

that money (as they think) can never become scarce nor crises occur.

Such a device, however, would be quite ineffective for the purpose, because the superiority (in some respects) of paper over coin as a circulating medium is so enormous that the great bulk of transactions would continue to be effected by paper, no matter how plentiful coin was.

£1,000 is much safer kept in the form of a simple entry to credit in a ledger than as a bag of sovereigns. It is much easier transferred from person to person, and saves an infinity of trouble and risk in transport from place to place. Moreover, a cheque need not be written till it is wanted, and if destroyed, another can be written, while sovereigns would have to be carried about always, and once lost or destroyed could not be replaced.

Paper does not supersede coin from any scarcity of coin, but because of its greater convenience, though for reasons which we need not go into, it cannot altogether supersede coin.

The only result then of forcibly increasing coin beyond the immediate requirement of trade would be to lessen its purchasing power. If a given number of sovereigns are sufficient for present transactions, doubling their number would only halve their value. Whatever now costs £1 would then cost £2; and the paper, which expresses itself in pounds, would have to express double values.

TRIBUTE V. EARNINGS.

Whoever wishes to get a clear idea of the industrial problem must begin by realising thoroughly the fundamental difference between Tribute and Earnings. This is the key to the whole question.

Society consists of two classes :

1. The class that lives by producing goods, or rendering active service of some sort, that is by work, the reward for which, called fees in the case of professional men, profit in the case of employers, salary or wages in the case of subordinate workers, may be summed up in the word *earnings*. And 2. The class which neither produces goods nor actively earns anything, but lives on the earnings of others, having acquired possession of something, land or money, which it has no present intention of using itself, but which is necessary to other people, and which it charges them for the mere permission to use. These two charges, Rent and Interest, we express together by the term Tribute.

No doubt there are persons who, while doing nothing to earn their income, yet do other work, often very valuable work, gratuitously; of such are scientific men like Darwin, statesmen, like scores who could be named, and so on. And there are others who enjoy two distinct incomes, one from Tribute, which they do not earn, and one from useful work, which they do earn, so that the two classes appear superficially to merge into each other.

For all that, the two kinds of income remain perfectly distinct. Tribute (Rent and Interest) accrues all the same, whether the claimant works or plays; whether he is well or ill; even whether he is alive or dead; for the claim once established is immortal, and continues (unless the landlord is bought out, or the creditor paid off) from heir to heir, from generation to generation.

Once land is let, or money lent, the day of tribute comes round with unfailing regularity. The tenant's crop may fail, the borrower's enterprise may break down, but the tribute comes due all the same.

The system may be just or unjust, beneficial or injurious ;

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we are not here concerned with the ethics of the matter, but with the facts only.

Grasp well before proceeding further this fundamental difference between Tribute and Earnings, and realise that everybody's income is resolvable into one or the other.

We shall express the class that lives on tribute by the letter T, and the class that lives by work by the letter W.

TRIBUTE CAN ONLY BE PAID BY WORK.

W can only pay T by work, that is by producing goods or rendering active services for him. (For brevity's sake, and to avoid having constantly to give double illustrations, we shall say—by goods.)

But though the tribute can only be paid BY goods, it is not payable IN goods but in money. T is not obliged to take W's goods, and yet can insist on payment all the same.

If T received his tribute in goods he would have to live up to his income or lose a portion of it. He would have to USE the goods, for many of them would spoil immediately, while all would begin to deteriorate, besides incurring costs of storage and guardianship. If the goods consisted of articles of maintenance or enjoyment, food and clothes for example, the food would have to be eaten and the clothes worn as soon as possible, or they would spoil. If they consisted of "wealth devoted to production," of tools and raw material for example, of goods whose only use was to produce other goods, they would have to be applied to the work for which they were adapted, or they too would begin to deteriorate, and go to waste.

The result would be that nothing would hang on sale, lie