

**§ 53. SPURIOUS THRIFT.**— Though wealth cannot be saved for long, though the capital that can be used is limited in amount, there is a form of so-called saving which is practically unlimited, as long as the productive power of labour increases. This so-called saving consists in the purchase of tribute rights over present and future labour. The purchase of land or of mortgages over land, and the acquisition of special privileges which create monopolies, is always, the purchase of the right to share in future taxation is frequently, of this character. Such special privileges, moreover, increase in value with an advancing civilisation; new purchasers, therefore, can and must give more and more wealth for them, and such wealth is again said to be saved.

#### CONSUMPTION

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**§ 54. THE SMALL IMPORTANCE OF ACCUMULATED WEALTH.**— Every generation of men must themselves make the wealth which they want.

The small amount of wealth which might be saved cannot satisfy men's wants. The wealth of every nation, therefore, depends, not upon the saving, but upon the making of wealth; not upon the wealth which has been saved from the past, but upon their ability to make wealth in the present and the future. Compared with the wealth which a people makes, all the wealth which has been saved from the past sinks into utter insignificance.

Great Britain may serve as an example. The annual production of wealth is estimated at £1,300,000,000, and the total value of so-called accumulated wealth at £10,000,000,000. Of this latter amount, the value of the land, and privileges connected with the land, account for £6,500,000,000, and over £600,000,000 represents the National Debt.\*

Even if all the remainder is taken to represent real wealth, which is far from being the case, seeing that it includes all legal rights of debt, the total, in the richest country in the world, would be under £3,000,000,000, or scarcely more than the production of its people during two years, under circumstances which artificially and largely restrict its productive power. Restrictions on the productive power of a people are, therefore, more inimical to its prosperity, than the destruction of wealth made in the past.

**§ 55. THE IMPORTANCE OF CONSUMPTION.**— Wealth which will not be consumed will not be made. The amount of labour which can be utilised, therefore, depends upon the amount of wealth which is consumed.

Any condition which reduces the consumptive power of the masses of the people below their

\* To-day all these figures would be much greater than those quoted by Mr. Hirsch.

productive power, must either be compensated for by the consumption of the rich or must be followed by a reduction either in the hours of labour or in the number of labourers. The consumptive power of the masses depends upon their wages. The demand for labour, therefore, rises and falls with the rise and fall in wages; employment being plentiful where wages are high, scarce where wages are low.

**§ 56. THE SAVINGS OF THE RICH.**— The numerically small class which appropriates the bulk of the difference between the wealth which all labourers make and that part of it which they are permitted to consume, does not consume all such wealth, nor does it use the surplus as capital. The unconsumed portion of this wealth is used almost exclusively for the purchase of additional tribute-rights, i.e. of land, of the better class of mines, railways and other monopolies. The reason is that, when a man's wealth has become very large, he cannot efficiently superintend the use of it in competitive undertakings, and the risk of so using it, therefore, becomes excessive. This risk does not exist in monopolies which are sheltered from competition, and is much reduced for monopolies which are exposed to a partial competition only. These, therefore, are the investments preferred by the rich.

Such investments, while they add little or nothing to the productive power of labour, must reduce its consumptive power, for the return which the owners get must be taken from the produce of future labour. The multiplication of such investments, therefore, tends to seriously reduce the consumptive power of the masses of the people, while their owners, as already shown, do not adequately increase their consumption. The consequence must be a general and increasing under-consumption of goods, i.e. more goods are being produced than are consumed and at an increasing rate.