number of inhabitants, if speculators can no longer lay their hand on it. Nobody will bid more for land than what he expects to earn beyond the usual wages of his labour in other departments of production. Suppose an industrial worker can earn fifteen shillings a day by spending the same amount of intelligence and in working as hard as an agricultural worker, we shall find that the latter in his bids for the use of land will not go higher than his calculation of a profit at least equivalent to the wages earned by the said industrial worker will warrant him in going. What he finally pays will not be a rackrent, in the present sense of the word, but only a just payment for the real value of natural opportunities, a value corresponding either to the work done by nature or that of society. The value of this work will increase with the growth of population and technical progress. The neighbourhood of consumers as well as the greater productivity of work through technical progress will make land more valuable. One of these causes affects the land of towns more, the other agricultural land, though both come into play in the two cases.

In regard to town land the objection has been made, that through the withdrawal of workers to the country, when agricultural land is freed from the bane now weighing upon it, and through the extension of the area disposable for building when the hand of the speculator is taken from the land around our towns, urban rents will fall. A decrease of town populations through land nationalisation is not impossible and if a sinking of urban rents should result from this cause, it would be a very hopeful sign, for the present overcrowding of towns is an unhealthy symptom. A decrease of urban rents due to this cause would be more than compensated by a corresponding increase of agricultural rents; but it is more than questionable whether town populations would decrease at all. We must not forget that population in most of our civilised countries is increasing at the rate of not less than 1 per cent a year. If this increase no longer fills our towns

as it does for the most part now, but stays in the country leaving to the towns only the natural increase of their population, or draining off even this increase to the country, we should nevertheless have an increase of the total of town-rents, for the increased rural population would tend to increase town business to a great extent, especially when rural prosperity increases. The great central bazaars, where goods can be bought to best advantage, places of amusement and instruction, which can command first class capacities only where a central situation ensures a sufficiently large custom to pay for services of such quality, can be found no where but in towns. Not only will the rural population resort thither, when they have a want in this direction, but people retiring from active work will very often prefer to spend the rest of their days in towns, where a great many social comforts can be procured for very little money, especially in the time of land nationalisation, when towns will no more be crowded beehives but garden cities, and when instruction and amusement will be furnished free of charge to everybody. There will be a great many more people retiring from work and living on their income, or rather on their outcome; for they will live by the consumption of their savings not by tributes obtained through them. It is certain that town rents in general will not be as high as to-day, if we estimate them by the square foot, except perhaps in the centre of the town, in which places of business and pleasure resorts of certain kinds will mostly congregate. The rent paid for building ground needed for lodging houses will be cheaper, for as no speculators hold back the land surrounding the town for miles until they can get their usury prices, the extent of the supply will prevent demand from forcing up prices beyond reasonable limits. The fact that rents in English towns are more reasonable than those of prosperous continental or American resorts can be explained by the absence of the smaller inducement to hold land for a speculative rise. The land surrounding English towns is mostly owned by landlords, who do not sell it at all, but let it out on building leases. They do not lose the unearned increment as does the seller of freehold property on the continent of Europe and America

from the moment he disposes of his property. They are sure of getting all future increase of value either for themselves or for their descendants, even if they allow others to build on their land. They are even anxious to let their land for such a purpose, for while they do not lose the advantage of the unearned increment, but on the contrary appropriate the improvements, they get rent in the meantime and whatever they obtain is so much extra profit beyond the profit made by the Continental speculator, who only counts on what he can make by a future sale, and who in the interim is glad if he can get enough out of his land to pay the taxes.

If rents of building sites be cheaper after land-nationalisation has done away with the speculator, wherever this class of men at present keeps up land prices, this does not mean that the total of rent will be less. On the contrary it will be higher, for people will use more land for buildings and gardens, especially at a time when their greater prosperity allows them to live better than they do now.

The average annual rent of a room with a fireplace in Berlin is £12 now. This amount would pay the interest of a whole house for a workman's family and yet leave as much ground rent as they pay now, when, through building lodgings vertically on each other, their ground-rents are heaped together on a small surface of land; but after interest has disappeared the whole amount could be paid for rent, deduction of a small amount being made for repairs and insurance. Rent could be doubled, and accommodation greatly increased, even if we leave out of consideration the fact that workers could pay a much higher rent than at present. English towns furnish a proof of the fact that where ground rents are reasonable, their total is much greater than where they are dear. London with its suburbs has about three times as many inhabitants as Berlin, about two and a half times as many as Paris. Why? Is it because people are driven away from the land more? Certainly this partly accounts for it; but as on the other hand France has got more inhabitants than the United Kingdom, and has a much greater centralisation, the difference could not be so great, if it was not for the fact that the suburban manner of

living in London with its cottage system, presents a much greater attraction to those who have to make choice of a place of residence, than Paris with its tenement system. It is not the character and taste of the two nations which has made the difference, for the ideal of every Frenchman is the possession of a little house of his own with a garden surrounding it, an ideal which very few ever realise, as they could only do so by leaving the city. The Englishman can find his cottage in every town of England and at a moderate price. It is the system of land tenure, to which he owes this inestimable advantage, and after the era of land-nationalisation, the throwing down of the walls of land speculation will everywhere result in much more beneficent results of this nature.

We must never leave out of calculation that the disappearance of interest benefits rent as much as it benefits wages. This manifests itself not only in urban rents, which, without increasing the cost of living, can be almost doubled through the saving of interest on the cost of building, but plays a very important part in the question of agricultural rents. We here find the best argument against the attacks of those who expect a falling of agricultural rents from the effects of foreign competition. Our rents are too high, they say, to compete with the cheap land of America and the cheap labour of India and unless we get protective tariffs, our rents will have to be lowered very much, before we can think of competing.

I have already tried to prove in the preceding pages that there is some cogency in this logic under present circumstances. In the days of land-nationalisation the farmer will laugh at those who talk to him of protection.

Capital plays a much more important part in modern scientific agriculture than virgin soil or rent. Even as it is we have proofs furnished by practical farmers, that agronomical writers like Dr. Ruhland are correct when they say that our European soil with its present rents can, if scientifically cultivated, very well compete with the virgin soil of America or with the black loam of Southern Russia. We have proofs furnished by the accounts of practical farmers. How much easier will such competition be, when

the difficulty of raising capital, the hardest obstacle to scientific farming, shall have been put out of the way, when the heaviest item in the calculation of cost "interest" will have disappeared. The savings obtained on this score would more than pay for higher wages, even if invention did not counteract their effect by the introduction of labour-saving machinery and if the same causes did not tend to raise wages in the competing countries.

Interest the Greatest Obstacle to Progress.

The French economist, Turgot, compares the lowering of interest to the falling of the level of a sea covering a vast extent of country. As the waters retire fruitful fields appear, and valleys are covered with luxurious vegetation. Turgot would have been correct in his expectations as to the effects of a lowering of interest if he had known, that they can only be based on the descent of real interest, whereas the falling of interest which he has in view is only that of spurious interest which as we have seen, is equivalent to a rise of real interest. The falling of real interest will in reality open undreamt of vistas of blessings to working humanity. There will be nothing nature allows us to accomplish, which will have to be left undone.

There are great difficulties in the way of one of the greatest enterprises man ever undertook, viz., the cutting of the Panama Isthmus; but the greatest obstacles and those which prove unconquerable are not the Chagres river or the Culebra mountains. Human ingenuity could overcome these; but there is one obstacle in the way, which all the energy and perseverance of a Lesseps in vain tries to fight against. It is called "5 per cent." Technical science has done wonders in our day; it has given us the means to remove millions of tons of rocks and soil with a celerity formerly inconceivable; it has enabled us to yoke the powerful forces of fire and water with their child steam to the triumphal car of our progress; but it has not taught us one thing and it never will; it has not taught us how to squeeze 5 per cent. interest out of an enterprise which will only yield four, three, two, one, or less. If this terrible interest question was not in the way, the Panama canal would soon be built;

for nobody can doubt, that it will earn enough to yield a revenue and finally to repay the capital invested in it, if we only have time to wait long enough and if the heavy weight of interest and compound interest is taken out of the way.

It is the same with all other enterprises calculated to benefit man. It is not enough to show that they are well planned and that the advantage they will afford sooner or later will repay the outlay they entail; they also will have to pay as much interest as can be obtained through the farming out of monopoly-rights. The very moment this steep bar to all progress is taken out of the way, the face of the world will be changed. Seeming impossibilities become possible and easy of execution. Nowhere will the magical effect of the transformation be felt more than in the field of agriculture.

With capital man can do almost anything in this branch of human work. Give me an asphalt pavement, said one of the French market gardeners, and I will raise the finest crops on it. I do not remember whether it was the same man or another of his class, who started an asparagus farm on half an acre of ground at Asnieres, near Paris and who by means of steampipes heating the ground and by scientific culture produced one thousand bunches of asparagus daily at the value of eight pence a bunch during ten months of the year—a crop for which sixty acres would have been required in the ordinary way. I have already mentioned this case in the first chapter as a proof against the bugbear of Malthusianism. There is no rock so bare, no desert so barren, but that labour and capital, which means past and present labour, can make a paradise out of it.

When the question of realising interest is no more in the way, English enterprise and activity will raise better crops from English soil, leaving a higher ground-rent, in spite of paying high wages to the labour employed, than the best American virgin soil ever produced or ever will produce without manure.

Effects of the People's Prosperity on Agriculture.

There is another very important reason why agriculture will prosper, so as to afford high rents and good wages.

It is because the greater prosperity of the people will give a better market for the produce of the dairy, for poultry rearing, for market gardening.* At the present day the greater part of the English nation cannot afford to drink milk, to put eggs, butter, chickens, fruit and anything but the cheapest vegetables on their tables. They have to be satisfied, if they can obtain enough of the coarsest food to sustain life. The increase of their income will in the first place be employed in better living. There will be such an enormous demand for the better paying products of agriculture just mentioned, that farmers will be able to get a good revenue from this source alone, independently of the raising of corn, hay, and such products. Even if the prices of this kind of produce are not raised for the consumer, it will pay much better than it does to-day, not only because the great quantities needed allow a more scientific production but because they allow the enormous exactions of middlemen to be done away with.

Profits of Middlemen Saved.

To give an idea how large the profits of these are in our time, and consequently how great the saving of the producers will be after social reform has done away with all waste in the sale of goods, I give an extract from a French

*The best proof of what a greater consuming power of the people can do for agriculture is furnished by the United States. If competition against western wheat is hard anywhere it is in the Atlantic Coast States of the north. There is no protection and less freight difference. If agriculture could prosper in the face of such odds, to which a soil deprived of its virgin strength has to be added, it was only because the better table kept by American workers created such a want for the better paying products of agriculture, that a profit could be made in spite of the drawbacks agriculture had to contend against. Such immense sales of peaches, strawberries and the like which made it possible for large farms to live on these specialties alone would not have been feasible without a large consumption of such fruits by the labouring classes. Since the wages of these have begun to be so scanty as only to allow them the coarser and cheaper kinds of food, we hear the complaints of eastern farmers. The Vanderbilts, Goulds, etc. are beginning to produce their effect.

agricultural paper *La terre aux paysans*. According to the communications of the chairman of a Breton syndicate a market gardener gets 8½ centimes for a cauliflower, the agent 15-20, the merchant 28 and the greengrocer 30-70, which are paid by the consumer. In 1887 the market gardeners got 347,000 francs for their cauliflowers, the merchants 1,105,000. We can safely assume that the consumers paid not less than 2 millions.

With a good organisation of large markets, attended co-operatively by the market gardeners, we may take 10 per cent on sales as more than sufficient to pay all expenses of transportation and selling. This would leave 1,800,000 francs to the gardeners, who now get 347,000, without raising a single penny the price paid by the consumer. The producers would receive more than five times as much as they do now. The immensely increased consumption of the people would at least treble the sales of each gardener and yet keep a much greater number of them busy than now. Let us now strike the balance sheet of one of them. To-day he sells 1,000 francs worth of cauliflowers, which leave him, say 500 francs after all expenses have been paid. Let us further suppose that his expenses increase in proportion to the increase of production—which in reality will not be the case,—and we shall get a sale of 15,000 francs' worth at a cost of 1,500, or a net profit of 13,500, instead of one of 500. Supposing an acre of land was needed to produce these cauliflowers in the first case, and three to produce the increased quantity,—which is again exaggerating on the right side, for with capital our man can improve his mode of culture and perhaps get as much from one acre as he formerly got from three,—100 francs' worth of rent paid by him in the first case forced him to sacrifice a considerable part of his petty income. Every penny thus paid can be considered as taken from his well deserved wages. He could not help it, for whatever other occupation he would have turned to, interest or rent would haxe curtailed his legitimate earnings quite as much.

In the time of land-nationalisation he could pay 1,000 francs an acre on three acres, and even if we do not take into account the saving of interest, he would have not less than 10,000 francs over and above his former earnings.

This gives us an example how agricultural rent might be increased ten fold and yet the earnings of the worker be twenty times higher.

A New Era for Agriculture.

I cannot enter any further into this subject. The object of this book is to map out new ways of looking at these questions, not to walk leisurely in them. It must suffice, if I can show how the disappearance of interest will completely reverse all our present notions of these things. What use, for instance, shall we have for the well known economic law that the ratio of productivity of capital devoted to the culture of land decreases with its quantity? To-day this law is of the greatest importance, for it shows us the limit beyond which the increase of intensive culture cannot go, because capital will only be invested as long as there is a promise of its yielding at least the rate of interest obtainable from secure investments. After the disappearance of interest we shall have no earthly use for such a law. As long as capital is of any use at all, it will pay to emplcy it, and as the additional yield obtainable through its application will only cease with the limit reached by human intelligence to finding better methods and new systems, we shall probably never come to the last limit, at which a further application of capital will cease to give an additional yield. I have already shown that the income thus obtained through capital will not be a root of interest, but will only result in raising wages and rent, for every such improvement will increase the national capital in uncommonly larger ratio than the number of hands making use of it. Capital cannot go to work on its own account; it has to depend on labour being kind enough to deign to employ it. As acres do not multiply at all, it is quite obvious how the increase of capital looking for investment on them will be bound to increase their net produce and consequently their rent.

No competition of foreign produce will be an obstacle to the development of English agriculture to a state of prosperity such as it has never yet known, if only the emancipation of production and exchange from the artificial obstacles of capitalism will raise the earnings of the people to the full

value of their productive work. No exportation is needed for this; nothing but free home circulation is wanted. If other countries were not forced to follow suit by their discontented workers, England need not fear their competition. In case they should become troublesome in the English home-market, there are easy preventitives against such a contingency, and if they should depress England's exportation figures by underselling her in foreign markets it would not matter. English goods will always sell well enough to buy the colonial raw materials she needs. The interest due to her from the whole world would more than pay for them, until the universal introduction of land-nationalisation had done away with the interest income together with the competing cheap wages. All these considerations disappear in view of the enormous effect land-nationalisation will have upon the home-market. If the English people produce all they would like to consume there will never be want of work for them, and if to-day the whole world beside should be swallowed up by the sea, English industry working for the benefit of the whole English nation and no longer for that of a small minority would make this country more prosperous than any the world ever saw. On the other hand, if England continues in the same groove she has been wallowing in, until now almost two-thirds of her food supply have to be imported; if she becomes more and more dependent on foreigners for the staff of life, while these very foreigners gradually emulate her in manufacturing industry, how long will her greatness last? Just think that of 47,144,661 acres of soil capable of cultivation only 3,500,000 are actually under plough, while the rest is for the greater part turned over to cattle and deer. Is it astonishing that the United Kingdom, which in 1852 produced three quarters of the wheat it consumed, in 1880 only grew one third? Formerly Englishmen went hunting in the American prairies, and England grew her bread on her own soil giving work to a hardy peasantry. Now Americans come to hunt on English ground and English bread is grown on the American prairie, while the descendant of the hardy yeoman stands hungry at the docks anxiously waiting for a job to feed his poor starving family.

Mining-Royalties.

If we turn from agriculture to mining as the next important sphere in which man gets the benefit of nature's immense storehouse, we shall find a similar state of things. The direct robbery of labour there is great enough. The royalties paid to landlords amount to about 40 million pounds. The duke of Hamilton alone draws £150,000 out of them. I am told there exist cases where the miner gets 1 share for every 3 shares paid as royalty to a drone.* I shall leave out

*"Permit me to give a few illustrations of the way in which these royalties operate to the detriment of the community, The capitalist, in his own way, is quite as much their victim as the toil-worn miner.

"One of the greatest of our Royalty robbers—he extorts at least £143,000 per annum—is the Duke of Hamilton. So unreasonable are his exactions, that for several years he has succeeded in producing a sort of special local depression of trade in Lanarkshire. His method of blackmail is this. He grants leases for twenty-one years at fixed 'rents' varying from £500 to £5,000. These are payable whether the mines are worked or not. If worked 'royalties' varying from 9d. to 1s. 6d. per ton are exacted the moment a certain out-put is attained. What is the consequence? The hewer's wages have been forced down to 10d. per ton, while the ducal highwayman's spoil averages 1s. 3d. per ton.

"I knew of an instance in the west of Scotland where the following occurred. A company sank £50,000 in order to get at a seam of coal. They reached it, but found rent and royalty would absorb every penny of profit. Not only would there be no interest on capital, but even the 'wages of superintendence' would be nil. In these circumstances the landlord was importuned to make some abatement of his dues for the sake of all concerned. He was obdurate, and the machinery has consequently been idly corroding for five year.

"In another instance a number of philanthropic gentlemen in Cumberland, some short time ago, when the scarcity of employment was very great, offered to sink £20,000 in raising iron ore on the estate of a flinty-hearted landlord. He demanded a royalty of 2s 6d. per ton on the ore that might be raised. The directors found that with this handicap they were bound to be losers, inasmuch as they could import ore more cheaply from Spain. They accordingly with great reluctance, abandoned their undertaking.

"Nor are mining rents and royalties the only instruments of landlord rapine. The enormous 'fines' on the renewals of leases

of account this direct robbery, because the community would step into the shoes of the landlords, and though this would be an indirect way of increasing the incomes of the workers, it would not procure them a direct increase of wages. It is only through their getting the benefit of the waste inherent in the present system that their wages will increase just as fast as those in any other department, without an increase in the price of the raw material furnished by means of their work. I have no English calculations at hand; but I find some important statistics in an American paper, the *Philadelphia Press*. The accounts of a coal-mine in

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are, if possible, yet more intolerable. The Duke of Bedford, in the Case of the Devon Consols Mine, levied a fine of £20,000 on the lessees. For renewal of the lease of the Dolcoath Mine the yet larger sum of £25,000 was exacted. In either case the lessees were placed between the devil and the deep sea. If they refused compliance, their engine-houses and all their improvements went to the lord of the manor without a penny of compensation.

"A still more startling example of landlord robbery is to be found in the Barrow Hematite Steel Company. It has a share capital of £2,000,000. For years not a penny was paid in dividends. Three noble lords—Devonshire, Buccleuch, and Muncaster—divide between them both the site of the town and the minerals under and around it. They receive from the company as their dues £126,000 per annum, while the numerous 'hands' who swelter at the furnaces have to content themselves with an aggregate of £63,000 a year. In addition to this, the 'hands' pay the rates, while the three aristocratic Brahmins get off scot-free.

"There is a cotton mill near Manchester which consumes 480 tons of coal a week. At a royalty of only 9d. a ton the firm is mulcted £900 per annum, and a similar ratio of robbery obtains in all the other mills.

"For the following interesting and instructive calculations I am mainly indebted to the late lamented William Forsyth, of the Cobden Hotel, Glasgow, some time President of the Scottish Land Restoration League:—

"One blast furnace produces in a week 600 tons of pig iron. On that quantity the landlord's royalties amount to £201; while the wages of the employes—managers, engineers, chemists, workmen included—are but £95, or less than one-half of the spoils of the royalty footpad.

"A Cunard liner making the double voyage across the Atlantic consumes, 4,125 tons of coal. This signifies a royalty of £206 5s.,

Askem, Lucerne county, Pennsylvania, which furnishes 500 tons of coal a day are given. All imaginable expenses are stated, including bad debts and 25 cents royalty. The result is that a ton delivered on board the cars costs 1·38½dollars. This agrees fairly well with the calculations of the official statistician of Pennsylvania, who finds 1·18 dollar without the royalty. The cost of transportation on the Reading R.R., is 20 cents., the consumer pays 6 dollars on an average. Let us take half a dollar as necessary to pay the costs of distribution and we could still divide nearly 4 dollars between the mineowner and the miners, without raising the retail price of coal. Wages could be increased four fold, and still the state would get a much higher royalty than the private owners are now getting.

Effect on Morals.

We thus come to the conclusion that, in spite of the enormous rise of wages which would be the result of the great reform, the rental income of the community would increase at least in the same proportion, and thus furnish an immense fund, making all taxes unnecessary, and enabling the state and the municipalities to provide free of charge a great many useful things, which only the rich can now pro-

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or more than the wages of the entire crew, from captain to cabin-boy! An aggregate of £2,400,000 per annum is thus levied on the Steam Ship Companies.

"The royalties paid to British landlords on steel rails are not less than 9s. 6d. per ton. In Belgium, the country which next to ourselves is most unfavourably situated, the mineral dues average 1s. 9d. per ton. Need we wonder, then that it costs so much more to lay down a mile of British railway than of any other, colonial or foreign?

"This heavy royalty on steel rails, taken in conjunction with the fact that about £80,000,000 over market value have been extorted for the land taken for railway construction, has produced the following startling results: In the United Kingdom one mile of railway costs £42,000; in France, £28,000; in Germany, £21,000; in Russia, £15,000; in the United States, £13,000; in Canada, £12,000; and in the other colonies, £12,000, higher wages notwithstanding. These combined robberies have imposed on the passenger and goods traffic of the nation an annual mulct of not less than £2,500,000 at least." J. Morrison Davidson,

"The Old Order and the New."

cure. and yet leaving a large fund for distribution, which those, who are well off, will probably leave to the needy.

In Transylvania where the remnant of the old law once enjoyed by all nations, was partially kept inviolate, even at the beginning of this century, *i.e.*, where a portion of the land was common property, the habit existed of cultivating this land in common after the private lands had been attended to. After the harvest of the corn on the common land was reaped, the minister gave thanks to God for the blessings He had vouchsafed them, and exhorted his hearers to remember the poor, and if possible to leave to them their part of the common crop, finally asking those who would do so to raise their hand. First one of the richest would begin, then another followed, till finally all those who could afford it, had renounced their share for the benefit of the poor. At that time there existed no beggar among the native Saxon population.*

There is nothing wonderful about such acts of devotion. Man by his nature is sympathetic, and it is only the unnatural battle we are forced into, which turns the good of our nature into greed and selfishness. It will be different when the great reform has delivered us from the grinding cares which this terrible battle of life entails on most of us.

I do not intend to enter into a description of the change which a real social reform will make in the character of men; nor do I want to paint the moral, social, physical and political effects we may expect from it.

Henry George and others have done this better than I possibly could, but I wish it to be mentioned, that I am far from ignoring the eminently important moral and religious side of the social question; only I am inclined to think that the master-builder of a house has first to concern himself with the foundation and the chief walls, before he thinks of the division into rooms, the carpets, and the internal equipments. The material basis is the foundation and chief wall without which all the rest of the social ideal floats in the

* I have this information from one of the descendants of this old Germanic tribe, my friend, Ch. F. Maurer, Director of a Girl's School at Landau.

air, remaining only a Fata Morgana in the desert of life. Not till this is laid, not till there is a secure basis of existence for the superstructure of a healthy society, is it time to devote oneself to those other tasks. Whether afterwards the rooms are to be arranged in the Christian-Germanic style, or in the Moorish-Mahommedan, the Oriental-Jewish, or the modern humanitarian, is quite a secondary matter. It will be found, to people's surprise, that these diverse styles of social architecture will be less and less differentiated from each other, and will in fact coalesce, sooner than is now anticipated, in the great future structure of humanity, when once the battle-sword shall have been buried that now drives people apart in the struggle for existence—which sword's name is "the fear of want." This sword comes not only between brother and brother, it strikes not only the poor and wretched. Even to the rich man it appears in dreams as a ghost of terror, urging him on to fresh acquisition in the vain delusion that he will thereby obtain a secure position for himself and his children for all time. Foolish effort! With those accumulations of riches on riches you deluded men are doing the exact opposite! You are pulling away the stones from the foundation to build with them higher storeys that you may make for yourselves a safe refuge aloft from the ever-growing ocean of human misery! Verily you are making a mad beginning! As sure as there are eternal natural laws that with all your riches you cannot change, your building must fall, burying you, and all, beneath the dreadful waves. There is only one way of safety for you, and that not for much longer, for already the building is tottering which you are raising ever higher on a foundation growing ever narrower. This way of escape lies in your full self-sacrificing co-operation in bringing about a fundamental economic reform. I know well that the work to be done is a gigantic one, but it is practicable if you apply towards breaking the way even a small part of the hoarded wealth with which now you are only worsening the world's misery. Would the joy of having shared in accomplishing what is grandest and noblest not be more satisfying to you than all other joys you might acquire by your riches? A. T. Stewart, the famous New York millionaire, who left

over 50,000,000 dollars, once said to an acquaintance: "What am I the better for these riches? I cannot take a cent. away with me when I die; and down here, after all, it brings me nothing but food, clothing, and shelter." No, it brought him something more. It brought him the body-snatcher who outraged his grave! It is a disease—this passion for accumulation that gives rise to the Stewarts, Joneses, Huntingdons, Mackays, Vanderbilts, Rothschilds, Westminsters, Bleichröders, a disease, not to be healed, but by cutting away the ground on which it has developed so terribly—the monopolisation of the earth. Religious consciousness, moral elevation, culture, are beautiful and precious stones whose value in the social structure of humanity I do not ignore. But they crumble to dust under the economic pressure created by our unnatural conditions—pressure inevitable so long as the main pillars of wholesome developlopment are lacking. Without these the individual is helpless.

The best intentioned people are much in the position of the dog that was trained to fetch rolls from the baker's, and was once attacked by a number of his mates. He defended the goods entrusted to him with all his might until he saw that he would be overpowered. Then he ate along with the rest. Self-denial on his part would not have saved a single roll for his master. So long as the present conditions last, to share the spoils is the only policy for the individual. But whatever power one gains, one ought to use for fighting the great battle of reform.

This can only be done by beginning at the beginning. I repeat it, there is only one way of building a house intended to stand the attacks of time, and that is by giving it a good foundation. If you forget this, it will fall to the ground, and it will do so the faster the higher you build it. All the work spent on such a building is wasted, is worse than wasted. What is the use of all our benevolent efforts, in all directions, if we do not begin by building a good foundation? I have shown how the good is bound to produce the bad to-day; and so every effort of reform, if it does not begin at the foundation is bound to do more harm than good. Temperance societies,* prison reformers, promoters of co-oper-

* Temperance Societies certainly do a great deal of good in their

ative societies, religious reformers, peace societies, etc., if successful in their noble efforts could only load the old building with a supplement of valuable furniture, and thus

way ; but they must not overshoot the mark, as they certainly are doing when they expect Social Reform from temperance. I have already shown that under present circumstances, temperance would increase the evils we suffer from, but I have not shown yet the want of foundation underlying the fears of those economists, who expect an increase of drunkenness from a rise of wages. They generally try to prove this assumption by alluding to cases of an exceptional and temporary increase of income, which resulted in dissipation. There is no doubt that such cases occured, or always are apt to occur, where an exceptional good fortune befalls people who are not prepared for it and who know that it will not last. We have a German proverb: "Wie gewonnen, so zeronnen," (as it is gained, so it is spent.) Lottery gains very often go as quick as they come. It is different with a regular increase of income. The ways of living of workmen, and of all classes, who earn good wages all the year round, show us, that better houses, better furniture, better clothing, better food, a better education of the children, healthy amusements, &c., are the consequences of regular high earnings.

John Rae, in his "Contemporary Socialism," (New York, Charles Scribner Sons, 1891), gives expression to similar ideas and cites a very interesting proof of their correctness on p.p. 345 and 346:—

"But the increase in the number of apprehensions for drunkenness that frequently accompanies a rise in wages proves neither one thing nor another, as the general effect of the rise on the whole class of labourers who have obtained it ; it proves only that the more dissipated among them are able to get oftener drunk. Nor can the singular manifestations, which the full hand sometimes takes with the less instructed sections of the working class. especially if it has been suddenly acquired, furnish any valid inferences as to the way it would be used by the working class in general, particularly if it were their permanent possession. The evidence laid before the House of Lords' Committee on intemperance shows that the skilled labourers of this country are becoming less drunken as their wages and general position are improving, and Porter in his "Progress of the Nation" adduces some striking cases of a steady rise of wages making a manifest change for the better in the case of unskilled labourers. He mentions on the authority of a gentleman who had the chief direction in the work, that the formation of a canal in the North of Ireland for some time afforded steady employment to a portion of the peasantry, who before that time were suffering all the evils so common in that

hasten the final crash; for they increase the power of those forces, which are carrying down the old social structure by adding to the weight of the causes that are bringing on the

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country which result from precariousness of employment. Such work as they could previously get came at uncertain intervals and was sought by so many competitors, that the remuneration was of the scantiest amount, In this condition the men were improvident to recklessness. Their wages, insufficient for the comfortable maintenance of their families, were wasted in procuring for themselves a temporary forgetfulness of their misery at the whiskey shop, and the men appeared to be sunk into a state of hopeless degradation. From the moment however that work was offered to them which was constant in its nature and certain in its duration, and in which their weekly earnings would be sufficient to provide for their comfortable support, men who had been idle and dissolute were converted into sober hard-working labourers, and proved themselves kind and careful husbands and fathers; and it is stated as a fact, that, notwithstanding the distribution of several hundred pounds weekly in wages, the whole of which would be considered as so much additional money placed in their hands, the consumption of whiskey was absolutely and permanently diminished in the district. During the comparative short period in which the construction of the canal was in progress, some of the most careful labourers, men who most probably before then never knew what it was to possess five shillings at any one time, saved sufficient money to enable them to emigrate to Canada, where they are now labouring in independance, for the improvement of their own land. (page 451.)

It may be difficult to extirpate drunkenness in our climate even with good wages, but it is certainly impossible with bad, for bad wages mean insufficient nourishment, comfortless house accommodation, and a want of that elasticity after work which enables men to find pleasure in any other form of enjoyment. As with better wages so with shorter hours. The leisure gained may be misused, especially at first, but it is nevertheless a necessary lever for the social amelioration of the labouring class, and it will more and more serve this purpose, as it becomes one of their permanent acquisitions. There can be no question that long hours and hard work are powerful pre-disposing causes to drunkenness. Studnitz mentions that several manufacturers in America had informed him that they had invariably remarked, that with solitary exceptions here and there, the men who wrought for the longest number of hours were most prone to dissipation, and that the others were more intelligent, and formed on the whole a better class."

catastrophe. They increase production and they decrease consumption, thus further reducing the chance of finding work.

Political reformers, champions of universal suffrage, the emancipation of women, free education, etc., are only hastening the downfall by strengthening those elements which are working at the undermining of the social building. Not that I would wish to discourage such noble efforts; on the contrary, I think they are eminently useful even in the present state of things, for there are two ways of building a new social structure. The one is by gradually taking out the rotten beams on which the present one is resting, and replacing them by solid foundations, after which we may gradually proceed to renovate the rest of the building; the other by hastening the downfall of the rickety thing, and building something entirely new. I, for my part prefer the former system. The other may work faster and may be more thorough, but a great many good things worth preserving, and not so soon replaced, may be carried down by the crushing of the old house, and besides, I am one of those who hold a fairly comfortable berth in it, which I would not like to lose. I invite all those who belong to the same class with me, to that small minority for whom the masses are working, to do all in their power to bring about a peaceful but thorough reform while their power lasts, which they may rest assured will not be for very long. Let them give up all their efforts in other directions, let them put off for the time being their charitable and humane efforts, never mind in which direction they are exerted, and join those instead who are busy at reforming the very foundation of the vicious system, which is leading us to rapid perdition, the robbery of God's earth, private land ownership.

The next and last chapter will be devoted to the question how the reform is to be carried on by peaceful means, in organic development, without shaking the fabric of society.