

THE ETHICS
OF
WORK AND WEALTH

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WORK AND WEALTH
IN THEIR RELATION TO ETHICS

INTRODUCTION

PROFICIENCY in the arts of life is not virtue, but it may be promoted by virtue. Bodily health is not the end of morality, nor are the facts of physiology facts of moral science, but cultivation of the virtue of temperance may yield us a good practical law of health. The science of economics can discern for us the laws of the production and distribution of wealth, but the moral law may discover the secret of success or failure in the art of acquisition and distribution. For example, absence of self-control in the enjoyment of pleasure, which constitutes the vice we call luxury, prevents the accumulation of that wealth which is the subject of economics.

The most apparent means of success in any enterprise is not always absolutely the best. Animals preserve their lives in their own way, but were men to take the same way, their conduct would be unworthy of men. Men renounce the law of the beast, with the result that, in the struggle for existence, they become, not less, but more successful, through their renunciation. The satisfaction of all our desires is, in the main, rendered surer through our loyalty to the highest and best that we know.

Economics, so far as the facts, causes, and effects which it examines, exist "independently of and apart from what man does," if we include in this category the facts of human nature which occur independently of volition, may claim that its laws possess the same degree of certitude as the laws of natural science, whatever the logical method by which these laws are ascertained. That economists possess as full and clear a knowledge of the production and distribution of wealth, as do the naturalists of the life of animals, may be conceded. But as the habits of animals which the naturalists describe may not be the best for the preservation of the life of man, so economic law is not to be accepted as the last word on the art of acquiring and distributing wealth.

The economist investigates a certain order of facts, and the conditions under which these facts co-exist and follow each other: it is not for him to view these facts in their moral bearings. This is the business of the moralist, to whom the principal result of the gratification of the desires which prompt our efforts is its effect upon the education of the moral nature, meaning thereby "those capacities in human nature which may become manners, if some energy calls them forth and cultivates them." The performance of work and the pursuit of wealth may be made morally serviceable, and the moral result reacts upon our conduct in the production and acquisition of all those things of which the value is measured in money. Success has a moral, as well as an economic, explanation.

Our virtues are habits which render it easy for us to do what we know we ought to do, and they are formed principally in our dealings with each other, when the gratification of our desires is subordinated to the maintenance of those personal relationships which constitute society; for society is not something external. It is only in society that our characteristic desires can be fulfilled, and it is from the particular desires fulfilled that society assumes for us its different forms. The safeguard of society is the supremacy of conscience. So long as conscience is supreme, society is secure; had it might, as it has right, said Butler, it would rule the world. .

While the desires which make us what we are, are only gratified in society, so understood, there are other conditions which must be observed besides the maintenance of our personal relationships. We can, as our moral character is low or high, make a good or a better use of natural law, but we cannot ignore natural law; we can make a good or a better use of economic law, but, so far as it is sure, we cannot ignore it. Our moral action with respect to wealth has thus a twofold aspect. We recognise that the motives of which the economist takes account must be harmonised with other aims, but we also admit that the facts he investigates form a distinct order, and that what he knows about them is knowledge in its best form.

Taking account of those two aspects of our conduct with respect to work and wealth, it is our

purpose to ask how they may be harmonised; to trace briefly the influence upon moral conduct of the desire of acquiring wealth, and the conditions which determine the legitimate gratification of this desire.

The result to which our inquiry appears to lead has already been foreshadowed. Gratification of our desires, when it is morally legitimate, promotes proficiency in the arts of life. In the long-run, we render our success easier by making a right use of the powers of nature, by furthering the estate of our neighbours, and by observing our duties as citizens. Even in the facts and laws which the economists themselves explain, there are indications of the principle, that, just as man is more fit to keep his place in the world than is the creature of instinct, so, in economic society and in the market, respect for our personal relationships is conducive to proficiency. It is not always best to use the most apparent means of success.

Moral law may appear to dwarf the faculties of our nature, in subordinating them, but it, in truth, allows of their highest possible development, consistently with the unity of our nature. Our powers are not their own interpreters; the ends to which they are directed ought to be made consistent with the purpose of life as a whole. Because man is imperfect, his social relationships are apparently discordant. Were the might and right of conscience co-equal, we should have brought into harmony all

the forms of society under which the faculties of our nature find their proper scope. There would then be no longer conflict between State, Church, Family, Market, and Industrial Society; in fulfilling the duties pertaining to each, one would confirm all the others.

I

ECONOMIC WORK

WHILE the phenomena of physical power and of physical work are closely related to the science of political economy, we are not always sufficiently careful in separating the facts of physics and physiology from the facts of economics. As a result, we frequently, both in economics and in ethical questions relating to work and wealth, commit the error of ascribing to men powers and achievements which are not theirs, and thus mistake the real nature of the worker's vocation.

(1)

In the performance of physical work the physical forces are much more effectual than any merely muscular effort; and in all practical questions concerning labour, we are saved from many a blunder by keeping this in mind, for work must be very frequently construed in a merely physical sense. It is easier to acknowledge than to remember that, considered simply and solely as a source of motive-power, the muscular energy which men can exercise is altogether insignificant when compared with

the elemental forces. Were force all that were needed to do the work that has to be done in the world, there would be no need for the employment of a single worker. In so far as workmen do the work that could be done by the physical forces, their energy might be spared without loss to any one. In the purely physical sense, there is an immensely greater potency latent in the British coalfields than there is in the muscular strength of several generations of the human race.

In employing machines we are fulfilling one of our duties with reference to nature; we are fulfilling the behest to bring the natural forces under our control. Machines aid us in this, in two ways. They serve to divide the opposition which the forces of nature offer to us, and they overcome the divided opposition by enlisting some of the natural forces themselves on our side.

With reference to the first of these uses, machines are simply devices for breaking up resisting forces into fractions, which the power that has to do the work can overcome in detail. By their means we divide the forces of the enemy, as it were, and overcome them singly, instead of making a frontal attack. To overcome resistance is to do work; to divide resistance is to divide work.

To divide work, however, is not necessarily to divide force, or to differentiate force. To portion out work, that is, is not a "division of labour," unless there goes with it a differentiation and co-

ordination of the power by which the work is done. This, economists sometimes fail to keep in view, in their exposition of the doctrine of the division of labour. In citing Adam Smith's classical illustration of the ten men who make a pin, they seldom sufficiently emphasise the fact that labour must be differentiated and co-ordinated as well as divided. They speak as if a pin could be made by a collection of men, none of whom are pin-makers, provided their number is sufficiently large, and the character of their labour sufficiently varied. The ten men are not adequate to explain the operation. There is needed an eleventh man, a pin-maker, to co-ordinate the labours of the ten men, and direct their efforts to a preconceived end.

Considered with reference to the power that does the work, the machine of the mechanician not only divides the resistance to be overcome, but is an instrument which, when "supplied with energy in one form, converts it into others, according to the law of the machine." By means of machines we have heat, light, and electricity converted into other modes of motion, and other modes of motion converted into heat, light, and electricity, and work can be done by converted forms of energy.

(2)

To adopt a not altogether unobjectionable metaphor, we may say that work in a vital, as distinguished from a physical, sense is resistance

overcome by a "machine" that renews itself. The phrase "vital force" is sometimes frowned upon, but to speak of vital force or vital energy is at least as legitimate as to speak of electrical, or chemical, or any other kind of force. Vital force is a form of energy that is manifested through living organisms, and, when we speak of living things, work means the conquest of the obstacles that hinder their repair and renewal, all the functions of life being co-ordinated to overcome the instability of the elements of which the organism is formed. Life has, from this point of view, been defined as that internal force which prevents the elements from freely uniting, "the equilibrium of the elements being maintained by their being parts of a whole."

Although life is here described as an internal force, we must not regard it as the exclusive possession of any particular organism. Life possesses the organism rather than the organism life; the life is more than the body. To describe one living thing as the parasite of another, will, if we forget this, mislead us. To hear some people talk, one might fancy that men were the parasites of the vegetables in their kitchen-gardens, and that, when they eat cabbage, they "exploit" the cabbage species.

It is life that lives and works through whatever form is necessary for its manifestation, under ever-changing conditions. In the "struggle for existence," it is life that struggles. It is life that struggles, and life cannot be regarded as the enemy of life. Life does not connive at its own defeat, by

enabling any living thing to frustrate its efforts to manifest itself through any other organic form which it may select. That Fittest which survives is Life itself.

(3)

As a living being, man survives, not because other organisms have perished, but because of the continuous adjustment of internal organic relations to external relations, through the persistent effort of vital energy.

Of this energy, every man can make use, and so far as he is master of his own fate, he survives, not by depriving other things of life, but by co-operating with life. Man is not the survivor of a successful war waged against other beings. For how has the life of mankind been preserved? Not by war and slaughter; war, slaughter, and all the forces that make for disintegration and have to be resisted, are hindrances of life. The life of man has been preserved through the preservation, not the destruction, of other forms of life; because calves and lambs have been saved from slaughter, and seed reserved for the sowing. Man is not the rival and enemy of every other living being, but everything that lives is a manifestation of the same power; a manifestation which is made, not through one form alone, but necessarily through several diverse forms.

All living beings, that is to say, are interdependent, the power of which they are the

manifestation operating by means of this interdependence.

Accordingly, when we identify work with the struggle against the forces that hinder the survival of the individual, or of the species, we sometimes ascribe to one member of the partnership a sort of creative power, making man the creator, as it were, of the life that lives in him. The industry of agriculture has, for some such reason, been described as the creator of its own maintenance.

(4)

The transition from the habits of a tribe of hunters to those of a community of tillers is marked by several consequences, which, in this connection, it is important to emphasise. The cultivator confines his efforts within narrower boundaries than the hunter, and, while narrowing his range, obtains for equal effort more support. In passing from a less to a more advanced condition, man obtains, through his labours, a continually increasing return of nutriment. He creates for himself an environment better fitted for his wants. A wide field is needed to maintain the stock from which the hunter draws the necessary sustenance of life. The immediate explanation of this physical necessity lies in the nature of nutrition. Food must contain heat-producers as well as flesh-formers. When we regard the struggle to obtain food as a special form of the effort of life to resist the forces that make against its manifesta-

tion, the acquisition of heat-producers is seen to be of primary importance. The heat-producers constitute the advance guard of the vital forces. The enemy that makes for the disintegration of the organism is the vital air itself. Just as water drowns those who cannot swim, so, the physiologists say, does the oxygen of the air consume us, when it is not guided by right channels to where it may consume the material provided for it, and so sustain the animal heat essential to the discharge of every organic function, and to the building up and repair of the organism itself. When a man is placed in a situation in which he is rapidly robbed of his heat, his quickened respiration, the more rapid and copious inhalation of the oxygen which consumes him, induces the pangs of starvation, and compels him to find the food that will restore him his vital heat, and repair waste of blood and tissue. We blame the liberty and laziness of Poor Quashee, who is content with his pumpkin. But in a climate where there is little loss of heat, and where heat-producers and other foods are readily obtainable, there is no physical compulsion to urge men to exertion, there being no efficient cause for it. In cold and temperate climates, men must find food or starve. Their food must, in the first place, be such as will enable them to meet the forces that make for disintegration, and it must be suitable and sufficient for integration, working power, according to Liebig, standing "in a fixed ratio to the excess of food which in a state of rest increases the weight of the body," the food producing "a sum of force, which

may be employed within the body itself, or in overcoming external resistance." In cold and temperate climates, uncivilised man, in the hunter state, had to exercise extraordinary efforts, and roam over a wide tract, to obtain for himself, not the flesh- and blood-forming, but the heat-producing elements of his dietary. Liebig says that "while the savage, with one animal and an equal weight of starch, could maintain life and health for a certain number of days, he would be compelled, if confined to flesh alone, in order to procure the carbon necessary for respiration during the same time, to consume five such animals." The difference is a measure of the increasing return of human labour, when, by confining their efforts within narrower limits, men learn how to acquire more varied products than are yielded by the chase.

When they had become tillers of the soil, instead of hunters, men were better able to live within a narrow, than when spread over a wide, territory. Relatively to the extent of their territory, their efforts to obtain necessary food conformed with a law of increasing return. Relatively to the time their efforts were continued, they also showed an increasing return. The principle is well illustrated in a speech put into the mouth of a North American chief. "Do you not see," asks this Indian philosopher, "that the whites live on corn but we on flesh? that the flesh requires more than thirty moons to grow and is often scarce? that every one of the wonderful seeds which they scatter on the soil, returns them more than a hundredfold? that

the flesh has four legs to run away, and we only two to catch it? that the seeds remain where the white man sows them? that winter, which for us is the season of laborious hunts, is to them a time of rest? It is for these reasons they have so many children, and live longer than we do. I say, then, to every one who hears me, before the trees above our huts shall have died of age, before the maples of the valley cease to yield us sugar, the race of the sowers of corn will have extirpated the race of the flesh-eaters."

Whatever principle may be formulated with reference to the returns of agriculture as an element in a complex civilisation, and under a money economy, they are right who say that, relatively to earlier modes of obtaining the necessaries of life, cultivating the ground was a saving of force, and a better utilisation of the soil occupied, and of the days which physical necessity compelled men to devote to laborious effort.

Cultivation is a saving of force compared with earlier modes of acquiring sustenance, because nature does more on behalf of the tiller than she can do for the hunter, although only the science of agriculture can assign the cultivator and the natural forces their respective shares in the result. According to the point of view from which the operations of the husbandman are viewed, and according to the prevailing character of the soil he tills, we are disposed to magnify the importance, either of the husbandman's mechanical toil, on the one hand, or, on the

other hand, of what is called the natural fertility of the land.

Theoretically it is perhaps possible, where you have phosphates, to grow not only grass, clover, peas, beans, turnips, and potatoes, but cereals also, to some extent, without deliberately replacing in the soil the "nitrifying" and carbonaceous elements which constitute fertility, yet in practice it is necessary, except on specially favoured soils, to supply them. Besides, the cultivator has to get his wheat, barley, oats, beans, peas, and potatoes within a limited time. As in passing from the hunter state to that of tillage there was a gain in time, so there is a gain in time in passing from rude to skilled cultivation. The cultivator must, with the aid of the chemist and the bacteriologist, contrive to bring his plants to maturity at a time when there is sufficient summer heat for their ripening, and this period in some latitudes does not extend beyond a few weeks. If he fails in this, all the labour of the year is in vain. He must know when to apply his phosphates, his ammonia, his lime, his potash, his soda; and in what proportion, so as to accelerate growth, according to the moistness or the dryness of the season, and so as to get stalk, leaf, and seed in right proportion. His success does not altogether depend upon the quantity of the ingredients he supplies, but upon his supplying the right ingredient in due proportion at the right time.

Life is not in danger of being defeated through want of matter with which to build its organisms. It may meet with hindrances to its manifestations

in particular directions, and it is the work of the agriculturist to supply the material of life where it is wanted, and to overcome the physical obstacles to growth. The result of the work of the agriculturist, however, is not due to the degree of effort he puts forth, but, in the main, to the amount and nature of the fertilisers already in or added to the soil, and the persistence of vital energy. Removal of the physical obstacles to growth is necessary, as is also, in many places, admixture of soils; but no physical toil will make infertile land fertile. The degree in which infertile land has been rendered fertile can never be measured by the physical labour of the husbandman. Mere physical toil is of so small account in the practical business of agriculture, that it is unreasonable to imagine there is an ascertainable proportion between toil and produce; that beyond a certain point, for instance, the produce diminishes as the toil increases. It is not muscle that makes the earth yield her increase. Let Ulysses plough the shore as long as he may, all his ploughing will not persuade the sea-sand to shoot forth the tenderest blade of grass.

Mill, writing at a time when the name of Jethro Tull was not forgotten, did not keep sufficiently in view the distinction between labour and life, and traces of confusion, accordingly, obscure his general doctrine of production. The raising of crops from the soil was for him the typical form of production, and the surplus of the crop over what is needed for the maintenance of farm-labourers the typical form of profit. He was also possessed of the belief

that the greater the amount of produce allowed to the labourers for maintenance, the larger will the families of the labourers tend to become, the greater the need for extracting more from the soil; the poorer, with respect to fertility, the soil which will be resorted to for cultivation. He further assumed that labour can make a poor soil yield an increase. "The very meaning of inferior land," he assures us, "is land which, with equal labour, returns a smaller amount of produce," which is scarcely an accurate description of infertility. Infertile land is soil which is deficient in the substances required by growing plants, or which requires the addition of chemicals or living matter to make the constituents already present available. Given two soils of equal extent and of similar composition, the one which contains the smaller amount of the ingredients essential to growth will, if both receive equal attention, give smaller returns of produce. The produce of the two soils may indeed be equalised. But not by added labour. The infertile soil is rendered fertile by the addition of fertilisers. It is, therefore, suggestive of a false inference to say, as Mill seems to say, that inferior land requires a greater proportional amount of labour, in order to yield a given amount of food, than does fertile. So far is this from being true, that the fertile land, being more productive of weeds as well as crop, may require more labour than infertile, much of the mere toil in farming consisting in keeping the fields "clean."

That the farmer and the labourer on a modern

farm are more skilful cultivators than the members of the families which formed a primitive village group, there can be little reasonable doubt. The advance in skill is evident, independently of all question of mode of tenure. The acknowledged principal advantage of the modern holding over the primitive is, that it gives more scope for the development of individual skill; since the growth of special aptitude must have been subject to retardation when the fields were periodically subdivided into family lots, when there was perpetual shifting of the allotments.

Tribes and communities of men, we may assume, would not have taken to tillage unless experience had demonstrated the truth of the principle that cultivation is a saving of power. They cultivated the fields, because that was a surer way of getting a living than hunting or keeping flocks and herds. We have little means of judging whether the population of primitive village communities tended to grow at a faster rate than the skill of the cultivator. On a rich soil, it is just possible that the development of skill might have been slower than on a poor soil, and who can say whether the rate of increase of population would be greater on the fat soil or the poor soil? It may have been that on neither was the number of the people found to have been too great. There may have been seasons when it was found too great on both. There may have been seasons when those who lived on the rich soil suffered the greater hardship, from insufficiency of food. All such conjectures have

to be taken in conjunction with the possibility that primitive village communities and tribes grew by accretion as well as by natural increase.

Labour is saved when men pass from the hunter to the shepherd state, and again when they pass from the shepherd state to tillage. By saving of labour, in the present connection, we mean that within a given time and within a given area, men, for equal physical exertion, get a better supply of food than before. The efficient cause of this saving is, partly what is called the fertility of the soil, and partly human skill. The fertility of the soil is nowhere indestructible, and is never uniform. In some cases, the soil has continued to bear harvests, for long periods of time, without renewal; but these are exceptional. The most important factor in agriculture is the skill of the cultivator, and it is justly contended that the limit to the development of his skill is not within sight.

We cannot take it for granted that the first tillers commenced their operations on the land which was absolutely the best. Could we have visited any two primitive communities of cultivators, and found that, taking one year with another, the one had more bountiful harvests than the other, we should have been rash to conclude that the husbandmen who obtained the best harvests occupied the best land. It might have been that their soil was inferior but their skill superior, that their soil was just equally good but their skill superior, that their soil was superior while their skill was inferior, or that both their soil and their skill were superior

to the soil and skill of the community with which we compared them. The progress of agriculture is to be measured, not by a chemical analysis of the new soils brought under the plough—for there is no natural order to be looked for in the succession—but by the growing skill of the cultivator. And if the principal factor in agricultural progress be the development of the skill of the cultivator, the attempt to discover a ratio between the fecundity of the human race and the fertility of the soil is not a hopeful one, unless we first make out that human skill varies in some way with the population.

The yield of a field depends partly upon its fertility, and partly on the closeness with which the seed is sown. There are obviously practical limits to the degree to which a given extent of soil can be impregnated with fertilisers, and there are limits to the closeness with which seed may be profitably sown, or plants planted. There are real limits to increase of production. The fact is not in doubt, but the economic interpretation of the fact.

The causes of growth are life and the fertility of the soil. A farmer may put more fertilisers into the soil than his crops require, and then, in proportion to his outlay, he has a diminished return. It has been plausibly argued that, by enriching the soil excessively, a farmer not only loses his fertilisers, getting no crops in return, but does harm, by producing sterility in the plants. The theory, however, that plants may be rendered

unfruitful through kindness, and population reduced by too much nourishment, though many interesting facts have been cited in its support, still awaits confirmation. If Doubleday's theory were established, it would supply a scientific basis, which is at present lacking, to the doctrine of diminishing return.

There is and must be a limit to the produce which a given area of soil can bear, and the extent of land available for cultivation must always remain a factor of economic importance. But the mere fact that the area which the agriculturist cultivates is limited in extent is not unfavourable to production. When a field is too closely sown, the harm to the crop does not necessarily arise from the impossibility of supplying the soil with fertilisers, but may be due to the fact that each plant lessens the supply of air and light to its near neighbours. Short of this too close sowing or planting, concentration is an advantage. Some kinds of crops require more space than others. Root crops presumably require a greater distance between each plant than do cereals. But even with respect to them close sowing is sometimes found to be relatively advantageous. Without some measure of concentration, indeed, there could be no crops at all. "A large stock of individuals of the same species, relatively to the number of its enemies, is," says Darwin, "absolutely necessary for its preservation. . . . Any one who has tried knows how troublesome it is to get seed from a few wheat or other such plants in a garden. This

view explains some singular facts in nature, such as that of very rare plants being extremely abundant in the few spots where they do exist; and that of some social plants being social, that is abounding in individuals, even on the extreme verge of their range. For in such cases we may believe that a plant could exist only where the conditions of its life were so favourable that many could exist together, and so save the species from utter destruction." So, in a graphic impression of an old Kentucky hemp-field by Mr. James Lane Allen, we read: "Impenetrable. For close together stand the stalks, making common cause for soil and light, each but one of many, the fibre being better when so grown. Impenetrable and therefore weedless!"

Concentration is, therefore, advantageous to production. It would not necessarily lead to an increase, but might even lead to a diminution of production, if the area of our fertile soil were suddenly doubled. Concentration is no evil, although overcrowding is.

This principle is equally applicable to population. Man, as well as those living things on which he depends, increases where many are gathered together. In great cities, where there is concentration, we expect a greater increase than in a sparsely populated pastoral district, and although pestilence ravages an overcrowded town, the extinction of a town population is less probable than the extinction of the population of a pastoral district. Concentration in this case, as in the other, has, no doubt, a physical limit; there may be over-

crowding. But concentration is favourable to life. The evil of great cities is not that many people are congregated in them, but that in some districts the prevailing types are, for moral and social reasons, not such as we wish to see preserved. If, instead of congregating, we could spread out the people who live in criminal quarters, we should not by that means alone make them individually better, but we might thereby do something to prevent the preservation of a vicious and criminal class. The crowding together occasioned by the great scale on which industries are now conducted is not at all hopeless, or even cause for alarm, provided the industries in question are not such as demand only the poorest skill, for the congregation of the skilful ensures the continuance of a race of skilful workers. The congregation of unskilled labourers, on the other hand, may entail the continuance of a population of vicious habits; not that the unskilled are vicious, but there is the possibility that a large proportion of the unskilled are vicious, and that, when crowded together, they will endure as a class.

(5)

The interdependence and co-operation of all living things—plant, animal, and man considered as animal—is one of the means through which the struggle for existence is maintained. The survival and increase of man does not necessitate his making all other living things his prey, nor that

every moor and mountain-top should be cultivated to yield him food, nor that there should be no great spaces left uninhabited. It may even be conducive to the greatest possible production, that we should preserve plants and trees, insects, beasts, and birds, which apparently only add to the pleasantness of the earth, and that we should still be left with the solitary moor, the lone hillside, and the quiet places where men may, as of old, go forth to meditate at eventide—a consideration which should qualify the dismal feeling with which some contemplate the advent of a time when every rood of ground is to be devoted to the growing of food, for the support of a swarming population, satisfied with a bare animal existence.

(6)

It is our duty to use the powers of nature to help mankind in the struggle for existence, but our duty with reference to nature does not end there. Mr. Ruskin says that "things that only help us to exist, if they be looked for alone, are useless and worse, for it would be better not to exist, than that we should guiltily disappoint the purposes of the Creator," by failing in the service of contemplating the beautiful, as manifested in external nature. We must look to nature, not only for the bread, raiment, and health of which we are partakers along with inferior creatures, but also for the aid we may receive from contemplating the felicitous fulfilment of function in living things, and the

qualities of typical beauty which have been stamped upon matter, "not for our teaching and enjoyment only, but as the inevitable signatures of the Divine"—the still small voice of the level twilight behind the purple hills, the scarlet arch of the dawn over the dark sea, the dwelling of the Infinite in the light of setting suns, the sleep that is among the lonely hills,—types of the repose of the "I am" of the Creator as opposed to the "I become" of the creature.

No doubt this duty has been sometimes neglected, and our streams and brooks, "waters once of life, health, music, and divine tradition," have been so polluted that to their "festering scum you may set fire as with a candle," and our hillsides and once fair meadows have been turned into hideous desolation, out of callous thoughtlessness. The serene heights of untroubled contemplation are indeed not for us; but while we do our work, we should also remember it to be our duty, not to deface nature, not to spoil and waste what, consistently with our function, we can keep pure and wholesome, not to destroy with culpable heedlessness the signature of the Infinite in the things around us.

(7)

In seeking for the regulating principle of the life of the mere animal, we look for the nature of the feeling which appears to determine the co-operation of all the parts of the organism, so that every part gets what is necessary for sustenance and the

due performance of its function. The adequate activity of the animal appears to be determined by pain. Pain in any well-defined organ of the body points to dangers seriously menacing its preservation. Animals, in all those activities which tend to their preservation against the forces that make for their destruction, are actuated by the wish to escape pain, not by the desire of pleasure. Whatever explanation the physiologist may be able to give of the origin of pain and pleasure, every one will endorse the dictum that pain is a feeling which we naturally seek to get out of consciousness and to keep out, while pleasure is a feeling which we seek to bring into consciousness and keep there.

If we associate the word work with the conquest of resistance, we may extend the term to the mere animal effort to get quit of pain. It is said by the physiologist that when the feeling of pain is diffused, the action which is necessary to the maintenance of organic equilibrium is deficient. But if this be so, we may conclude that it is this diffused feeling of pain which urges to such activity as will overcome the cause of the "failing genesis of nervous fluid," or will, in other words, remove the pain. Pain gives warning of the presence of the enemy, pain urges to action, and only that action which, by removing the conditions of pain, removes the pain itself, is sufficient, so far as experience tells us, to overcome the evil by which we are menaced.

Work is not only physical resistance overcome by physical energy, nor is it merely the struggle of vital energy—it is the effort of a sentient being

when acting at the instigation of pain. And one peculiarity which distinguishes sensations we call painful from others, is their indefiniteness. A pleasure is a sensation excited by some special stimulus, and by it only. We, therefore, associate the pleasures of sensation with the things that stimulate the nerves of the special senses. Light is pleasant to the eye, and, although, speaking in general terms, we describe sights as painful, we do not mean that seeing is in itself painful. The pain is not to be ascribed to the nerves of sight, but to some less definite disturbance. The causes of pleasant sensation are special and well defined. We can easily distinguish sight from sound, but we cannot readily distinguish the pain of what we call a painful sight from the pain of what we call a painful sound.

Our pleasant and our painful emotions are similarly distinguished. Our pleasant emotions are awakened by the objects of them and by them only. Pain confounds together the objects of all our pleasant emotions. Thus it is said of care :

“Sleepless she rocks herself, and scareth joy and rest ;
Still is she wont some new disguise to wear.
She may as house and court, as wife and child appear,
As dagger, poison, fire, and flood.”

Pleasure comes of itself, wherever life is, if only the appropriate object is present. We feel pain when, in us or in others, life has met with a check or a menace. Not life but the bafflement of life explains our pain. We escape pain when we

become actually what before we were only potentially.

(8)

Life makes an organism, but feeling makes what it is the fashion to call a "social organism." Of the nature, preservation, and growth of a social organism, the best index is feeling, when brought to the interpretation of the lives and actions of men who have lived in concert.

Accordingly, when the student of primitive life attempts to differentiate the earliest forms of human union from an unorganised horde, he postulates the influence of some distinct feeling. Perhaps it is the mutual affection of parents and children. Speculating upon the influence of this feeling, some inquirers, taking note of the fact that maternity is a matter of observation and paternity a matter of inference, that to the ancients "the problem of generation was very much what the problem of creation is to the moderns," and, building also on the statements of travellers regarding savage life, have come to the conclusion that the earliest communities of mankind were created by the affection of children for a common mother and of a common mother for them. To this others add, that maternity disappears where polyandry prevails, and that therefore communities of this kind must yield to those in which the woman has one husband only, however many wives the man may have. Hence the patriarchal theory which "assumes sexual jealousy to be the force binding together and pro-

elling the ancient social order." Then comes the feeling of clannishness which binds the individual, not to another individual superior, but to a group of kinsmen. In course of time the feelings of consanguinity are complicated with other feelings; sometimes associated with superstition, sometimes with prudential considerations. These feelings give rise to different marriage customs, and forbidden degrees within which marriage is disallowed. Thus some "refuse marriage with any whose surname shows them to be of the same stock," and at the same time "refuse marriage with any surrounding tribe." These different tendencies by and by distinguish different races. Some favour marriage with strangers, some within a tribe or caste—tendencies which come to acquire economic importance. For example, we are told—and the observation is of special importance in considering the economical history of India—"Consanguinity always implies common liability to the discharge of legal demands; and thus the fiscal exactions of the Mussulman ruler give a strong motive to the kinsfolk to keep the burden of taxation resting on as many shoulders as possible. The advantage of maintaining the liability of groups, rather than the liability of individuals, is felt by the Mohammedan Governments themselves."

In a social organism, as in a vital organism, the interdependence and co-operation of each part is made conditional upon each receiving benefits proportioned to the services it renders to the whole.

So long as we regard men merely as units in a "social organism," it is feeling that determines what service is, and whether each part has rendered its service, whatever we call the units by which the function we are considering is discharged; whether conqueror and conquered, master and slave, or superior and inferior; however functions may be divided and units differentiated. As Mr. Herbert Spencer suggests, we may call any cluster of units furnished with appliances for bringing nutriment to each, for carrying away the product of each, and for regulating the activity of each, an organism. But we call it a "social organism" only when we think of the regulator of its action as feeling. Wherever we have an organism, life supports individuals "through the circulating currents of a distributing system," each unit takes from a stock of consumable matters what enables it to repair itself and grow in proportion to the due performance of its vital functions. But it is only a "social organism" when the production of the circulating stock and its distribution are determined by feeling.

An organism may be conceived of as exhibiting two kinds of functions. It may be thought of as a positive manifestation of energy, or as an exhibition of offensive and defensive operations against something different from itself. So may the social organism, when both manifestations are seen as the outcome of the feeling which creates the organism for us.

Now the industrial system, as a manifestation of life, is a social organism in this sense, and it is

possible to trace its progress from homogeneity to heterogeneity, and observe how progressive differentiation of function and progressive differentiation of structure go together. We may do so because, while it is feeling that creates the social organism for us, it is still vital phenomena we are considering.

Our lives, regarded from this point of view, are no merely individual lives. It is not simply through one's own fitness that the life that lives in him continues so to manifest itself. One lives through conquest of the forces of disintegration that make against his individual life, but he obtains his success in the struggle for existence by means of others,—perhaps of peasants in Russia, of ryots in India, and of shepherds watching their flocks in Australia. No worker lives, so to speak, by his own work. The work done by the individual, using work as synonymous with the struggle for existence, provides means of subsistence for others, and also alters the conditions amid which they are placed, so as to make life possible for them. No one can live an independent life. Unless we remember this we shall be misled by such doctrines as that of surplus products—the doctrine that producers exchange their surplus products. When we are asked to assume that the agriculturist supplies artificers and merchants with food, and that artificers and merchants supply the agriculturist with shelter and raiment, we are not, in view of the conception we have reached, entitled to say that the agricultural produce supplied to artificers

and merchants is a surplus product. It is of equal importance with the produce consumed by agricultural labourers, and neither is a surplus. To suppose, moreover, that a farmer, in the present stage of social life, lives on the produce of his own fields, is not consonant with familiar facts. Although the farmer grows wheat in his own fields, his wife is supplied, by the travelling baker's van, with bread baked of American flour.

(9)

The making of tools or of implements for the assistance of labour is called by Mill indirect labour. He uses the terms tools and implements "in the most comprehensive sense, embracing all permanent instruments or helps to production; from a flint and steel for striking a light, to a steamship, or the most complex apparatus of manufacturing machinery. There may be some hesitation where to draw the line between implements and materials; and some things used in production (such as fuel) would scarcely in common language be called by either name, popular phraseology being shaped out by a different class of necessities from those of scientific exposition." As marking the difference between material and instrument, he suggests that the material is that which is destroyed by a single employment, while the instrument is not; fuel cannot be again used as fuel, but an axe is not destroyed by cutting down a tree. The same distinction is again made

use of by Mill in his definition of circulating and fixed capital; circulating capital being the material of production, and fixed capital the instrument. There does not, however, appear to be any necessity for using the terms material and instrument in other than their obvious sense. The essential difference between them is not their duration. An axe is an instrument, even should it break into splinters at the first blow. The material of production is that which is operated upon, an instrument is that by which the power that does the work operates. The material of production is that which assumes those properties in virtue of which it is called the "wealth of mankind"; the implements of production are the means by which the worker causes the material of production to assume those properties which sustain life. The material so converted may be easily distinguished from all the means the worker adopts to aid conversion.

Metaphorically those means may be regarded as part of the organism through which the work is done. We may even give the metaphor a wider extension. Man can incorporate external nature and make it serve the purpose which is served in other animals by organic variation. "He has great power of adapting his habits to new conditions of life," says Darwin. "He invents weapons, tools, and various stratagems to procure food and to defend himself. When he migrates into a colder climate he uses clothes, builds sheds, and makes fires; and by the aid of fire cooks food

otherwise indigestible," so that, as Mr. Wallace put it, he is enabled "to keep an unchanged body in harmony with the changing universe."

In virtue of his power to incorporate his environment, as it were, man has successfully maintained the struggle for existence.

The change which he in this manner undergoes is not like that of the traveller from North to South, who in France casts off the furs he wore in Russia, in Spain the flannels he wore in France, in Algiers the cloth he wore in Spain, and at Timbuctoo the linen he wore in Algiers. The changes actually effected have rather been like those of a traveller from South to North, who adds flannel to linen, and fur to flannel.

Such changes are not, however, effected uniformly in all directions, and hence confusion arises in the distinction some economists make between primary and secondary wants.

(10)

If the words primary and secondary refer to stages of progress, and not to degrees of individual preference, the economist must take account of the fact that secondary wants gradually become primary, and that wants we call primary were once secondary. Bread itself was once a secondary want. It is admirably said by Mandeville, that while "Give us this day our daily bread" is supposed to be the humblest prayer a poor man can make, yet it took mankind generations to acquire

the many intricate arts and sciences that are involved in the production of a wheaten loaf.

When, therefore, we meet with such statements as that there are fifty thousand inhabitants in London who live in a condition inferior to West African savages, or that there are millions of people in England who are unable to get enough food to maintain them in a state of mere physical efficiency, we cannot accept such statements literally. The lot of the poor never appears so savagely and wretchedly bad to the poor themselves as it does to the comfortable, sympathetic spectator. It is a trite remark, that the misery of a seaman battling with a gale is not so great as it appears to the imagination of a sympathiser who muses snugly beside a sea-coal fire, and pities the condition of the poor mariner.

Many of the facts that painstaking investigators tell us about the poor are unquestionably deplorable enough. But their meaning should not be misinterpreted. A universal failure of the harvests of the world would reduce us all to sore straits. There is at present in existence only an insignificant fraction of the food that will sustain the population of the world two years hence. We are not certain that the food will be forthcoming, but consider it highly probable that it will be. The probability of famine has altogether everywhere diminished. The poorest man in England is much surer of his daily bread than was his prototype some centuries since. While, therefore, it is quite accurate to say that millions of people in England

are on the verge of starvation, it is equally accurate to add that it is highly improbable they will be allowed to starve. Poverty, nevertheless, has its hardships, which are bitter to be borne. It is not our food and raiment we think of, when we contrast the lot of the poor and the rich, but the power of selecting our food and our raiment, and there is always a possible chance that multitudes of us may any day lose such power as we possess to choose for ourselves what we shall eat, what we shall drink, and what raiment we shall put on. Where this possibility of choice is generally diminished, the loss of power such diminution implies is an indication that locally, or so far as some groups of individuals are concerned, the contest between the progress of life and its hindrances is wavering in the balance.

We cannot infer from such facts as are sometimes brought under our notice, and which give rise to much futile lamentation and pusillanimous sinking of heart, that the wealth of mankind is less than it once was, or that its distribution is less efficient than formerly.

It is through the social organism—if we may adopt the phrase—the individual feels the pains that urge him to work. The test of the suitability of his action is, that it enables him to remove or escape pain which he either feels himself or through sympathy with others. The social organism has a power of growth and restoration in itself, to which the feeling of pain gives the right direction. Let the prompting of pain and

suffering be heeded by men who desire to put an end to pain; then ill-proportioned distribution will be corrected, the supply of what avails for life will be less limited where the want of it is now most felt, and dangers to the industrial system will be counteracted.

(11)

There is a condition incidental to the performance of work which has some resemblance to pain, but may fairly be distinguished from it—the condition of fatigue. Pain, however, is life threatened and a call to action; fatigue is an experience incidental to the fulfilment of the call. To labour after fatigue has set in is overwork, and is so far contrary to our idea of work that it creates pain, and to that extent undoes the effect of the previous effort. Were overwork general, the social organism would degenerate. In such a case overwork would be an evil, and the contrary of work, which, subjectively considered, is a desire to lessen or remove pain. We would not identify fatigue with overwork, although it may be difficult to say exactly where fatigue ends and the pain of overwork begins. But we should, as far as possible, prevent effort from being pushed beyond the fatigue point.

There is, however, a more flagrant and remediable evil to be coped with than the danger of overwork. Pain is sometimes directly and gratuitously suffered by the labourer. The most flagrant

example of the deliberate subjection of the worker to pain is to be found in disease-producing trades, and only less flagrant are the trades described as unhealthy. Forms of employment, in which workers are exposed to loathsome and mortal diseases, we cannot reconcile with a sound idea of work. Both those who undergo such self-torture, and those who encourage it, appear to run counter to the very purpose of economic effort.

Aristotle's idea of justice as an aptitude for making such a division as not to give oneself the less and one's neighbour the greater share of what is hurtful, may not be adequate, but it sufficiently indicates the end of economic work. All our doing and suffering is presented to us under a social form; and, from our present standpoint, it is to be considered good or bad, according as it helps towards the realisation of what is "proportionately equal."

Not only is it inconsistent with a true idea of work to inflict suffering upon our contemporaries, it is also inconsistent with work to entail suffering upon our successors, for the sake of present ease, comfort, and enjoyment. Solidarity with the future, no less than continuity with the past, is correctly included in the characteristics of the social organism. The multiplication or the diminution of pain, therefore, claims attention in connection with the relation of the individual to posterity. Except a man lessen, so far as he can, whatever is likely to

bring suffering upon posterity, he is not doing his work. To make the new generation pay in suffering for the neglect of past opportunities of work, is to make the struggle for existence needlessly hard. In dividing pleasure and pain between himself and his successors, a man, who is willing to leave the heavier portion of the burden to them, fails to do his day's work. Improvidence, in this sense, weakens the economic relationship through which life is maintained; and, as Sismondi said, every labourer who has more than the number of children his circumstances enable him to support, burdens the children and burdens every other labourer.

But the incompatibility of work with the infliction of pain for the sake of pleasure is illustrated in our everyday experience, in ways more obvious than any we have yet indicated,—in our amusements. Whoever, for the sake of affording amusement to another, whatever his ulterior end, undergoes pain or inflicts it upon himself, deliberately curtails his own life, diminishes his power, and, so far as the struggle for existence is concerned, goes over to the enemy. The communication of pleasure is not irreconcilable with the performance of work, but pain invited and endured to this end is contrary to our conception of the effort by which the social organism is preserved.

Gratuitous suffering is ruinous to all who are concerned in it, and when undergone for the enjoyment of others is inimical to the doing of work. If, therefore, we ask what is the position in the social organism of actors, actresses, and theatre

managers who provide dramatic representations; of the people who provide music and rooms for dancing assemblies; of those who give their attention to the breeding of racehorses, arrange race-meetings, and hire and pamper jockeys; or of those who, for their own amusement, encourage others to make themselves efficient as play-actors, provide dance-music and dancing-halls, train swift horses and jockeys, and make all the arrangements that attract thousands to the racecourse, we can at least say that all the suffering of body or of mind undergone in any such fashion, simply to provide amusement, has no connection with economic work, and those who encourage any such physical or moral suffering are so far from promoting the life of the world, that they are actually undoing the work that has already been done. Pain encountered merely to confer pleasure is a deliberate disordering of the social organism; it makes the struggle for existence harder; it is economically wasteful.

Therefore, also, as a general rule, it will be found that the bestowal of employment and reward, for pleasure received at the cost of those rewarded, is economically and morally unsound. A gratuitous increase of suffering, so effected, is of the essence of the evil of patronage. It gives rise to all sorts of sycophancy, servility, and social immorality. It is the root of what is bad in all the amusements and occupations which Puritanism condemns. It constitutes the bane of professionalism in sport. For, while pleasure and enjoyment are the inseparable accompaniments of that life which we desire

to promote, the purchase of pleasure at the cost of physical and moral suffering is a peril to the system upon which our individual lives depend.

(12)

We must not, however, divorce our conception of work from the enjoyment of ease and the pursuit of pleasure. Mr. Herbert Spencer has said, that function may be treated as of three different kinds: it may be considered as the accumulation of force, the expenditure of force, or the transference of force from the parts which accumulate to the parts which expend. Rest, from whatever point of view we regard it, connects itself with function in the first of these acceptations, with the accumulation of force. Recreation connects itself with the expenditure of force, being a mode of activity not strictly definable as work, since it does not originate in pain, or in the desire to overcome pain.

Rhythm, we are told, is a corollary of the persistence of force, and there is a rhythmic variation in nervous activity. A pendulum takes shorter and shorter swings, until it hangs plumb and motionless, and there is a rhythmic alternation in the activity of plant and animal, until activity ends in the "sleep that knows no waking." We are each of us conscious of the periodical slackening of our energies. From time to time we cease to be voluntary and conscious beings, for the sustained and ceaseless guidance of our powers is im-

possible. While we may reduce the dissipation of energy to a minimum, we shall never attain to the constant, conscious direction of our lives. For several hours in the twenty-four the directive power characteristic of man falls into abeyance, with some of the powers which he shares with other living creatures.

"The hour
Of night, and all things now retired to rest,
Mind us of like repose ; since God hath set
Labour and rest, as day and night, to men
Successive."

Sleep is correctly described as being no mere torpor, but a natural state, periodic in its recurrence, and necessary for the preservation of the organism. As it, or a state resembling it, may be artificially produced, we may find some help in associating sleep and all other forms of rest with the function of the accumulation of power. Rest or sleep is not the negation of motion or of life, but a pause during which energy is being accumulated for renewed exercise. "Nature's sweet restorer, balmy sleep," is a restorer. Instead of removing, it prevents pain. It restores, for, to adopt Mr. Spencer's explanation, where there is motion, there is waste. When disintegration is greater than integration, there is a consequent falling off in the degree of our activity, and, while we slow down, the balance is turned in favour of reintegration, and we gather our powers together again. Rest is a necessary stage in this rhythmical process of disintegration and reintegration, and whoever by an effort of will endeavours to escape from the

necessity of rest is bound to fail, for he may overstep the limit of disintegration that is compatible with life, and carry waste to a point beyond which recovery of power is impossible. He invites the pain by which excessive fatigue is followed. Whatever we may think of the apportionment of the remainder of the time, or of the share which the labourer should obtain of the wealth of the world, there can be no doubt that the majority of men need eight hours' sleep in a day, and that, if they are robbed of their rest, they will waste their strength, perhaps beyond recovery; and, as in the case of the railway signalman, or the sentinel after a long march, their vigilance cannot be depended on when their powers are overwrought. There may, as the instances just mentioned will suggest, be a partial loss of power, excessive waste so far as some particular faculty is concerned, and the point where this excess begins should mark the limit of the hours of continuous labour in any particular calling. To go beyond that is to destroy life, not to promote it; it is to set at defiance the natural sanctions which cannot permanently be escaped, to say nothing of any higher sanction for the regulation of effort and employment.

As we cannot continuously sustain any particular mode of activity, and as we cannot be entirely at rest for the whole period during which we are not working, in the specific sense of the term, we have intervals of leisure, during which our powers, which are dormant while we are at work, assert themselves,

and we play, play being defined as "the superfluous and useless exercise of faculties that have been quiescent." The activity of play may be purposeless, but to suppress it and compel unspent energy to seek other outlets is harmful: it must be so far spontaneous as not to add a new burden to life, it must not be indulged so long as to absorb some of the energy which should be reserved for work, nor should it invade the hours which are appointed for absolute rest.

Ultimately a man's capacity for play and the nature of his relaxation are determined by his mind and character, and for this reason a complete education aims not only at fitting a man for his work, but also at the cultivation of those faculties and tastes which admit of wholesome relaxation in the hours that must, if a man is to be rendered equal to his work, be given to leisure.

Recreation is the relaxation of a busy man in his leisure. His recreation depends upon what he is, its efficiency and limits are measured by the degree in which it fits him for his work. The activity of play, therefore, is not to be regarded as a mode of production, although things produced in sport or for recreation are among the most precious of human possessions.

The occupation of leisure is necessary if each is to do his work efficiently, but it is a frequent experience of all classes of workers that, when leisure comes, they are unable to fill up the blank spaces of time. Hence the craving for artificial stimulants, just as sleeplessness creates a

demand for soporifics—a craving and a demand which the same means have been found to satisfy. Burke defends the use of alcohol on the ground that “under the pressure of the cares and sorrows of our mortal condition, men have, at all times and in all countries, called in some physical aid to their moral consolations—wine, beer, opium, brandy, or tobacco.” It is sufficiently obvious, however, that when recourse is had to alcohol as a means of stimulating dormant energies that are not needed for work, men sometimes let loose the dormant brute, with results we cannot well reconcile with our ideas of recreative relaxation. Where this can be said, there is no doubt the use of the stimulant has been intemperate, and contrary to ethical conduct. No better moral defence of the use of wine has ever been written than is to be found in Jowett’s introduction to his translation of Plato’s *Laws*, and undeniably the exaltation of the dormant powers of the wine-drinker (and we may add of the opium-eater) correspond in a high degree with what are called recreative activities. But exaltation produced by artificial means is apt to lead to reactions which destroy the power of doing work, and the means themselves may produce results which are directly harmful and defeat the end of recreation. The probability of these harmful concomitants and results is so great, that those who allow stimulants to be recreative are justified in discouraging social customs which may permit of the expansion of the beneficent feelings, but which may, with equal probability, open the floodgates of woe.

(13)

In attempting to indicate the nature of economic work, we have adopted the analogy of a social organism, although we do not hold it to be perfect. One might easily maintain that there is no entity corresponding to what is called the social organism. But one might maintain on equally good grounds that an animal is nothing else than an aggregate of cells or a succession of sensations, and that there is no continuity in the existence of any animal, or of man considered as merely animal. Admittedly, an aggregate of units is gathered up into a whole by thought only. It is only when we think of a whole as dependent upon its parts and of its parts as dependent upon the whole, and of such a series of effects that A is the cause of B, and B of A, that the phrase "the social organism" has any real meaning for us. What we think about the body as a whole dependent upon its parts, what we think of mankind as a whole dependent upon its parts, while its parts are dependent upon it, is only a thought. But the important matter is that we do think both of the body and of groups of men as organisms, however imperfectly we may have analysed our notion. The notion is often helpful, although it is in various ways liable to be misconceived.

One more element, therefore, has to be added to our notion of work. Not only is physical resistance overcome, the obstacles that hinder life conquered, and pain vanquished by the action to which

it prompts. Before we, as men and women, can be said to work, we must not only feel pain, but desire to overcome it. Work is action prompted by the desire to end or to escape pain. But this desire is not experienced simply by individuals living in isolation. It is experienced by individuals who know themselves as related to other individuals who experience similar desires. The personal relationship in which these desires are recognised constitutes what we call economic society, and it is only the desires so experienced that issue in economic work.

II

THE WEALTH OF THE MARKET

(1)

J. S. MILL remarks that we can only produce wealth in Nature's way, but may distribute it in our own way. The remark is puzzling, because when we ask ourselves what this totality of wealth which is produced in Nature's way is, and who are the "we" who are to divide it, we find great difficulty in answering the question. To think of the goods of the world, on the one hand, as a universal marine-store, and of mankind, on the other, as a combination which has brought this store together, by obeying Nature's law, and which is now ready to distribute it, as it may determine, is to take a rather mechanical view of work and wealth. Were we, indeed, to confine our attention to the usages of primitive life, we might find it possible to give a real assent to Mill's distinction between the production and distribution of wealth. A primitive hunter secures a good bag by obeying the laws of Nature, and his catch is distributed among the members of the group to which he belongs, as caprice or custom may determine. But the hunter's

catch scarcely represents what is meant by wealth quite adequately, nor does the division of the spoil adequately represent what we mean by distribution.

We are all able to conceive with sufficient clearness the power the possession of private wealth confers upon the individual. Over what this power is exercised, we cannot so easily determine. The economists say the power is exercised over the "wealth of mankind," and we accept the expression as an attempt to sum up our rather vague impressions concerning the material sources of sustenance and enjoyment. The phrase is used too definitely when we make it stand for a totality capable of physical division. We cannot lay our hands upon the "wealth of mankind" and say, as some theorists think it possible to do, that this part is for enjoyment, and that for reproduction; that individuals may be allowed to possess the former, but the sovereign authority will take charge of the latter and devote it to its right purpose.

At the same time, the phrase "wealth of mankind," if vague, is not meaningless. When the wealth of mankind suffers diminution, life suffers defeat, defeat being manifested in the physical inefficiency of individual lives and the weakening of economic society. The "wealth of mankind," if we look at it in this way, is invaluable.

In economic society, we are associated in the desire to overcome the hindrances which oppose us in the struggle for existence, and this desire has

made the social organism what it is. Our individual lives, however, depend upon the share we each obtain of the wealth of mankind, and we have long emerged from a condition in which mere animal existence was in real jeopardy. So secure do most of us feel, that we constantly choose our share of the wealth of mankind according to our liking, and not solely with a view to stilling pain. Economics investigates the conditions under which this power is exercised.

(2)

According to Mill, productive labour is labour productive, not of individual wealth, but of the wealth of mankind, and by means of productive labour we only cause matter "to assume properties, by which, from having been useless to us, it becomes useful. What we produce, or desire to produce, is always, as M. Say terms it, a utility." Labour is therefore not productive of individual wealth, which is a claim, or equivalent to a claim, upon others to provide us with what we choose to ask, but of utilities embodied in material objects.

As, however, it is of the wealth of the individual most economists treat, they must, if Mill's view is correct, be considered to take for granted the production and existence of the wealth of mankind. This wealth of mankind, let us however remember, is, according to Mill's own showing, not matter, not material products, but properties of matter. He says that unproductive labour is "labour which does not terminate in the creation of material

wealth, which, however largely or successfully practised, does not render the community and the world at large richer in material products, but poorer by all that is consumed by the labourers while so employed." The unproductive labourers, however, only destroy properties of things. The matter of which these things were composed "remains, more or less altered in form: what has really been consumed is only the qualities by which they were fitted for the purpose they have been applied to." Besides, they have been produced in order that their properties should be destroyed. Those properties cannot be permanently embodied in matter. The wealth of mankind cannot be saved, and Mill therefore says, that "saving does not imply that what is saved is not consumed, nor even necessarily that its consumption is deferred; but only that, if consumed immediately, it is not consumed by the person who saves it." If it is not consumed very quickly, it becomes, in most cases, unfit for consumption. Accordingly it cannot be the wealth of mankind, but individual wealth, of which Mill is thinking, when he writes—"It is essential to the idea of wealth to be susceptible of accumulation: things which cannot, after being produced, be kept for some time before being used, are never, I think, regarded as wealth, since, however much of them may be produced or enjoyed, the person benefited by them is no richer, is nowise improved in circumstances." In production and consumption, we add to and subtract from qualities of matter, and what we accumulate, our individual

wealth, must be something different from those qualities; it must be something which is consumed, neither in itself nor in its properties.

Now the solution of the difficulty seems to be, that the properties which constitute things individual wealth, are not those which still pain and sustain life, but those which give us pleasure; that the same things may both sustain life and give pleasure; and that the properties which give us pleasure are best found in things which do not sustain life, and are accordingly lasting rather than perishable.

We have, therefore, to ask what are the objects in which pleasure has been principally sought, and how has it come about that, while the desire for the enjoyment of life is best secured in society, the condition of gratification is, that individuals should have exclusive property in objects of enjoyment.

(3)

The objects in which men have principally sought pleasure have been objects destitute of those qualities which are looked for in the things which constitute the wealth of mankind. "The greatest part of the things really useful to the life of man," says Locke, "and such as the necessity of subsisting made the first commoners of the world look after—as it doth the Americans now—are generally things of short duration, such as—if they are not consumed by use—will decay and perish of

themselves. Gold, silver, and diamonds are things that fancy or agreement hath put a value on more than real use and the necessary support of life. Now of those good things which Nature hath provided in common, every one hath a right (as hath been said) to as much as he could use, and had a property in all he could effect with his labour; all that his industry could extend to, to alter it from the state Nature hath put it in, was his. He that gathered a hundred bushels of acorns or apples had thereby a property in them; they were his goods as soon as gathered. He was only to look that he used them before they spoiled, else he took more than his share, and robbed others. And, indeed, it was a foolish thing, as well as dishonest, to hoard up more than he could make use of. If he gave away a part to anybody else, so that it perished not uselessly in his possession, these he also made use of. And if he also bartered away plums that would have rotted in a week, for nuts that would last good for his eating a whole year, he did no injury; he wasted not the common stock; destroyed no part of the portion of goods that belonged to others, so long as nothing perished uselessly in his hands. Again, if he would give his nuts for a piece of metal, pleased with its colour, or exchange his sheep for shells, or wool for a sparkling pebble or a diamond, and keep these by him all his life, he invaded not the right of others; he might heap up as much of these durable things as he pleased; the exceeding of the bounds of his just property not lying in the largeness of his

possession, but the perishing of anything uselessly in it. And thus came in the use of money; some lasting thing that men might keep without spoiling, and that by mutual consent men would take thereby in exchange for the truly useful but perishable supports of life."

Although the account Locke has, in this passage, given of primitive life and the origin of property is not perhaps historical, he brings out admirably the distinction between individual wealth and the wealth of mankind. The precious metals have somehow become the types of individual wealth, but they were the objects of pleasure before they were anything else, whether those who dug or gathered them did so for themselves or as slaves for their masters. Those who sought them must have been at leisure to make the search, they must have had their other wants—those wants which originate in pain—provided for, they must have lived under circumstances which did not call for a concentration of all effort in a struggle with adverse forces. Their circumstances must have been such as to excite in them gratitude to their protectors, seen and unseen; they must have been favourable to some sort of æsthetic enjoyment. Of this we have indication in the uses to which the precious metals have been dedicated—the fashioning of idols and the decoration of images, the making of holy vessels and of altars, the garnishing of the robes of priests, warriors, and women—the fashioning of girdles, breastplates, shields, ear-rings, candlesticks, basins, footstools, censers, crowns.

Before the precious metals were used in such ways, wealth, in whatever sense the word be used, existed. After they came into fashion, the great and powerful acquired stores of them; for they were one of the requisites Mill asks for in wealth can be accumulated.

(4)

That such stores were treasured in early times, all old literatures furnish evidence. The mythic songs of Norway and Iceland, for instance, betray a familiar acquaintance with gold and silver, of their uses as treasure and as articles of ornament. In the Edda, the frequent employment of periphrases for gold arrests the attention of the translator. Gold was, to the old Norse, "the water flame," "Menia's meal," "fire of the serpent's bed." Völund set the red gold with the hard gem, and awaited the return of his bright consort. Bragi says to Loki, "A horse and falchion I from my stores will give thee, and also with a ring reward thee, if thou the Æsir wilt not requite with malice." In the lay of Helgi we read, "Much more a sword would it be for you both in battle to engage and the eagles gladden, than with useless words to contend, however ring-breakers may foster hate," for rings and ring-breakers, or distributors of treasure, played an important function in the Norse as in other early economies. The Anglo-Saxons equally with the Norse were familiar with rings and ring-breakers, and we are told that the

gold armlets, worn as ornaments, were so fashioned as to be "readily divisible into portions of a definite weight," and etymologists trace our shillings to the word for pieces broken off from such armlets. This custom survived to a very late date, if we can trust Sir Walter Scott's historical accuracy, when, in *Quentin Durward*, he tells us that, untwining his gold chain from his neck, "Balafré twisted off, with his firm and strong-set teeth, about four inches from the one end of it," to pay Father Boniface for masses, "as far as the value of these links will carry him."

(5)

A superfluity of perishable goods, as Locke's illustration brings out, is wealth neither to mankind nor to the individual; to be relieved of a superfluity of perishable goods is usually regarded as a blessing. Those who are at leisure from the toil and moil of life desire objects of pleasure, and objects of pleasure are superfluous only in the sense that they are not essential to life and growth, but to our enjoyment of life. It is a true remark that the properties of things adapted to life and growth, in order to serve their purpose, undergo perpetual alteration, but a thing of beauty is a joy to us as long as we remain what we are; so long as we are what we are, it is a good thing to possess, and only when we cease to be what we are can it be a superfluity to us. It is a characteristic of an article of individual wealth, as distinguished

from some portion of the wealth of mankind, that it may be wealth to some, and yet not wealth to all, and wealth only to the actual possessor.

The precious metals were originally acquired for purposes of superstitious dedication, of ornament and display. They were acquired in order to make their owners illustrious or to be dedicated to their gods. They were not acquired to be parted with. It is only extravagant young rakes who sell the massy old family plate, the family race-cups and corporation bowls, the heirlooms and the family paintings. To have parted with one's gold and silver ornaments would probably at one time have been more heinous than Surface's offence in parting with his ancestors like old tapestry, or the broken-down prizeman's degradation in pawning his gold medals.

It was for the things that lent distinction to their owners, not for the useful and necessary, that the great and powerful among our primitive forefathers were ambitious, and it was at a late day unoccupied land became so great a rarity that the possession of broad acres was regarded by them as a distinction. They were the protectors of the living and the vicegerents of the departed. Their spoil they esteemed, not for any obvious use it served, but for glory, for pleasure, for some power ascribed to it by their superstition. Trophies, not acres of prairie, were their wealth.

(6)

Nor was it always necessary that the protector

should wrest from the protected the things upon which he set his heart. The protected brought him offerings out of gratitude, or in hope of defence from seen or unseen foes. Their gifts were neither superfluities nor necessities, but such as propitiated or conferred distinction.

The donor at all times consults the taste of those to whom he makes presents, whether he be their superior or their inferior. "Few things," says Burke, "discover the state of the arts amongst people better than the presents that are made to them by foreigners. The Pope, on his first mission into Northumberland, sent to the Queen of that country some stuffs with ornaments of gold, an ivory comb inlaid with the same metal, and a silver mirror. A Queen's want of such female ornaments and utensils shows that the arts were at this time little cultivated amongst the Saxons. These are the sort of presents commonly sent to a barbarous people."

The making of gifts, as this instance further shows, is not confined to the inferior; the superior also confers distinctions upon his notables, and Burke remarks that our rude ancestors "were so fond of chains and bracelets, that they have given a surname to some of their kings from their generosity in bestowing such marks of favour"—Edgar, for example, being styled *nobilibus torquium largitor*.

According to Mr. Herbert Spencer, gift-making by inferior to superior, and later by superior to inferior, originating in ceremony, became a custom, which developed, as customs do, until it became

binding on all sorts of men. Consonantly with his general theory of social evolution, Mr. Spencer associates the ceremony of present-making with the militant type of social structure. But one may venture to suggest that buying and selling for coined money derives some of its characteristics from the ceremony of present-making. If ornaments, from trophies, developed into representations of trophies made of the precious metals, if badges had a similar descent, and if to such beginnings we can trace stars, crosses, and medals, why should we not seek traces of a similar origin in coined money, or suppose that the transactions into which coined money enters as a factor are the outcome of a sheer struggle for existence, in which the æsthetic sense has been benumbed?

(7)

The precious metals, when used as ornaments, are kept for enjoyment or display. Of gold and silver, when made into coins—although coins were perhaps ornaments originally—the purpose is supposed to be quite the reverse. "As if he considered money an object of art," says the author of *Vice Versa* of Mr. Bultitude's excuse, that if he gave Dick a sovereign he would only go and spend it. But if Mr. Bultitude thought so, he was not utterly wrong. There was a time when coins were ornaments, and occasions still occur when ornaments serve the purpose of coins. "If an Indian cultivator had 200 or 300 rupees in a bank, it would

disappear in a year or so," said a witness once to a Currency Commission; "but if it is in the shape of his women's ornaments, he will keep them until he is compelled by famine to part with them." We have here an indication of all that the precious metals in the form of ornaments connote. His ornaments stand to the Indian cultivator for the pleasures appropriate to the phase of life which the owner of them has reached. Upon him, his ornaments confer distinction and enjoyment. To part with them is to give up the symbol of his power to choose his share of the wealth of mankind. It is to admit that he is reduced to such straits, that he can only get what will save his life. His reluctance to part with his wife's ornaments is not to be confounded with the insane avarice of the miser. It is the natural hesitation of a man to confess he has lost his status, and must begin the struggle for existence anew, tooth and claw. His ornaments are the ensigns of victory achieved, and he clings to his flag as long as he can.

(8)

If to part with plate, medals, and decorations is the last resort of the needy and unfortunate, but to part with gold and silver coins the only thing we can do with them, the transformation coins must have undergone before this difference arose constitutes one of the most interesting phenomena in social development. How has it come about that things which were originally objects of plea-

sure, ornaments, decorations, things of beauty, have become objects of individual wealth, of which the purpose is not to be retained, but to be converted into a portion of the wealth of mankind ?

We must trace another line in the thread to discover more clearly the connection between work and wealth ; the conquest of the hindrances of life and the enjoyment of life ; between the perishable things which are invaluable to the life of the social organism, and the precious things which constitute private wealth. We must try to find an explanation of the fact, that while the desire for the enjoyment of life is best secured in some form of society, enjoyment depends upon exclusive property in objects of enjoyment.

(9)

Wealth was defined by the late Duke of Argyll as the possession in comparative abundance of things which are (legitimate) objects of human desire, not attainable without some sacrifice or some exertion, but accessible to men able as well as anxious to acquire them. Possession is the term in this definition on which the Duke of Argyll laid special stress ; and he held that, by neglecting it, the classical economists had divorced the study of economics from History, Religion, Ethics, and Law. To include possession in the definition is to give, he maintained, its due weight to the protective work of the soldier, and the labour of making,

interpreting, and enforcing law. To harmonise might and right is an essential condition of human welfare, no doubt, but we are not therefore at liberty to describe warriors and conveyancers, important though their function may be, as the authors of private wealth. Wealth is rendered possible when warfare, within certain limits, has come to an end, but it is not the sword that brings peace. There is no idea of the individual's retaining objects for private enjoyment, until he and those among whom he lives have consciously subjected themselves to a common rule of right, of which the sword is not the sanction. The human qualities which inspire confidence, fidelity, and courage are not the peculiar attributes of the strong. It is the use which men make of their powers and opportunities that explains possession, and there is no good reason for insisting that the exclusive right of use is derived from the defender. It is claimed for the feudal system that it triumphed over such systems as tanistry in Ireland, by substituting the definite obligations of a vassal for the indefinite obligations of a dependant. The triumph was so far all for good, but the triumph was the application of an economic principle, not an assertion of military supremacy. "Large forests were to be felled, and wide tracts of uncultivated land had to be brought under cultivation. But," says Sir Henry Maine, "for this work society organised in village communities was little adapted. The land (under non-feudal forms) was free only in the sense of being free from feudal services, but it was a slave to

custom." The new organisation was an historical development from the old ; it was no mere usurpation of the function of defence ; it was not essentially a superposition of the conqueror over the conquered, but grew out of the state of society that preceded it, and was better adapted for economical and social needs.

(10)

Primitive men, whether they were natural leaders of families and groups, or inferior units in those groups, may be supposed never to have thought of the necessaries of life which they each received except as a share of a common divisible, perishable stock. But differences of occupation, as well as differences of age and sex, must have suggested the idea of a relation between each one's share and his or her status or calling. The history of woman, so far as the right of property is concerned, is a special instance of the principle that the right was usually associated with the relation of the owner to other members of the group, to the chief of a tribe, or to a sovereign power.

After tillage had succeeded pastoral occupations, land was far from being scarce, and it is probable that what then chiefly distinguished man from man in point of wealth was the number of cattle (the "capitale") he possessed. In an early agricultural society great importance was attached to stock (capitale), and degrees of status varied according to the stock possessed. The giving and receiving

of stock came to be the mark, if not the cause, of a new social hierarchy different from that which obtained in a patriarchal group in which power was centred in the chief of a tribe. "It is by taking stock," says Sir H. Maine, "that the free Irish tribesman becomes the Kyle, the vassal or man of his chief, owing him not only rent, but service and homage," the exact degree of his inferiority, it would appear, being determined by the number of cattle he received, a very large number reducing him to the position of those fugitives from strange tribes to whom some trace the name of feudalism. But this process carried forward an old idea, for the time was when perhaps the cattle of the tribe, or part of them, were inalienable, and a token of the tribal power.

The creation of inequalities of wealth in a social group tends to its disintegration. A community once disintegrated, there is no longer a direct apprehension of the fact that things which have hitherto been regarded as necessary to a common enterprise are untransferable to strangers. Things which are inalienable are essential to reproduction if work is to be carried on according to a method hitherto followed. But the idea of inalienability survives change of method. In a progressive society, it must always be undergoing imperceptible modification. Even in a group of herdsmen, it has been remarked, all the flock would not be inalienable, but only such as were necessary to the continuance of the flock; nor would anything but the land, the cattle needed for ploughing, or the seed needed for

sowing, be inalienable to an agricultural community. But the idea of the inalienability of some kinds of property is carried forward when an old social order gives place to a new, and it has been particularly persistent with respect to land. Land is inalienable, and there must be a lord,—“No lord, no land.” Hence the appeal to feudalism, in the interests of those who claim that the unseen foundation of the social system is the security given to possession by the person or the group of persons possessed of coercive power, involves, if this maxim is cogent, rather formidable risks, since the principle to which appeal is made is not that of the right of private property, but the doctrine that all land must have two owners. The very fact that ownership of land must in many countries be registered signifies that it is not regarded as an ordinary chattel. The idea underlying inalienability is the belief that the thing the transference of which is disallowed, is essential to some of the purposes of a social group.

(11)

In a primitive village community, “the kinsman has difficulty in contemplating life, except as the life of a kinsman”; the prevailing idea of property is that of common property. But friendly intercourse with strangers leads to the recognition of the sanctity of the life of those who are not of the same flesh and blood, and it introduces or extends the idea of the alienability of wealth. The process

is gradual, and customary notions linger long after the circumstances in which they originated have disappeared.

Commenting on the substitution of a caravan trade for the frequentation of local markets in India, Sir H. Maine calls attention, for example, to the fact "that the grain-dealer, though a man of great consequence and wealth, is often excluded from village or municipal privileges to which the small tradesmen whose business is an ancient appendage of the community are freely admitted," and that the "natives will often pay willingly a competition price for one article, when they would think it unjust to be asked more than a customary price for another. A man who will pay the price of the day for corn collected from all parts of India, or for cotton cloth from England, will complain if he is asked an unaccustomed price for a shoe."

When strangers are brought into communication with a community which has hitherto kept apart, and whose dealings have been hitherto subject to the control of custom, there is opportunity for the realisation of profit. It is legitimate to make a profit out of strangers who do not recognise, exercise, or enjoy customary privileges and rights. But commercial intercourse with strangers reacts on the community itself, and revolutionises its ideas concerning the alienability of its property. The tendency of mercantile transactions is, so far as wealth is concerned, to break down the barriers of family, caste, and nation, and to substitute for the customs

of a self-contained group the general rules of trading intercourse. The market came into existence before the feudal system, and was destined to survive it; market law has modified and is modifying "the most rigid and archaic branches of jurisprudence. The law of personal or movable property tends to absorb the law of land or immovable property." Possession of private wealth is secured, not by the soldier and the feudal lawyer, but by the law of the market, and in all the stages of its development the market has been actually or metaphorically a neutral ground on which traders have met for their mutual benefit, a fact which is illustrated in the principle of market overt, which is grounded on the presumption that traders are honest, and that it is both prudent and beneficial to take it for granted that a purchaser in the open market acquires a good title to the merchandise he buys, that property passes by transfer, and that in their business dealings men may, as a rule, trust one another.

(12)

In the market, even at its rudest stage, it was not the necessities of life, but the objects of pleasure men sought. More emphatically is it so to-day. The idea of alienability has so far extended, that what was once invaluable can be bought and sold for the sake of its power to confer pleasure. In economic society, men work to enable each other to live their lives. In the market, men seek for the objects

or for the qualities of things which are necessary to the enjoyment of their lives. Where we have a market, we may be sure that many, even of the humblest, are able, not merely to hold their footing in the world, but to find some pleasure in existence. Observe them marketing on a Saturday night, and you will soon perceive that their buying is not altogether a scramble for essential supplies.

(13)

We can now see what is involved in the fact that we may have objects of individual wealth, of which the purpose is to be converted into a portion of the wealth of mankind. The end of the conversion is not life, but enjoyment: the very fact that it is considered alien to their purpose to retain them and starve, is proof that their end is pleasure. It does not prove that the retention of them is irrational.

If the precious metals were not for retention in any case, where would be the good of them? The man who digs gold or silver produces what, according to common acceptance, is far more perennial than the produce of the agriculturist. Grain that has been harvested disappears, but gold and silver withstand the ravages of time. What better type of an everlasting material possession than the precious metals has the popular imagination ever conceived? Gold and silver are as enduring as the hills; they may be and have been handed down from father to son for thousands of years. They, the produce

of the wretch who labours in the mine—slave or criminal—are more enduring than the produce of the husbandman.

True enough, and yet not the whole truth. Gold and silver do withstand the corrosion of years, but the gold that glitters in the most ancient of kingly crowns has not an older history than the golden grain that rustles under the autumn sun. There is not an ear of corn in the harvest-field but has as long a pedigree as the most antique ornament of silver or of gold. When the slave was digging the metal from the mine, the husbandman was reaping the grain from which our wheat-field has sprung. The produce of the field may, and does, last as long as the produce of the mine, in a sense. But in their endurance there is a difference. The fruit of the field, as the scientific agriculturist tells us, lasts, because it undergoes change; it is produced for the very reason that its properties change. Gold is dug and treasured, because it is pleasant to the eye, no doubt, but also because its properties are so little liable to change. Lasting things have accordingly been classified in two orders. There are lasting things which owe what duration they have to the fact that their properties undergo change; the properties that constitute them wealth for mankind constantly and rhythmically disappearing and recurring. There are, on the other hand, perennial things which owe what duration they have to the fact that they resist change, the properties which constitute them wealth undergoing no alteration.

(14)

The precious metals in the form of coins belong to both orders of enduring things. They are lasting, but they have also imputed to them a fictitious convertibility, for they can be converted at choice into a selected portion of the wealth of mankind.

They further suggest a solution of the apparent difficulty, that while enjoyment is only secured in society, it is dependent upon the possession of private property, for they are the visible symbols of social order, good will, and mutual trust.

"The prevalent notion about coinage," says Walter Bagehot, "is not an economic, but a mystic notion. It is thought to be an inalienable part of sovereignty; people fancy that no one but a government can coin—that it is nearly a contradiction that any one else should coin. A superstition follows the act. Coining is called a 'natural' function of government, as if Nature would not permit a government without it; an 'inherent' right of royalty, as if no one could be a king or queen without it. 'The denomination of the coin is in the breast of the king,' says Blackstone; '*Monetandi jus principum omnibus inhæret*' is the current formula which old writers on the civil law quote; and these are only specimens of the old teaching. Such is not only the legal fiction, but the popular idea. That Cæsar's coin is something peculiarly Cæsar's, that Queen Victoria's

superscription marks something indefeasibly Victoria's, are beliefs as firm as they are old. You may find them as rooted in an English county now as ever they were in a Roman province at any time. . . . The peace of the world is preserved by a habit—nearly unconscious—of constant subordination. But men were not born with that habit; savage tribes are now wanting in it; old nations did 'what was right in their own eyes,' and were defective in it too. A long history and a curious list of means were necessary to implant it. One most efficient expedient was the use of royal symbols. The crown, the sceptre, the coronation, the homage, were so many acts indicating sovereignty and advertising sovereignty. The stamping of the common coin was another such act. It brought home to every one who used it, that there was a king and a government; it was one link in the chain of impressions and associations which in rude times cemented society by confirming government. Probably, indeed, the coinage was one of the most potent of suggestive symbols. We are so familiar with the matter, the rudiments of social economy have so thoroughly worked down to common minds, that we no longer find a wonder in money; but less taught times thought it very curious, almost magical. In rude districts now you may trace the same manner of thought. Money seems to do what nothing else will do. Those who have it need nothing else, for it will buy everything else; those who are destitute of it are eager to get it, for without it they may on occasions be unable to get what

they most want. Money is the universal 'procurer,' the one thing by which you are sure of everything, and without which you are sure of nothing. It seems proof against time, too; other things are less valuable to-day, though you only bought them yesterday, but money is never 'second-hand.' You may hoard it for years and be sure it will be as good when you extract it, as it ever was at first. Government is the only maker of the magic, and consequently the prerogative of making it seems half magical too."

And the magic has this further wonderful effect, that it serves to regulate and harmonise the desire to escape pain and the desire to procure enjoyment from material things, for it confirms that relationship in which both desires are gratified simultaneously—the market. But in this relationship, be it observed, the desire to enjoy the pleasures of life which depend for their satisfaction upon our possessing objects of individual wealth is always uppermost. The relationship begins to disappear when the desire to escape pain obtrudes itself. The struggle for existence, in the sense of conflict between man and man, is not the law of the market. There is no market where there is no sense of security and mutual trust.

(15)

The associations which Bagehot attributes to the coinage do not fully express the ethical significance of the market at the stage it has now reached.

Now, to a much greater extent than at an earlier date, it is possible to possess property in things that have yet to come into being. The transactions of the market are not limited to the immediate present. In their dealings, merchants make treasure of what does not yet exist; they create rights to a portion in the future. The present as known to the economist is related at once to the past and to the future. He does not teach us that the labourer who works the field, and the farmer who directs his labour, have the first claim to property in the produce of the soil. There are claims which came into existence before any one could say that grain would continue to be grown in their fields. They themselves sometimes give a contingent claim to their own future harvests. The past has placed upon us debts and obligations, but it is the past also which has endowed us with the knowledge and means by which life is regulated. It is against the future we protect ourselves, but it is also in the future we hope.

The modern market is based on good faith. The owners of property part with it to those who bring the necessary credentials, confident that the credentials will be honoured. Good faith is the life of the society of the market, and not visible symbols of credit. In the market, those who receive a benefit confer upon the giver a general purchasing power or recognised title to property offered for sale. This title is money.

The market, accordingly, now implies all those conditions of time and place, under which property is given in exchange for money.

(16)

It has been well remarked, with reference to the rights exchanged in the market, that they are no mere rights to use things for a specific purpose for a limited time. In a society in which a general confidence is placed in every member who gives a power of purchase to those from whom he receives benefits, when money is transferred, property in it is transferred. Not even a borrower of money can have "the enjoyment of it, unless he exchanges it away for something else. Consequently the person who 'borrows money' must necessarily acquire the property in it." One holder of money is so like the holder of a similar title, that there is no distinguishing between them.

(17)

There can, however, be no credit apart from the belief that the economic virtues will continue to be practised. And experience seems to justify this belief, for the methods of the market appear to exercise a reflex influence in preventing a relapse to the precarious conditions on which life was maintained in more primitive times. We see this in their effect upon the supply of the necessaries of life. "Our ancestors," remarks Adam Smith, "seem to have imagined that the people would buy their corn cheaper of the farmer than of the corn-merchant, who, they were afraid, would require over and above the price which he paid to the

farmer, an exorbitant profit to himself. They endeavoured, therefore, to annihilate his trade altogether. They even endeavoured to hinder as much as possible any middleman of any kind from coming in between the grower and the consumer; and this was the meaning of the many restraints which they imposed upon the trade of those whom they called kidders or carriers of corn, a trade which nobody was allowed to exercise without a licence ascertaining his qualifications as a man of probity and fair dealing." The effect, according to the author of the *Wealth of Nations*, was to prevent the grower devoting the whole of his capital to production, and the relaxation of the restraint was followed by increase of production and a diminution of the inconveniences of dearth. "After the trade of the farmer, no trade contributes so much to the growing of corn as that of the corn-merchant." The grower was not competent to act as his own merchant, nor was the consumer. When they tried to do so their exchange was an iniquitous barter, and the intervention of the merchant was a guarantee of fairer dealing than before. The merchant treated the corn as merchandise, and, as a consequence, more corn was grown.

(18)

It is related by Aristotle, that the philosopher Thales, in order to prove that a sage could be a better business man than business men themselves, entered one season into an oil speculation. "Per-

ceiving by his skill in astrology that there would be great plenty of olives that year, while it was yet winter, having got a little money he gave earnest for all the oil works that were in Miletus and Chios, which he hired at a low price, there being no one to bid against him. But when the season came for making oil, many persons wanting them, he all at once let them at what terms he pleased; and raising a large sum by that means, convinced them that it was easy for a philosopher to be rich if he chose it." Thales cornered the market, as the phrase goes. He so far made good his boast, but Aristotle neglects to observe that the wise Ionian would not have made money, had he not already been somehow in possession of money or credit, had there been no oil manufacturers in Ionia, and had the merchants of the day not had confidence in their honesty.

The story illustrates a phase of the market which awakens the same sort of apprehension as did the intervention of the corn-merchant between the farmer and the consumer. But the speculator is omnipresent, his operations are on a most extensive scale, and the misgivings his appearance occasions are correspondingly grave. The fears he awakens are in a great measure groundless. In one branch of trade at least, it is becoming evident that he may fulfil a useful function. By its very nature, the business of raising produce from the soil is speculative. No planter or farmer can predict accurately how big a crop he will have at the next harvest. Extremely good guesses are sometimes

made of the probable yield of grain and cotton crops. But official forecasts and estimates of the yield of growing crops are notoriously fruitful subjects of controversy. They are not unfrequently falsified. Before we can have anything like trustworthy predictions, the science of meteorology must be rendered more worthy the name of a science. As we cannot have an accurate estimate of the produce of a single farm or of a territory including many farms, as manufacturers depend upon agriculturists for supplies of raw material, and as arrangements must be made for forwarding raw materials long before they are actually required, since no industry could thrive were all buying from hand to mouth—the produce markets must be speculative, all buyers and sellers must, like Thales, deal in “futures.” A cotton-spinner might, in the month of January, go to a planter and ask whether, between the following September and December, he could supply him with so many bales of cotton. The planter might undertake to supply the cotton required, and give the spinner an assignment of his crop. But a contract of this kind is far from eliminating the element of chance from the cotton trade. The planter's crop may fall considerably short of the number of bales he promised to the spinner, and, if he is to fulfil his bargain, he will have to purchase some of the cotton already in the warehouses, or he will have to acquire some of the new crop from other planters. As his object, or the object of the financier who supports him, is to make profits, and not to aid the spinner to do so, such a

mode of doing business is not the most propitious for his purpose. There is too great risk of financial loss, and anything that insures him against loss will be favourable to cotton-growing. On the other hand, the spinner may discover, in the fall of the year, that he has ordered either too little cotton or too much, and, from his point of view, it is desirable he should have a ready means of supplying his deficiency or of countermanding the surplus supply he has ordered. Accordingly, an arrangement which one might suppose to be proof of an instinct for organisation would not suit either the planter or the spinner. The speculative instinct has found in the system of paper contracts, clearing-house, and settlement, which will soon be the general system in all produce markets, what promises to be the best insurance against loss to those who are engaged in the production of food and raw materials, and in their purchase for retail sale or for manufacture. The importer, the speculator, the dealer, the jobber, the bull, the bear, to whatever species one belongs of the genus which agrees "to buy or to sell and deliver at any future time to another, when he or the person for whom he acts is not the owner of the article so contracted or agreed to be delivered," is fulfilling a function which is serviceable in the marketing of produce, even though his contract may not entail delivery of goods. Every buyer and seller of produce must deal in a commodity which, at the time of their contract, has no existence; they promise to deliver and take delivery of what perhaps never is to be. Many

of the criticisms directed against the system of dealing in options and future contracts are variants on the complaints that were formerly made against the corn-merchant. Engrossing and fore-stalling are not new devices of Mammonism, and the time will come when as little will be heard of cornering as we now hear of those antiquated offences. Cornering is seldom if ever a successful operation, and the vast temporary mischief the "cornerer" sometimes causes is deplorable. But cornering is an evil incidental to the infancy of the clearing-house and settlement system, and will disappear when operators become more familiar with a method of making and fulfilling contracts which may be, and probably will ultimately be, so worked as to further the interests of the growers and of the final purchasers of produce. The ultimate tendency of the apparently infinite multiplication of paper contracts appears to be to insure growers of produce against loss, and to enable final purchasers, such as cotton-spinners, for example, to keep themselves so regularly supplied with material as to reduce overproduction to a minimum. It rests with the bankers to put a check upon excessive speculation in futures, and this they are enabled to do by the institution which requires the operator to deposit a margin "as a security for the payment of differences in prices that may become due from him during the currency of a contract," a margin that "may be increased if the prices turn against the operator, or diminished if prices turn in his favour." The whole system arises

out of the inherent difficulty of making a correct estimate of a future crop; it may enable those who are most directly interested in the crop, once they learn how to manipulate the system, to insure themselves against financial loss, and so far as it insures them against financial loss, it is favourable to the industries immediately concerned.

(19)

The facts at which we have glanced introduce to our notice a new form of individual wealth—an assignment of produce. The assignment of produce is, like bankers' notes and merchants' accommodation bills, a sort of wealth. Every document acknowledging debt is, if transferable, wealth to the holder. The validity of such documents depends upon the veracity of those who are parties to their creation, and upon their ability to meet the obligations they have undertaken. Where these conditions are fulfilled, this fictitious individual wealth may, to all intents and purposes, endow the holder with as much power over the wealth of mankind as would hoards of gold and silver. So far as the holder of them is concerned, documents acknowledging debt constitute rights; so far as his neighbours who are involved in the transaction are concerned, they constitute obligations. They have value, so long as the faith the holder puts in them is justified.

(20)

But the ability to fulfil our obligations is not always proportionate to our veracity and our confidence in the future. In their time-bargains, even where their intentions are honest, merchants miscalculate. It is the special function of the banker to correct such miscalculation, and to limit its harmful results, and he cannot fulfil his function unless he has a reserve of the precious metals. No community has yet been able to preserve mercantile justice, in which there were no bankers possessed of an available supply of gold and silver. The disappearance of the supply is indicative of disorganisation in the industrial system, the financial system and the industrial system acting and reacting upon each other, the failure of a bank sometimes causing temporary dislocation of business, and the ruin of a trade sometimes causing a bank to close its doors. The test of a bank's soundness is its command over hard cash. The cash which it must hold in reserve may be only a fraction of that for which it is responsible, but unless the bankers maintained their reserves, and let it be known they maintained them, the whole system of business, of which their houses are the nuclei, would collapse. While modern commerce, regulating always its present action by its future prospects, has developed ingenious methods by which it is possible to do a vastly more extensive business than formerly with a given quantity of gold, there is a limit to the obligations which bankers are justified in under-

taking. Before they can enable those whom they assist to "make capital of the anticipated profits of the future," they must possess an ascertainable minimum of "the accumulated profits of the past," in the shape of gold and silver.

(21)

The central banking authority, in every commercial community, controls the buying and selling of the rights and claims that constitute debt. When it gives excessive or insufficient support to "credit," understanding by credit, in this connection, a "present right to or the present value of a future payment," its failure to preserve the balance is seen in a withdrawal of gold from the banking reserve, while the knowledge that there is a reserve enables the bank to exercise efficiently its supreme controlling power. "It used to be the common delusion of mercantile men," says Macleod, "that gold was only sent [from one country to another] to pay a balance arising from the sale of goods, and that therefore it must cease of itself whenever these payments were made. But this is a profound delusion. When the rates of discount differ so much [as 3 and 6 per cent.] between London and Paris, persons in London fabricate bills upon their correspondents in Paris for the express purpose of selling them in London for cash, which they then remit to Paris, and which they can sell again for 6 per cent. And it is quite evident that this drain will not cease so long as the difference in the rates of discount is

maintained." Gold, that is, may be sent from one country to another on account of a miscalculation on the part of the bank, in the exercise of the control over credit. When discount is 3 per cent. in London and 6 per cent. in Paris, the interpretation of the fact is, that "gold may be bought for 3 per cent. in London and sold at 6 per cent. in Paris" by means of fabricated bills, whereas it is the business of an institution like the Bank of England to fix its rate of discount "so as to prevent (according to Macleod) its being possible to export gold from the country."

(22)

But a contest for the control of the available supplies of bullion is not what the last analysis discovers in the operations of the modern market. In the normal course of affairs, it is for the interest of every community to maintain the bank credit of the communities with which it transacts business. In the way of everyday routine, individuals confer favours upon their friends, and in various ways aid those upon whose good faith, knowing their character, they rely. Trading communities follow the same course, and find it favourable to work and wealth. As an illustration, we may recall what happened when the failure of the Barings threatened to impair the efficiency of the Bank of England, owing to the depletion of its bullion reserve. A crisis was averted by the Bank of France lending gold to the Bank of England, to the amount of three millions sterling. No doubt

Paris was interested on its own account in staving off a crisis, but by conferring a great favour, nevertheless, the authorities of the Bank of France may be said to have for the time upheld the position of London as one of the great banking centres of the world.

(23)

The market, like economic society, tends to become cosmopolitan. Whereas, in the earliest phase of social development, men went hunting or fishing to supply the larder, they now get what they want in the market, by transferring a general power of purchasing to those who give them what they want. Nay, the market has ceased to have a merely local significance. Instead of being a place, it now connotes all those conditions under which goods are exchanged for money. Instead of wares offered in a primitive market-place, we have benefits of all kinds offered for money. Into the market the poet brings his verse, the preacher his sermon, the artist his picture, the navy his strength. This being a condition to which all submit who wish to contribute to the enjoyment of life or obtain objects of enjoyment for themselves, the market is an index of economic life, for, on the whole, those are successful who can confer what those who own the money believe to be benefits.

In the market, in one of the forms it early assumed, "each transaction had to be publicly witnessed, and associations for the enforcing of fair dealing, and for giving security to property,

were necessary." Money, in the fullest interpretation of the word, expressive as it is of the good faith which is the life of the society of the market, should be, and some day will be, accepted anywhere and everywhere by those who have the faculty and opportunity of satisfying our wants.

The primitive market stood on neutral ground; the money of the market finds a neutral mark everywhere. In the days of the primitive market, the influences that made against corporate life were associated with menaces from beyond a territorial frontier. In the modern market, the menaces are associated with a future settling day and its obligations.

(24)

The essence of the transactions of the market, then, is this: that by giving a general title or purchasing power, which is recognised in the society of the market, we get from others what we desire. Our wants are determined by our character, physical, mental, and moral. The ability, dispositions, and opportunities of others determine whether they are able to supply our wants. Whatever may happen in the market, the real inequalities between men, with respect to their capabilities and adaptabilities, remain; the mutual dependence of men in their several relations remains. But the use men make of their powers is influenced for good or for ill by the life of the market, for while effort that originates in pain, or sympathy with pain, and issues in the conquest of pain, is the only effort to which we

would give the name of work, yet the hope of future pleasure sustains us in our efforts, and the objects of pleasure are found in the market. The market and the industrial system are thus interdependent. There could be no society of the market were there no society of utility, credit being inseparable from confidence in the soundness of the social organism, and in the economic virtues of those whose credentials are honoured. The society of the market will not suffer dissolution so long as money connotes knowledge, saving, and forethought, for these are the things that constitute a valid title.

(25)

The market is the manifestation of a moral power higher than that which explains the transactions to which we give the name of barter, and mercantile exchange is an easier way of satisfying our wants than barter. That the market partakes of human imperfection is undoubted, but we are not to escape its imperfections by resorting to fanciful expedients. Communism is fanciful, because it assumes the existence of a totality of wealth capable of physical division, a notion adequate only to the conditions of primitive life. All expedients for the just distribution of wealth which rest upon faith in what we can see and handle, and not upon the faith of man in man, are impracticable. Mutual confidence is the life of the society of the market, and this confidence is confirmed by the history of human progress.

III

PLEASURE AND VALUE

(1)

THE Ricardian measure of value, when we examine it, we find to be not Labour, but Time. It is not Labour, but the duration of the labour necessary to the production of the commodity, that is supposed to measure the value of a product. And Ricardo believes literally that a day's labour is always equal to a day's labour. When a man's labour becomes doubly efficient, so that the product is doubled, the commodity produced does not double in value. Its value is, as before, measured by the duration of the labour; and the comparative quantities of commodities which labour produces in a given time determine their relative values.

Into the Ricardian calculation of value there enters an estimate, not only of the duration of the labour necessary to the production of commodities, but also of the time during which commodities preserve their form without appreciable change. Capital, Ricardo accordingly says, is circulating or fixed, as it is rapidly or slowly perishable, and these

varying degrees in the perishability of the capital employed in production affect the practical doctrine of value, just as does the duration of the labour that goes to the production of capital, or the things devoted to reproduction. Not only so, but, according to Ricardo, we must take some account of the durability of the commodity which the labourer receives as his reward; we have sometimes to ask whether commodities are produced "with fixed capital of a less durable character than the medium in which the price is estimated."

By a quantity of labour, Ricardo meant, in the main, duration of labour, and not, as some economists do, so many foot-pounds of force. He did not treat labour as a thing which can be increased or diminished, but as a thing which may endure a longer or a shorter time, and he called the value of the product greater or less, according to the longer or shorter time the labourer is engaged in producing it. Marx, who adopted his theory of the duration of labour, carried it a step further, by treating labour-time or value as a non-natural quality of the product—that is, he treated a quantity of labour as if it were a quality of the product of labour, and he called this quality value. Custom, he held, has led mankind to treat this non-natural quality as a natural quality, and to look upon the value of gold in particular as a natural property of the metal, just like its colour and hardness. What has actually occurred, according to him, is that gold has been selected as the best possible material

form of "that measure of values which is immanent in commodities, labour-time."

Theories which make labour, in such fashion as this, the measure of value, are based on a misconception of the nature of economic work. Economic work is effort which originates in pain, and achieves its end by extinguishing pain. Value involves an appreciation and enjoyment of the attributes of products, and neither pain nor effort can explain this appreciation and enjoyment.

(2)

Both pleasure and pain may be measured by their duration, but pleasure is characteristically different from pain in that it demands a distinction between the qualities of things, while pain blots out all distinctions. The appreciable qualities of things measure the pleasures we enjoy, in virtue of the state of life we have reached. The best measure of the intensity of suffering is negative, being the pleasure that is missed or lost. "What," asks Thackeray, "would the possession of a hundred thousand a year, or fame, and the applause of one's countrymen—of any glory, happiness, or good fortune avail to a gentleman, for instance, who was allowed to have them only with the condition of wearing a shoe with a couple of nails or sharp pebbles inside it? All fame and happiness would disappear and plunge down that shoe. All life would rankle

round that little nail." What would not such a gentleman give to him who should remove the nail? Is it not clear that the scale of his reward would not be the pain suffered, but the pleasures which are abolished by the pain, and which are rendered possible by the removal of the pain?

Similarly pleasure enters into our estimate of the importance of the work we do. In the ordinary pains incident to humanity, there cannot be much difference in degrees of intensity. Not only was there never yet philosopher who bore the toothache patiently, but the toothache of the philosopher is much the same as the toothache of those who are no philosophers. We may and do measure suffering by its duration, but the length of time during which suffering lasts does not make a very vivid impression upon us. We make the intensity of the suffering more actual when we aid our imagination by thinking of the happiness sufferers miss—the crown of sorrow is remembering, and no longer enjoying, "happier things." What we find happiness in depends upon what we are, and upon the fulness of life we have reached depends our estimate of another's suffering.

(3)

Coleridge, writing on the subject of human happiness, has somewhere attempted to cast his reflections into mathematical form. "Let the sum total of each man's happiness," says he, "be supposed equal to 1000; and suppose 10,000 men produced,

who neither make swords nor poison, nor find corn and clothes for those who do, but who procure by their labour food and raiment for themselves and for their children; would not that society be richer by 10,000,000 parts of happiness?" Now the number 1000, as employed by Coleridge, must, if it has any meaning, stand for successive states of consciousness. We must know what one part of happiness is, we must know what the repetition of the consciousness of the state so described, as registered in the term 1000, means. We cannot use the term 1000 unless in conjunction with something which occurs 1000 times.

As a register of successions or repetitions, the term 1000 has always the same meaning, but the states of consciousness of which the term is the register are not in every instance the same. When Coleridge says the sum total of each man's happiness may be supposed equal to 1000, the only meaning we can attach to the remark is, that the happiness of a man can be expressed by 1000, because he can record 1000 states of consciousness to which he can apply the term happy. When he reaches old age, he can trace a succession of happy states of mind, and to the repetition of those successive states he can apply the term 1000. His memory, however, may be able to trace other successions, and they also may be summed up in the expression 1000. They cannot be parts of happiness, else they would have been already enumerated, and there may be no resemblance, in fact, between them and the states of consciousness Coleridge would call happy.

Yet the units of one series may be indissolubly linked in memory with the units of another series. A thousand remembered joys may be indissolubly linked with a thousand unforgotten griefs; we may say that our griefs as well as our joys are equal to 1000. To say so, however, does not enable us to compare a single joy with a single grief. We could not say absolutely that sorrow is equal to joy, even were we able to affirm that each man's grief, as well as his happiness, is equal to 1000. As well might we say that 1000 yards are equal to 1000 tons.

The practical question to be decided is whether, and in what sense, each of the states of consciousness Coleridge calls happy, is a unit; in what sense is each unit of his 1000 equal to any other. All the units of happiness must appear to us identical, else we would not identify them in name. A state of mind we call happy, if it is adequately so described, must so far be exactly like any other state of mind we call happy, however much the two complex phases, in which we discern this quality, otherwise differ; and as happiness or pleasure requires an object, the object which determines the state of mind we call happy is equal in that respect to any other of which the same may be said. The problem, therefore, assumes this form. We give a succession of states of mind a name or a number, and may therefore, as Coleridge does, speak of our total happiness as being 1000. What is the unit, what is the state of consciousness supposed to be, which, when repeated, gives us our total? When we can answer

this question, we may be able to discover the objects necessary to those subjective states which are the units of our enumeration. We may also in this way be able to discover a psychological explanation of the exchangeability of those objects, or explain what is meant by saying they are the value the one of the other, and what connection there is between the enumeration of the objects of our pleasure and the registration of our successive states of consciousness. It is perhaps easier to understand how happiness may be expressed by a number, than how the number that expresses our happiness should be associated with so many external objects. When Coleridge supposes each man's happiness equal to 1000, he suggests a hypothesis easier to understand than is the connection in thought between "a thousand parts of happiness" and, say, a thousand pounds, or, for that matter of it, between one part of happiness and one pound.

(4)

Some economists maintain that the intensity of the pleasure we each individually derive from a commodity depends upon how much of the commodity we possess, and from this view there is derived a comparison of the relation of one quantity of commodities and the intensity of pleasure it excites, with the relation between another quantity of commodities and the intensity of pleasure it excites. This view involves a consideration of

what is meant by degrees of pleasure, and a theory of quantity.

As our pleasures come to us through our special senses and faculties, and as they require the presence of their special objects, it is reasonable enough to suppose that the intensity of our pleasure will vary in some way with the number of appropriate objects of pleasure we possess. It is not, however, our purpose to discuss the law of this variation, but to consider the preliminary question, how it comes about that we express the relation of an object to a special sensuous experience quantitatively, and what such an expression signifies.

The successions to which we apply numbers are successions of definite thoughts. Did any two thoughts repeat themselves together we would associate them, and assume they repeated themselves simultaneously, because both were occasioned by the same circumstance. Our pleasures do, as a matter of fact, recur with the objects of them. We never experience pleasure unless there is an object with which to be pleased. There is accordingly a natural inclination to associate the numbers in which we sum up our goods with the pleasures our goods bring us.

We are, however, more interested in the impressions or thoughts repeated, than in their repetitions (number being a record of repetitions), and to them we will principally direct our attention.

(5)

Long ago, Senior pointed out that "not only are there limits to the pleasure which commodities of any given class afford, but the pleasure diminishes in a rapidly increasing ratio long before those limits are reached. Two articles of the same kind will seldom afford twice the pleasure of one, and still less will ten give five times the pleasure of two. In proportion, therefore, as any article is abundant, the number of those who are provided with it, and do not wish, or wish but little, to increase their provision, is likely to be great, and so far as they are concerned, the additional supply loses all or nearly all its utility. And in proportion to its scarcity, the number of those who are in want of [without] it, and the degree in which they want [desire] it, are likely to be increased; and its utility, or, in other words, the pleasure which a given quantity of it will afford, increases proportionally." In the main, general experience is not at variance with this observation. There is no repetition of the first shock of glad surprise communicated by a new experience; all subsequent effects are relatively less thrilling. It is, however, desirable, when we use such language as this, to ask ourselves what gives unity to a subjective experience, and what gives unity to the external object with which it is associated. The experience is conceived of as one when we think of it as lasting for a certain duration of time. It is one so far as its duration is concerned, but not in other respects. A feeling

which lasts for a definite time may grow in intensity, lessen in intensity, or wax and wane in intensity, throughout the period during which we are conscious of it. If we thrill with pleasure when a prospect suddenly opens out before us, our pleasure does not grow less as we stand and view it. The view grows upon us, but the growth is not at a regular rate; each increment of pleasure is less than the one that went before it. Yet the smallest increment adds to the joy of this particular experience, conceived as a whole. And were one to attempt to express such an experience as this by aid of numbers, he would not reckon his pleasure as a multiple of the last impression, but as the cumulative effect of all the impressions, the addition of the values of each of the contributory elements. One would not, however, say that such an experience is exactly analogous to the pleasure derived from a stock of goods.

(6)

When we speak of the pleasure derived from a stock of goods, the pleasure is a unity of conception, the stock usually is regarded as a plurality of units. In the example we have given, we have supposed that the object was one, and the pleasure one, varying in intensity for a definite duration of time. We have not intended to convey the idea that a pleasure of certain duration, which augments while it endures, is made up of a plurality of pleasures, nor that a landscape is a stock of snapshots. We have conceived the landscape as one and the

pleasure as one. It is possible to conceive the experience either way, but we cannot have it both ways at once. A landscape may be a rapid collection of snapshots, but if we begin by assuming it to be a single picture, we cannot, in the course of our analysis, treat it at one time as a single view, and at another as a plurality of views seen in rapid succession. In analysing what is meant by the value of a stock of goods, we are liable to fall into this error, treating the stock at one time as single, at another as a plurality of units.

Our own experience—our pleasure, for example—we conceive of partitively, because we are conscious of it under the form of time. Our sense of the growing or diminishing intensity of a pleasurable experience is related to the intervals of time during which our experience is present to our consciousness. The external object of a single pleasure is, however, one and not many. If we experience several pleasures, there must be as many objects of pleasure as there are pleasures. One stock of goods cannot give rise to two different pleasures. If we have two pleasures, the objects, stocks of goods, or anything else, must be two. If value be defined, therefore, as the recognised condition of a pleasure of which we are conscious, the value of any single object has at a given time reference only to some particular pleasure which is felt. The pleasure felt is dependent upon this good and nothing else. Increment of value there cannot be, unless where a new pleasure is derived from a new object, or where we are referring to the accumulation of a pleasure

during the period it is present to our consciousness. A newly acquired object of pleasure gives a new pleasure, and cannot diminish the pleasure which an object of pleasure already in our possession has given or can give us. A new object is a new pleasure, not an addition to another pleasure. We may be conscious of both almost simultaneously, perhaps simultaneously. In any case, although there is a limit to our capacity for emotion, the new object does not diminish the pleasure which the object we previously were conscious of has given and can give us, although our attention may be directed to it, and we may contrast the pleasures which they each give.

(7)

What we call an external object may have properties appropriate to each of our five senses. It may be capable of giving pleasure to sight, to hearing, to smell, to taste, to touch. We may prefer it as an object of pleasure to the eye. That is, it may give more pleasure to the eye than to the olfactory nerves or the nerves of any of the rest of the senses. But because it gives most pleasure to the eye, our preference does not diminish the pleasure it actually gives to the olfactory nerves. If one says he likes the tints of flowers, he does not, by saying so, disparage their scent. A flower can suffer decrement of relative value as the condition of pleasure to the olfactory nerve, when compared with the odour of another flower, not when its own

odour is compared with its own tint. When one confines his attention to any one quality of an object, that quality becomes all the object to him, whatever other qualities it may possess. Thus, five objects, of qualities all alike, may become five different kinds of objects, if one fixes his attention exclusively on a different quality in each. Five sacks of corn may become five different kinds of things, if one fixes his attention exclusively on a different quality in each. A sack of corn which yields an ardent spirit is different in kind from a sack of corn that is the object of a different pleasure from that which ardent spirits excite. When five sacks of corn are so regarded, they are not "a group of homogeneous elements considered and valued as a whole," but a whole with various qualities of each of which we may be simultaneously conscious, if of the various qualities each appeals to a different sense. But when each appeals to a different sense, we do not disparage the one sack by expressing preference for the other. We do not disparage the sack that makes spirits, by saying we prefer bread. We would only disparage the sack used for making spirits, if we preferred a sack of barley to it.

Strictly speaking, however, a stock should be regarded as homogeneous, and additions made to it should be additions of objects considered relatively to one of their qualities only. One stock is more or less valuable than another, according as it yields more or less pleasure in an equal time; but a comparison instituted between two stocks of goods or

two objects of pleasure has nothing to do with the fact that, considered with reference to a particular period of time, the intensity of pleasure reaches a maximum and then diminishes. Two stocks of goods, again, of the same kind, that is, which are considered as appealing to one and the same sense, may excite pleasures of different intensity; but the difference in the intensity of the pleasures they excite in one sense is not measured by the difference in their effects upon another sense, although some mathematical relation may be found to exist between them. A stock of five sacks of corn may afford more gratification to some particular sense than a stock of two sacks, but the difference in the effects the two stocks produce as objects of pleasure is not equal, for example, to the difference between the weight of five sacks and the weight of two, nor does it appear evident that a rule has yet been discovered which could inform us what ratio the one bears to the other, although ratio there may be.

(8)

In his exposition of the "Theory of Value," the Professor of Political Economy in Glasgow University writes: "A modern Robinson Crusoe has just harvested five sacks of corn. These must be his principal maintenance till next harvest. He disposes of the sacks, according to his scale of wants, in the following way. One sack he destines for his daily allowance of bread. Another he devotes to cakes, puddings, and the like. He cannot use more

than these in farinaceous food, so he devotes a third to feeding poultry, and a fourth to the manufacture of a coarse spirit. With these four sacks, we shall say, he is able to satisfy all the wants that occur to him as capable of being directly satisfied by corn, and having no more pressing use for the fifth sack, he employs it in feeding dogs and cats and other domestic animals whose company is a solace to his lonely life. The question is: What to him is the value of a sack of corn? As before, we ask: What utility will fail him if he lose one sack? It is inconceivable that Crusoe should have any doubt as to his answer: he will, of course, apportion out the sacks that remain as before;—two to food, one to poultry, one to spirits, and he will give up only the feeding of domestic animals. This is seen to have been the marginal utility—the utility on the margin of economic employment or use. What he loses then by losing one sack is his former marginal utility; and this marginal utility undoubtedly determines the value of a single one of the five sacks. But here we come upon another feature of this valuation. If the marginal utility determine the value of one, it must determine the value of all, as, by hypothesis, all sacks were alike, and therefore all interchangeable. Thus we obtain the universal formula for the valuation of goods in stocks. The value of a stock of similar goods is the value of the marginal good multiplied by the number of goods in the stock." Suggestive as this theory in some ways is, we are afraid it is founded upon a verbal ambiguity.

If the shops are to be closed on the occasion of a public holiday, a housekeeper feels more at her ease if she have two loaves in the house than if she had only one. Having two loaves, she doubtless attaches less importance to either of the two than she would to a solitary loaf. But what is predicated of either of two things, we are not entitled to predicate of each of them. If we call the importance the housekeeper attaches to either of the two loaves x , we are not entitled to say the importance she attaches to each is also x , each and either not being synonymous terms. For a similar reason, the importance she attaches to the supply of bread she has laid in is not $2x$. Likewise we would say of larger stocks, that an assertion made of the importance of any one unit of the stock, we are not at liberty to make of each one. Any one and each one are not synonymous expressions. Should a man who has five horses offer me any one of them for £50, I am not entitled to argue that he has offered me each of them for £50, or that he is prepared to do so. The value of the five horses is £250, if they are valued at £50 each, but not if any one of them is valued at £50.

(9)

Obversely, what is affirmed of a stock of goods cannot be affirmed distributively of all the individuals in the collection. Should one say that the value of a stock of goods is the importance which it possesses as the indispensable condition

of our wellbeing, we refer to the dependence of a felt want upon the goods taken collectively. When a coach-hirer advertises that his coach will not run unless he gets twenty passengers, the twentieth man who comes and engages a seat, decides the question whether the coach shall run or not. But the running of the coach does not depend upon the twentieth man, for the first man is as indispensable a passenger as the last. Take another example. A public board cannot commence business without a quorum of members. The quorum is twenty, say. Now, while the quorum is indispensable, Mr. Jones, who is one of the quorum present, is not indispensable, in the sense that the presence of twenty members is indispensable, before business can be commenced. Of course, twenty units are necessary to the making of the total, but because they are necessary to the making of the total, it does not follow, that what we predicate of the total we must predicate of the units taken singly. It is a fallacy to say the last straw breaks the camel's back, if we take the proverb literally. What we mean is, that the last unit of weight added makes, along with the other units already present, a total weight that is unbearable. Is the fallacy too obvious to need exposure? Any one can detect the flaw in the argument when it is reduced to simple terms. Thus, all the straws break the camel's back, but all straws are alike, and consequently interchangeable; therefore, any one of them being exactly like all the rest, we may say of it what we say of all, that it breaks the camel's back.

We cannot legitimately predicate of a collection of exactly similar things what we predicate of the units that compose it, nor can we predicate of the units that compose a collection of similar things whatever we predicate of the collection.

(10)

The matter does not end here, however, for the point at issue in those apparently trivial quibbles is the connection between quantity and quality. "A quantitative change takes place, apparently without any further or hidden significance: but," says Hegel, "there is something lurking behind, and a seemingly innocent change of quantity acts as a kind of snare to catch hold of the quality. The antinomy of measure which this implies was envisaged under more than one phase among the Greeks. It was asked, for example, whether a single grain makes a heap of wheat, or whether it makes a bare tail to tear out a single hair from the horse's tail. At first, no doubt, looking at the nature of quantity as an indifferent and external character of Being, we are disposed to answer these questions in the negative. And yet, as we must admit, this indifferent increase and diminution has its limit: a point is reached where a single additional grain makes a heap of wheat; and the bare tail is produced if we continue plucking out single hairs. These examples find a parallel in the story of the peasant who went on adding pound after pound to the burden of his cheerful ass, till it sunk at length

beneath a load that had grown unendurable. It would be a great mistake to treat these examples as pedantic fooling; they really turn on thoughts an acquaintance with which is of great importance in practice." They are of importance in morals, in economics, and in political science. For the sake of illustration, take Hegel's example of the importance they may be in politics. "If we look at a state with a territory of 10,000 square miles and a population of 4,000,000, we should without hesitation admit that a few square miles of land or a few thousand inhabitants could exercise no essential influence on the character of its constitution. But, on the other hand, we must not forget, that by the continual increase or diminishing of a state, we finally get to a point where, apart from all other circumstances, this quantitative alteration necessarily draws with it an alteration in the qualitative features of the constitution. The constitution of a little Swiss canton does not suit a great kingdom and similarly, the constitution of the Roman republic was unsuitable when transferred to the small German towns of the Empire."

(11)

Let us apply these principles to the doctrine of "marginal utility," and see if they are of any aid in its interpretation.

When, to revert to the illustration of five sacks of corn, we are told that "if the marginal utility determine the value of one, it must determine the

value of all, as, by hypothesis, all sacks were alike and therefore all interchangeable," several points call for examination. We have to inquire whether no distinction is to be made between a sack and the value of a sack. If there is a distinction, then to say "all sacks are alike" is a different matter from saying "the values of all sacks are alike." Again, we have seen the expression "the values of all sacks are alike" is open to different interpretations. It may mean that any one of a collection of sacks is as good as any other, or else that the sacks are all of equal value, each to each. To say that a may be substituted for b or c or d or e , is not to allow that b may be substituted for c or d or e , and any one who made such a substitution in any practical business would be going beyond his commission, and would possibly find himself in the presence of the magistrate. To say then that "the marginal utility" determines the value of "one" sack, may mean the value of "any one" or of "each one." But these meanings are not interchangeable, and a doctrine built upon the assumption that they are rests on a fallacious basis.

(12)

Theoretically we may treat a diminution or an increase in a stock of goods as a loss or gain of quality, and we may speak of a loss or gain of quality as if it were a diminution or an increase of goods.

Taking the former aspect of the case first, value

is seen to be somewhat analogous to musical pitch. Just as, in sound, a greater or a smaller number of vibrations gives a different note, so here, a greater or a smaller number of goods gives a different value. In sound, when the number of vibrations becomes very small, differences in their number cease to yield distinguishable notes; when the number becomes very great, we again cease to be able to distinguish differences, for the notes become inaudible. Looking at what happens, in ascending from the lower limit, when differences between vibrations become distinguishable, we may say that the addition of a number of vibrations to the slower vibrations which failed to give us an impression of differences between notes,—that this addition has introduced the quality of musical pitch. At the upper end, again, an addition to the vibrations which give this impression destroys the musical quality. We begin with vibrations that are unmusical, by adding to their number we get the musical quality, but at last we reach a point where by further additions the musical quality is for us destroyed.

Something analogous takes place in the appearance of economic value. There is a limit below which quantity cannot go without value disappearing in the Invaluable (for the invaluable is comprehended in the valuable, as the lower number of vibrations is included in the higher), and likewise, there is a limit above which quantity cannot go without value disappearing in the Valueless. It is true that the famine price of food is a very high

value; but, let it be remembered, we are then speaking of a high relative value, we are not thinking of the condition under which food passes into the category of the Valuable. It is, perhaps, at its highest relative value when it is on the verge, as it were, but we cannot conceive of it as valuable at all, unless it has ceased to be invaluable.

In the successive phases upon which life enters in its progress, things that were not previously regarded as invaluable may become invaluable, just as if, should the human ear become finer, the lowest octave at present in use might become unmusical, while, at the other limit, a corresponding change may take place, and the valueless become valuable, for its rarity. At a given time, however, the same thing cannot to the same individual be both valuable and invaluable.

(13)

It has been well said that the end of value is "the wellbeing of man, whether that wellbeing be conceived as the ideal good of humanity, or the social ideal current at the time, or merely the gratification of individual desire." But being must precede wellbeing, and whatever is necessary to or serves the end of being must, in a thing of value, be regarded as invaluable. The valuable is necessary for our pleasure, the invaluable is what is regarded as absolutely essential to still the pain, the sorrow, or the grief, which renders all experience of pleasure impossible. "When value and

utility come into conflict," we are told, "utility must conquer." We would prefer to say the invaluable must conquer, since the claims of being, as made known through pain, must be met before there can be any wellbeing or experience of pleasure. The desire of what is valuable does not arise out of pain, but the desire for what is invaluable does; and the primary end of all work is to provide what is invaluable to struggling lives. While it may be necessary that a thing should be useful before it can be valuable, there can be no doubt that the fact of its being invaluable should make it impossible to consider it valuable in a progressive society of conscientious men.

(14)

In attempting a classification of wants, much depends upon the psychological analysis from which we take our departure. To us it appears necessary to make a distinction between feeling and desire. Our desires or our wants refer to our feelings of pain and pleasure, but are not themselves feelings. They are distinguishable according as they refer to pleasure or to pain. The desire to escape or to remove pain is specifically different from the desire for pleasure. In the nature of things, the desire to escape or remove pain comes first. The Professor of Political Economy in Glasgow University says, "The old theory [of value], in taking hunger as the type of the most urgent want, was not dealing with wants, but with possibilities of want.

Want is, at bottom, a feeling of incompleteness. It may indicate something wanting in our physical frame, which, if entirely unsupplied, will cause death. But if a few mouthfuls are sufficient to make the want disappear for the moment, and if there be no probability of these mouthfuls ever being wanting, we have been too hasty in giving it the highest rank among human wants."

In this passage, feeling and desire are identified. But desire is a different thing from feeling. If, without a few mouthfuls of bread, a man will die, we must assume that he will desire the bread. He may be very fond of tobacco, yet it is not to be supposed that he will desire to have a smoke, if, being without bread, he must die. His preference of the tobacco he will never enjoy to the mouthfuls of bread which are immediately necessary to keep him in life is scarcely possible, and, if possible, would be immoral. Did he already have the bread, he might promise himself the pleasure of a pipe, in the event of his getting the necessary tobacco; but if we are to compare wants, which are desires, not feelings, we must assume that the man who experiences the want does not have bread; that he feels the pangs of famine, and, being ready to die, desires to eat. Under such circumstances, to say that this desire must first be satisfied, is unavoidable. We can scarcely follow Professor Smart, therefore, when he says that "to consider food as having the highest use value, because the want of food means death, is like considering the presence of water a great danger, because a man might be

drowned if he fell in." Food is not the highest of use values, but there is risk sometimes of ambiguity in our use of the term want. To be in want of bread in the sense of being without any, is not to want bread in the sense of desiring to have some. It is the latter usage we must observe in this connection. The want of which economics should take account is the desire for something or other; and a man's desire for what he believes will save him from the pains of famine and death makes the thing desired Invaluable.

The ambiguity to which we are liable in the use of the word want is illustrated in the following remark: "The inhabitants of Guiana are an example of what Socrates justly observes, that those who want the least approach the nearest to the gods, who want nothing."

(15)

The claims of being and wellbeing cannot be placed in opposition. The claims of being are prior to those of wellbeing; wellbeing is dependent upon being. Whatever is necessary to being, and is desired as such, is invaluable. Only that which is not essential to being can directly serve the ends of wellbeing, so far as the individual is concerned; and we suggest that in the market nothing can ultimately, and nothing should, be regarded as serving the ends of wellbeing which is known to be indispensable to those who are in want.

Nothing but what serves the ends of enjoyment

is valuable. A concrete thing may be the source of more pleasures than one, and if we can derive from it two simultaneous pleasures, it has two values to us, or its value can be decomposed into two elements. We can, if our thought be quick, find a composite pleasure in the form, the colour, and the odour of a flower; and we may be able to say which of the three component pleasures is most intense, and which we appreciate the least. The flower is what Mill would have called a group of potentialities of pleasurable sensation. Now I may choose one of three roses offered me, according as I prefer the pleasure derived from colour, odour, or form. But if I am so delicately organised as to be liable to die of a rose in aromatic pain, I cannot conceive of myself indulging in rose bouquets in order to enjoy their tints. Nor could I measure the pleasures derivable from surplus corn against the pangs of famine; the pangs of famine would not allow me; although I may compare the different pleasures I can derive from the use of surplus corn, if by surplus is meant anything that is removed from the category of the invaluable.

(16)

In a progressive Society the invaluable becomes valuable through becoming plentiful, and the valueless may become valuable if it be rare, while the valuable may again become invaluable through dearth. The valuable and the invaluable are harmonised in the market, for in the market, what is

necessary to being acquires a value only when it is abundant, relatively to its own previous amount.

Quesnay says that abundance and absence of value is not wealth, dearth and dearness is poverty, abundance and dearness is opulence.

We may have abundance and absence of value, where there is no connection with a market. We have known of wheat being allowed to rot where there was no communication with a market, of wool being used to mend the highways in Argentina, and of sheep being burned for fuel in making bricks. Cut off connection with Argentina again, and the wheat would rot, the wool would be used to mend highways, and sheep would be burned to bake bricks. The "marginal utility" of corn would approach zero. "If any commodity is available in such quantity that all possible wants for that commodity are supplied, and yet there is a surplus of the commodity, the marginal utility," says Professor Smart, "is zero, and the value of the entire stock is *nil*," and thus it is also explained how diamonds have a high value compared with bread. "The quantity of diamonds available is never sufficient to satisfy more than a fraction of the desire for them; the marginal utility is high. Bread again is, happily, to be had everywhere at a comparatively small expenditure of labour, and the immense supply, as compared with the limited wants, puts the marginal utility low." That is to say, there are no less clamant desires for agricultural produce than those that are actually satisfied, but there are less clamant desires for diamonds

than those that are actually met. We have, therefore, reached a stage in the development of industry and of economical science at which it is possible to consider a diamond as a more important condition of human wellbeing than is an overflowing granary, at which the work of the agriculturist is so effectively done, that those for whom it is done are unable even to conceive less clamant desires than those that are actually met, and this, although "it is not the case that whatever nature and men produce, men will desire; it is rather that what man wants he usually sets nature and man to produce." How has it come about that man and nature have been set aworking until the limit of marginal utility in the market, as in places cut off from the market, has been reached?

(17)

The law of life is a law of growth and progress, so far as man is concerned, and hence there is a certain degree of truth in the doctrine, that the supply of things necessary to maintenance is always overtaking a growing demand for them. Where there is growth, supply appears to regulate value, for the supply of goods in the market increases as the efficiency of work increases; growth brings increased efficiency, and efficiency plenty.

The invaluable, we have said, becomes an object of market wealth, by reason of its abundance. This proposition is not inconsistent with the teaching of the classical economists. It is in harmony

with the doctrine of Ricardo, if we make allowance for Ricardo's technical use of the term "value" to denote the labour spent upon production, and for the necessary corollary from this, that as difficulty of production disappears, so does "value," in the peculiarly Ricardian sense of the word. Although he estimates "value" by "labour," Ricardo nevertheless maintains that wealth increases. Riches are not to be estimated by labour, although value is. "A man is rich or poor," says Ricardo, "according to the abundance of necessaries and luxuries which he can command; and whether the exchangeable value of these for money, for corn, or for labour be high or low, they will equally contribute to the enjoyment of the possessor. It is through confounding the ideas of value and wealth or riches, that it has been asserted that by diminishing the quantity of commodities, that is to say of the necessaries, conveniences, and enjoyments of human life, riches may be increased." This would only be true of those things which are appreciated on account of their scarcity—a scarcity that is not identical with difficulty of production. Ricardo did not call in question the possibility of the mass of commodities, that is of riches, increasing simultaneously with their "value." He believed it possible for more labour to be employed in producing commodities, and therefore increasing "value," and, at the same time, in producing more commodities, and therefore increasing riches. "The labour of a million of men in manufactures will always produce the same value, but they will not always produce the

same riches. By the invention of machinery, by improvements in skill, by a better division of labour, or by the discovery of new markets where more advantageous exchange may be made, a million of men may produce double or treble the amount of riches, of 'necessaries, conveniences, and amusements,' in one state of society than they could in another, but they will not on that account add anything to value."

We are sometimes told that Ricardo's narrowness of view vitiated his economic doctrine, but one may question whether, in his exposition of the relation of value to riches, he does not give a more accurate and favourable view of human nature and progress than his critic, Mr. Ruskin. "Men nearly always speak and write," says Mr. Ruskin, "as if riches were absolute, and it were possible by following certain scientific precepts for everybody to be rich. Whereas riches are a power like that of electricity acting only through inequalities or negations of itself. The force of the guinea you have in your pocket depends wholly on the default of a guinea in your neighbour's pocket. If he did not want it, it would be of no use to you; the degree of power it possesses depends accurately upon the need or desire he has for it, and the art of making yourself rich in the ordinary mercantile [not political] economist's sense is therefore equally and necessarily the art of keeping your neighbour poor." In contrast with this, Ricardo expressly dissociates himself from the view that a nation is richer or poorer in proportion as its commodities exchange

for more or less money, and explains that "by constantly increasing the facility of production we constantly diminish the value of some of the commodities before produced, though by the same means we not only add to the national riches but also to the power of future production. Many of the errors of political economy have arisen from errors on this subject; from considering an increase of riches and an increase of value as meaning the same thing, and from unfounded notions of what constituted a standard of value."

The Ricardian doctrine is that labour confers "value" (an erroneous opinion, we think), that "value" falls as the labour of production is facilitated, but that with this decrease of "value" the mass of enjoyable commodities increases.

(18)

So long as all a man possesses appears to him invaluable, and the desire of another to have it a menace to life, the intensity of the desire of the man who wants possession will just increase the reluctance of the owner to part with his goods. In the market there is no such reluctance. A merchant would not think all was well with him, did no man desire his possessions. That is, a merchant's possessions are not invaluable; it is only after they have ceased to be invaluable they become valuable. The invaluable becomes valuable when a stock of invaluable things so increases that it becomes exchangeable as a stock, with a view to

the enjoyment of life. It is with the distribution of the valuable, not of the invaluable, commerce is concerned. There is no economic distribution of the invaluable.

Adam Smith says, "A large revenue may at all times be considered to consist in the command of a large quantity of the necessaries of life." But the supply of the necessaries of life must, before we can have such a revenue as economics discusses, be sufficiently large to remove necessaries from the category of the invaluable. When the life of men, in its highest or in its lowest form, is treated as a thing which can be bought and sold, men are no longer fulfilling their duty toward their fellow-men, and the idea of wealth has become vitiated. It would be so treated, one thinks, were food, in time of famine, only sold for gain, and, short of this, there are degrees in which what is invaluable can be treated as merchandise.

Apart from all the turpitude and depravity of nature such a traffic may betoken, we think it contrary to reasonable self-interest, and in its tendency fatal even to the successful pursuit of wealth. A great and sound economic society will always be opulent, but a society in which opulence is believed to be theoretically and ethically compatible with the existence of a pinched, badly clothed, and badly sheltered people, is in an advanced stage of dissolution. The history of commercial development does not appear to lend countenance to the opinion that opulence can rest on such a foundation. When the conception

of what constitutes wealth is unprogressive, the mode of the distribution of wealth is likely to be retrogressive.

To have value, in the economic sense, a thing must not belong to the category of the invaluable. It must be such that an individual can have property in it. And the value it then possesses is relative, for the appreciation in which we hold the pleasures of life is arrived at by comparison, and the expression of our appreciation is struck out in our intercourse with our neighbours. Economic value is the language of the market.

In every market transaction there are at least two individual preferences, and these preferences are complementary, for exchange is not due to the fact that what one appreciates another depreciates. Our preferences, however, are not due simply to individual caprice. They are regulated by our intercourse with our neighbours, and the manifestation of our preference (to which we principally reserve our numerical estimate of pleasure) is regulated by our intercourse, even in a higher degree. Expressions of appreciation, as they are known in the market, are not expressions of individual experience, but of a general consensus which is approximately accurate, because all are similarly constituted.

At the same time there are differences as well as similarities between individuals. Just as a word may mean more to one man than to another, so

may an expression of appreciation have behind it more feeling when expressed by one man than when expressed by another; and as language may be less adequate to the expression of one man's feelings than of another's, so may market values be less adequate expressions of one man's appreciations and desires than they are of another's. If there be a tendency in the direction of moral and social progress, market values should approximate more and more to the appreciation in which men of the highest character hold the objects of pleasure which are comparatively rare.

IV

EMPLOYER AND EMPLOYED

(1)

QUESTIONS relative to employer and employed are directly connected with the distribution, not the production, of wealth. They are obviously so connected, in those numerous cases in which the employer pays the employed for contributing directly to his pleasure and enjoyment; they are no less really so, where the employer pays the employed for aiding him, by production of goods or otherwise, to make money in the market. As the relation is one of which the market is apparently the condition, it seems clear that, in considering it, we cannot assume the subsistence of the labourer to be derived from the employer, nor the wealth of the employer to be derived from the labourer. To understand the position both of employer and employed, we must take for granted a state of society in which more than mere subsistence, according to the lowest standard of living, is obtainable without extraordinary effort, and in which all who get private wealth must derive it through the market, and all who use the power of selection which private wealth confers must do so by using their power of purchase in the market.

In bargains between employer and employed, the point at issue is not whether the employer shall make it possible for the employed to live, but what share he shall concede to them of the pleasures of life, so far as they are at his disposal. When a labourer gets a job, it does not usually occur to him that he has just escaped death, but that he has some small enjoyment brought within his reach. Subsistence is a conception relative to the "social organism," wages is a conception relative to the market. In discussing the question of wages, we have not to consider whether there is enough subsistence in the world for all its human inhabitants, or how far the several units of the "social organism" contribute by their activity, or by their defects fail to contribute, to the preservation of the system. Subsistence being assured, and we being able therefore to choose necessaries according to our liking, we give evidence of appreciation in the distribution, not of the wealth of mankind, but of individual wealth; and we must not suppose that the high or the low appreciation in which men are held by their neighbours, as exemplified by the share they obtain of individual wealth, bears an ascertainable proportion to the perfection or imperfection of the exercise of their function in the social organism or in higher relations. This appreciation is more the symptom of what their neighbours esteem as thinking men, than of what they feel to be essential to preservation.

A man's wages is the pleasure placed within his reach in terms of a bargain for service: wages is

pleasure given for pleasure, and is the measure of the moral worth of those who give more than of those who get. Wages indicate to the wage-earner, not what he has done to promote the life of the world, but the enjoyment his neighbours think he is entitled to, in view of the enjoyment he has afforded them.

(2)

The employer shares his private wealth with others in the expectation that they will enable him either to enjoy more thoroughly what he already possesses, or that they will aid him to add to what he already has. In the latter case he produces to sell, the vendibility of his product is his first consideration, and, producing for sale, he can only give his employees something proportionate to what he makes, or hopes to make, in the market.

It is for what money can buy both employer and employed look, and that, in a civilised state, is never bare sustenance, but some of the savour of life.

“Could any one with the full knowledge of men of the present day,” asks M. de Laveleye, “reasonably suggest, that they should go down into mines, dig out ore, work in factories or workshops, drive engines,—in a word, accomplish any of the multitudinous duties involved in our industrial and commercial life, with a view to securing happiness beyond the grave and the joys of Paradise?” and

he replies to his own question:—"It is perfectly certain that nothing but very fervent religious feeling can induce men to give up entirely their private interests and their own free will for the benefit of society. Those who have made religious conviction the basis of their association have sometimes been successful; the others have invariably failed."

It is the duty of every man to do his work, whatever he conscientiously believes that work to be, without considering his reward, in obedience to moral principle. The reward of his own approbation is essential, if his labour is to be of any moral service to himself. There are other rewards, some incidental to the performance of the work, others which must come from those in whose society the worker lives, and among the latter wages are included.

(3)

Coleridge once met a philosophical miner who, while expressing his indifference concerning the purpose to which the metal he dug might be applied—thievish picklock, murderer's dirk, slave's collar, woodman's axe, ploughshare, sword, or tool—claimed that the opening of a fresh vein gave him a delight so full as to leave him no room for anything but a hope and a love that supported him in his labour, "even for the labour's sake." Only a Coleridge could elicit such a deliverance. Happily, there are few miners who look for such rewards, for the

industry of mining does not exist for the delving's sake, and mining would not be work, if it did nothing but afford the miner an intellectual interest. Nor is such delight sufficient to sustain a man in any labour. It would be a bad lookout for us all, were conscientious work inconsistent with self-love in any form except this. Work and self-love go together, but the form in which self-love is usually gratified is not the delight in labour for labour's sake, but the enjoyment wages affords, using wages in the sense of material enjoyment. The enjoyment the world gives the labourer is in proportion to his recognised contribution to the enjoyment of life. Wages is not a return for work done (in the market we take no account of work), but a common expression of the appreciation in which the wage-earner is held—an esteem which is not directly determined by our recognition of the worker's efficiency as a unit in the social organism.

(4)

The employer who employs a workman to aid him in making things which he hopes to sell in the market at a profit, measures the indispensability of his employees, partly by the number of able workmen who are prepared to bargain with him, and he usually engages those who, while competent, are willing to accept the smallest remuneration. The smallest remuneration for which he can induce workmen to engage, he may possibly regard as a curtailment of his own gain, although not so great

a curtailment as to dissuade him from the enterprise.

It is sometimes said that the only way in which he can increase his own gain is by curtailing remuneration, that there is no way of keeping profits up but by keeping wages down, and that indeed conditions are most favourable for profit-making when workmen are content with mere subsistence, the indispensableness of the individual workman being then reduced to a minimum. The employer is represented as arguing in this fashion: "Men, in an economical point of view, must be regarded as producing-machines. As with other machines, the great object is that these should be produced and maintained cheaply. But men can only be produced abundantly and cheaply when their food is abundant and cheap. When the price of food is low, they can be bred and fed cheaply, and therefore also the exchangeable value of their labour will be cheap also. Thus wages must rise with dear food, and they must fall with cheap food. It must, therefore, be for the advantage of all the hirers of men that the price of food should be low, because a low price for food will produce a low rate of wages. As all profits in trade and manufactures depend upon and consist in the surplus value of every service, and of every product over its cost of production, it follows that those who live upon that surplus, and whose whole efforts are directed to secure it, must always have a direct interest in keeping down the rate of wages, which is the main item in the cost of all production."

But we must always assume that where we have the relation of employer and employed, the employed are getting more than bare subsistence. A law of wages presupposes a law of life in effective operation. Workers bargain with employers, not for life, but for remuneration, and, as Mill tells us, support of labour is not remuneration; remuneration is what ministers to pleasure. Where there can be no remuneration given, the fault does not lie with the employer; economic society has become disorganised.

(5)

Disorganisation may be an incident of progress. It may be a symptom that the social organism is being forced to adjust itself to new conditions. "Were we required to characterise this age of ours," said Carlyle of his own time, "we should call it the mechanical age. On every side, the living artisan is driven from his workshop to make room for a speedier, inanimate one. The shuttle drops from the fingers of the weaver, and falls into iron fingers that ply it faster. The sailor furls his sail and lays down his oar; and bids a strong, unwearièd servant on vaporous wings bear him through the waters. There is no end to machinery." But we are not to preach down machinery. The worker confesses himself to be no better than a machine when he speaks as if a machine could compete with him for employment. In every use which they can possibly serve, the forces of Nature can be rendered more

efficient than man. To subdue Nature is to raise the race, not to degrade any member of it. The palanquin-bearer is not degraded by the invention of the locomotive, nor the skilled mechanic by the invention of machine tools.

The question whether man or machinery is to be employed to serve the employer's purpose, is decided by their relative efficiency. Increased knowledge of the facts and laws of nature is inevitably followed by the subjection of the physical forces, and the reduction of human strength in the train of forces by which economical results are achieved. Inanimate forces will continue to usurp the employment of manual labourers in field and factory. One day the machine which has routed crowds of jocund reapers from the field, and mows down the harvest on deserted glebes, will itself become antiquated.

The advance of practical science has at once made it possible to dispense with human labour in many directions, and easy to support a large population whether they toil or not; but that should not of itself make it difficult for a workman to get remuneration, it should not make him less indispensable to an employer. The increase of production and the saving of labour just make it impossible for us to take as the type of a normal community the boat's crew that casts lots to ascertain which should die to be his fellows' food.

The workman bargains for a share of wealth, not

for life. The interest common to workmen of all grades in the same employment is, that they are assisting the same employer to make money, for unless he makes money, or is already in possession of money, he will have none to divide by way of remuneration. The workman's remuneration, be the quality of the work what it may, is limited by the amount of the employer's private wealth.

The end of private wealth is the enjoyment or enhancement of the enjoyment of life, not its maintenance and increase, and enjoyment is enjoyment, whether experienced at the present moment or postponed. It is helpful to remember this, when considering the explanations that are sometimes given of the imperfections of economic society and the dislocations of industry. Under-consumption is sometimes said to be the malady from which we suffer. But everything that is produced is consumed; we cannot postpone consumption, for consumption is necessary to life. Postponement of enjoyment, however, does not mean postponement of consumption; we may postpone the enjoyment of life. The market is a criterion of what ministers to enjoyment. It is not "consumption goods" the market deals in, but private wealth. In thinking of the market, we think neither of "productive consumption" nor of "unproductive consumption," but of private wealth. The transactions of the market affect employment only through the medium of private wealth.

(6)

The doctrine is sometimes broached, that the fact of a man's receiving an income is a proof of his being a producer of wealth. But we all know this is far from being the case. An income is sometimes the wages of iniquity and disgrace, the reward of the criminal, and the hush-money of the witness of crime. Private wealth is sometimes distributed among those who only consume and enjoy; who eat, drink, and are merry.

No adjustment of their respective shares of private income between employer and employed can of itself assure us that the necessary work of the production of wealth is not being neglected, and, if we regard employers and employed as being engaged in making things for sale, this is not an aspect of the matter that can be left out of sight. A rich man conscientiously anxious to make good use of his wealth would readily think it his first duty to encourage and sustain economic work, for the sake of the consumer, rather than for the sake of the producer, the wage-earner. And were there not a natural inducement leading the capitalist, who is not given to moral introspection, to take the same course, the business of the world would halt. Owners of wealth are not, or do not in all cases consider themselves, under an obligation to obtain the material of work and engage employees for the sake of consumers, and still less for the sake of unemployed workmen. Their common ambition, if they are not content to rest and be thankful, is to

increase their own wealth, not the wealth of mankind. Yet they can get wealth in the market by increasing the wealth of mankind, or producing goods for sale. Experience has demonstrated that increase of the wealth of mankind and increase of private wealth may go together. To vary a saying of Butler's, it is not to be thought of that the world should be an object of benevolence to employers and employed, but it has been proved that they may promote the good of mankind while attending to their own interests.

(7)

By devoting his private wealth to sustain the work of economic production, for his own interest, one does not incur moral obligations from which other owners of private wealth are exempt. He is bound to deal equitably with the workmen he employs and with the merchants to whom he sells his wares, just as other owners of private wealth are bound to act honestly and equitably in all their market transactions.

If we assume that the end of employer and employed is gain and wages, we shall not have to ask whether the workman is or should be paid according to his needs. Subsistence is not remuneration, and where there is no remuneration, there is no employment. Where workmen can only get what is necessary, there is no room for bargaining, and it is characteristic of the relation of employer and employed, that both are in a position to make a

bargain. What remuneration the employer gives the employed depends partly upon his gains, partly upon the recognised indispensableness of the employee. It can scarcely be said to be measurable by the willingness or the unwillingness of the worker to engage in the work. There is room for bargaining, but there are limits within which a bargain is possible, and beyond which there can be no bargain. Whether the indispensableness of the worker varies with the increment of the goods produced by his assistance, or with the time occupied on an average in the production of his share of the goods produced, it is for the economist to ascertain. Were even a probable rule of maximum gain and maximum remuneration discovered, a conscientious employer would adjust his bargains with his employees by reference to it, as would also fair-minded employees, neither side trusting for advantage to the transient necessities of the other. Nay, let such a rule be proved to be only probably true, and employer and employed would probably find it advantageous to conform with it, from motives of self-interest. They both wish to get as much money as they can, and bargain there must be between them, if the relation is to subsist. Both should have good sense enough to adjust their bargains according to some rational principle, and not according to the accidents of fortune.

V

THE BOON OF WORK

(1)

ACCORDING to the evergreen paradox of Mandeville, industry is the poor man's blessing, and the cravings of radically evil lives are the springs of industry. Every science and art, trade and employment, is a means for supplying vile wants, and industry is at once the creation and the minister of vice. Work is at once a beneficial thing in itself, the salvation of the humble toiler, a public boon, and the offspring of ever-multiplying evil desire.

The perplexity to which this paradox has given occasion is avoided if we remember that, economically, whatever is done with the desire to end pain and effects its end, is work. Moreover, in the very nature of the case, the work done by the worker as a member of the social organism is not done for his own sake. Effort which originates in the suffering of the individual, and ends in the termination of his pain, is not social work: it is little else than the life of a mere animal. There is no reason for calling the pains man shares with other animals either morally good or morally bad, nor is there any reason for calling the pains peculiar to man morally

good or morally bad. Animal wants are not virtuous, human wants are not vicious. The struggle for existence, as manifested in man's efforts, is not instigated by pains which are an undeniable proof of his vileness. There is no presumption that the work to which men are urged by the wants peculiar to mankind is morally different from any other kind of work to which they are called. If, of course, we begin by describing as vicious every effort of man to rise above the necessities and imperfections he feels to be painful, it follows that passion, lust, and pride are the parents of industry and the arts, and that wealth, glory, and worldly greatness can never owe their origin to virtue, frugality, and love of our neighbour. If human life is essentially bad, if every wish of the heart is evil, it inevitably follows, because it is already taken for granted in our premise, that all labour, art, and industry through which desire is gratified, is the handmaid of vice; and pride and sloth, sensuality and fickleness, are the sole patrons of all sciences, arts and crafts, trades and callings. If men never exert themselves except in obedience to an impulse that comes from some evil passion, and if we describe all exertion as good in itself apart from the desire from which it springs, and the effect of which it is the cause, this boon of work will be sure, as long as men's passions are roused and their envy and emulation stirred. If we can so beg the question, our course is clear. Let the powerful be as prodigal as possible in their lives, and give all their poor neighbours an opportunity

of toiling for the gratification of their wants. Let us have on the one hand a few lordly masters who live like lords, and on the other hand a great multitude of industrious labourers. Let the knowledge of the worker be confined within the verge of his occupation, and never extended beyond what relates to his calling, for increase of knowledge is increase of evil desire, and the more a worker knows of the world and the things that are foreign to his labour, the less willing will he be to minister to the luxuries of others. For our hypothesis requires us to assume that before luxury (by which is meant any want not merely animal) can be ministered to, there must be a multitude of ignorant labourers who think it a boon and a privilege to be allowed to toil in the service of vice. "No man," says Mandeville, "would be poor and fatigue himself for a livelihood if he could help it: the absolute necessity all stand in for victuals and drink, and in cold climates for clothes and lodging, makes them submit to anything that can be borne with. If nobody did want, nobody would work; but the greatest hardships are looked upon as solid pleasures, when they keep a man from starving."

Here is the root of the fallacy. Hardships save men from starving! No. Hardships do not sustain those who undergo them. Work is not itself the support of the individual worker. Nor is the production of goods the sustentation of the producer. On the other hand, it is not by his consumption the consumer benefits the producer of the things consumed. When production of goods is

used as synonymous with work, clearly production is for the benefit of the consumer, not of the producer. The producer is not benefited by the consumption of his own products.

(2)

Mandeville's paradox further involves a misconception of the nature of poverty. Real poverty consists in inability to do much more than is needed to enable man to keep his footing in the world as a living creature. Hence the poor would not be poor if they could enable their neighbours to overcome the difficulties which prevent them adapting themselves to more complex conditions than those which only demand plain food and clothing. In the economic relationship, men are rich or poor only according to the kind of work they do.

In doing work, let us repeat, men do not directly overcome their own difficulties. In the real battle of life, men perish through each other's weakness, not through each other's strength. The strong man is the man who enables his neighbours to maintain their own lot in life. The panic-stricken people in a burning theatre heap the choked passages and stairways with the dead and dying in their struggle who shall get out first. The strong man, disdaining this brutal push and vulgar crowding, restores the people to their senses, and thus enables them to leave their places quietly and in order. In doing this he does his work.

Sometimes he perishes in the doing of it; but even on a mere calculation of chances it pays him better to do his work than to abandon his function. It is the function of the worker to aid and share in the victory of life; and he is rich or poor according to his power and wish to do so. If others are as well able to play their part without his aid as with it, he is poor. Labour for labour's sake is not work. Effort, before it can be called work, must be helpful in the struggle for existence. Inability to help is poverty, and its cure is education. This inability to help is conspicuous, not so much among those who minister to complex wants, as among those who could have been helpful at a more primitive time. There are certain physical wants common to us all, in meeting which men have since the dawn of civilisation found their work. But because more efficient means than any the labourer has at his command have been devised for meeting common wants, the work of men's hands has been made vain. The very causes which have enabled men to survive simply as living creatures, and which have saved the feeble from being abandoned to famine and to beasts of prey, have reduced to comparative insignificance the help which the hand of man in some ways affords. In other words, these causes are causes of poverty. Pain can be overcome without the aid of poor workers.

(3)

Even allowing, then, that Mandeville were right

in identifying the multiplication of desires with vice, yet so far is vice from being a benefit to the poor, that the causes of it are the causes of poverty also. By reason of his poverty the poor man cannot work for the so-called luxurious. Could he do so he would not be poor. Could he still by old forms of labour effectually aid his neighbours to live, the fact that he could do so would be proof that his neighbours had difficulty in maintaining themselves in bare life, and that we had not arrived at that state of society which renders it possible to indulge in those private vices which Mandeville called public benefits.

It is with respect to our common wants, not with respect to the desires which distinguish a state of civilisation, that the poverty of the unskilled worker is most evident. Had we not all certain similar wants, it is sufficiently obvious there could be no supply on a large scale of things necessary to man. Did not two persons eat similar food, clothe themselves with similar covering, or need similar shelter, each thing each individual needed would have to be specially provided for him. Very early in the history of our economic relationships, the similarity of the needs of many men made it possible for one worker to meet the needs of many. But the circumstance that rendered the specialisation of work possible made it possible to substitute for the worker a machine of human invention. And, in its turn, the invention of the machine has reduced to a common level of efficiency the labour of many men in all quarters of the earth. The

great host of the poor includes the teeming populations of the East, the West, and the South, who are ever becoming poorer, the more machinery renders their work unnecessary. The fact, however, that their work has been rendered unnecessary is not the loss of the poor themselves; for no man works for himself, but to aid others. The loss is theirs whom the poor might help, were their potency to do what machinery cannot effect developed. Superior work is for the superior workman. The problem is not to create "work" for the poor, but to have the best that is in them brought out, not for their sake, not because work is a boon to the worker, but because we all need the assistance of each other, because there is work for all to do. The best in each is to be brought out by Education.

(4)

We must not, however, expect too much of what is called technical education, nor suppose that training in a craft is the whole of education. An illustration from the results of the industrial progress of Scotland during the eighteenth century may show us the prudence of moderating our expectations.

In less than a hundred years Scotland was transformed from a poverty-stricken into a wealthy and progressive nation. But, while this was so, the advance made was not one of uninterrupted and unqualified amelioration in any respect. Dr. Chalmers, who stood near enough the time of

transition to be free from the illusions and enchantments of a general view, allows it to be in the main correct that Scotland, in the latter half of the eighteenth century, "exhibited in epitome the great movement which took place in Europe between the middle and the modern ages. In a single generation she may be said to have run the history of two centuries." By leaps and bounds she brought herself abreast of other communities, but only to encounter the difficulties of a new transition. Not only did the rural labourers in the early years of the nineteenth century, as Sir H. Craik has shown us, find it much harder to get a livelihood than their fathers, the job man having sometimes to work from four in the morning till eight at night in order to acquire subsistence, but artisans who had been diligent in business, who had improved the time, and who had educated themselves in the more skilful branches of their trades, suddenly found the system they had raised by their industry, taste, and intelligence, hopelessly disorganised. That even the success with which artisans may perfect themselves in technical knowledge is no guarantee against ruin, is strikingly illustrated by a vivid description Chalmers quotes of the rise and fall of the muslin and lawn trade of Paisley. Between 1770 and 1800 Paisley was a town of handloom weavers, who grew and prospered, and attained all the conditions of decent, homely comfort. Their households were "bien" and happy, and few had apparent reason to dread future vicissitude. According to an authority for

whose trustworthiness Chalmers vouches, every man, woman, and child above nine could read, the people were strict in their attention to their family duties, diligent in their attendance at church, and given to kindly hospitality. The men were honest and quiet, employing their leisure in the little gardens attached to their houses, and, whether at the loom or at leisure, so keen in political argument, that Mr. Pitt, anticipating a later statesman in acumen, "expressed more fear of the unrestricted political discussions of the Paisley weavers, than of 10,000 armed men." "The manufacturers of silk gauzes and fine lawns flourished in Paisley, as also during a portion of the period alluded to, that of figured loom and hand-tamboured muslin. These branches afforded to all classes excellent wages, and, being articles of fancy, room was afforded for a display of taste, as well as enterprise and intelligence, for which the Paisley weavers were justly conspicuous. Sobriety and frugality being their general character, good wages enabled almost every weaver to possess himself of a small capital, which, joined with their general intelligence and industry, enabled and induced many to spend days and even weeks together, in plodding over a new design; assisted frequently by his obliging neighbours, knowing that the first half-dozen weavers who succeeded in some new style of work, were sure to be recompensed ten-fold."

Here, surely, one might have confidently affirmed industrial prosperity was based on a secure foundation, and every circumstance present that is needed

for its continuance. But no; this happy community saw its successors reduced to a state of abject misery, even by means of a further development in the skill to which they had owed their success,—a misery which was only aggravated by the pardonable slowness of their descendants to see that they could not afford to order their lives as their fathers had done. The habits acquired in happier days, virtuous though they were relatively to circumstances, accelerated the degradation of the new generation.

“The introduction of the manufactory of imitation Indian shawls, about the year 1800, required that each weaver should employ one, two, or three boys, called draw-boys. Eleven to twelve was the usual age, previous to this period, for sending boys to the loom; but as boys of any age above five were equal to the work of drawing, those of ten were first employed, then, as the demand increased, those of nine, eight, seven, six, and even five. Girls, too, were by and by introduced into the same employment, and at equally tender years. Many a struggle the honest and intelligent weaver must have had between his duty to his children and his immediate interests. The idea of his children growing up without schooling must have cost him many a pang; but the idea of losing 2s. 6d. or 3s. a week and paying school fees beside, proved too great a bribe even for parental affection, and, as might have been expected, Mammon in the end prevailed, and the practice gradually became too common and familiar to excite more than a passing regret.

Children grew up without either the education or the training which the youth of the country derive from the schoolmaster; and every year, since 1805, has sent forth its hundreds of unschooled and untrained boys and girls, now become the parents of a still ruder, more undisciplined, and ignorant offspring."

Technical training cannot infallibly preserve prosperity from blight, nor is it sufficient of itself to sustain the character of the worker. It is one, but only one, of the means of enabling the worker to continue the fulfilment of his function in a system subject to the influence of inevitable change.

VI

THE FASHION OF LIFE

(1)

CHANGE is conducive to life. The "utilities embodied in material objects," by means of labour, would not fulfil their purpose were they fixed and permanent. George Fox's suit of leather is not the type of an economic product.

Novelty is often essential to health and helpful to right living. All novelties, changes, and rarities which are sought after because dulling monotony is a hindrance to life, are helpful to life; and to provide them is consistent with our conception of work. The constituents of the things we call necessary cannot be altered. The form of them, however, can. Change in the form of what is necessary to life does not imply that we are getting what is conducive to a fuller and better life than we lived before. It is only the fashion of life that then changes; we are not, because we introduce some variety into the daily food of life, living a completer life. Yet it may just be because we are living a more complete life that we are subject to the variability we call fashion. The savage is conservative in all his ways; and analogy would

lead us to expect variability to be greatest in those modes of life in which the civilised man differs from the savage. In civilised communities, the fashion of life is constantly changing, even where life is comparatively poor. This incessant change in what we call fashion involves a constant regrouping of the members of the social organism—a sort of social allotropy. Change is a condition of life in the developing social organism. Were all our daily wants to become invariable and uniform, they could indeed be met by an almost automatic process, and some of the griefs incident to the frequent dislocation of industry would be avoided. But, under such conditions, life would be checked. To take a familiar example: were ladies' bonnets always of the same shape and all trimmed in the same style, did ladies always have their dresses made of the same kind of cloth and cut after the same fashion, and were their bonnets and dresses made year after year by the same machinery, we might fairly infer that life was becoming rather stagnant. On the other hand, were the revolt against monotony to lead only to oddity of behaviour, our last state might be worse than our first. Fashion is a safety-valve for love of novelty, but there is a limit set to the satisfaction of the desire.

(2)

Fashion is not only the expression of the craving for change, but also of our imitative instinct. The poignant pain many feel when they are conspicu-

ously behind the fashion is a trite theme of the satirist. But the feeling is ineradicable, and its influence upon life depends upon who they are who set the fashion.

Purposeful living has no affinity with sober uniformity in the fashion of life. Life can easily be drab enough, and should it become too drab, as it easily may, monotony may give place to the monstrosities of arrested development. It is well, then, for the progress of life, that the gratification of the love of change should be made easy. For Mandeville's paradox we would substitute the proposition, that by seeking the variety they need in the form in which the necessaries of life are supplied them, those who are better off than their neighbours gratify their need of change, and lessen poverty by giving scope to the latent faculty of the artistic producer.

No doubt, trades affected by fashion are subject to irregularity, and this irregularity exercises an adverse influence on those who are employed in those processes which call exclusively for the use of machinery. But while change in fashion may deprive those who are employed in tending machinery of their employment in a greater degree than what is called dull trade does, it also brings into ever greater play the plastic artistic faculties of those whose occupation it is to vary common products and relieve the monotony of life. Is there any more effectual way in which the tendency of mechanical production to reduce everything to a deadening uniformity is likely to be counteracted?

It is necessary for our being even, as distinguished from what we might call our wellbeing, that the feeling of monotony should not be too much present with us. We can do much to satisfy our craving for variety, by merely varying the modes in which we meet our ordinary wants. To study this diversity in sameness is at once sanative for the individual and socially beneficial. We thereby promote life, and, calling forth the exercise, in the economic producer, of faculties for which mechanism is not a substitute, we put a check upon the increase of poverty. Hence the fact that the economic value of all those services in which the artisan applies the laws and facts of science and art to industry is greatest, either in those industrial centres in which ingenious mechanism is produced, or in those in which the variety of demand resulting from fashion has most influence. Individuality in demand, cultivated and encouraged in this way, is ethically helpful to those who cultivate it, and enables men and women to be serviceable to each other, after machinery has usurped the place of human industry in many phases of economic work.

(3)

Some of the conveniences of life must necessarily be more permanent than others. We cannot live in tents like wandering Arabs. We must build houses of stone or brick that last a generation or two. We cannot demolish an old house when we grow tired of it, and transport another from

elsewhere to take its place. Most of us, moreover, have little voice in choosing our houses. Yet there is need that our dwellings should be built so as not to be permanent rocks of offence. The streets of our cities are lined for miles with buildings that may differ in some details of their triviality, but have few lasting qualities that are not oppressive. The older those buildings grow the duller they become, and, as they are too lasting to be replaced by others having at least the cheerfulness of newness, their dulness develops into utter squalidness and repulsiveness. Most modern towns are irredeemably ugly, and age does not improve them. All town-bred people are heirs to a monotonous and depressing environment from which there appears to be no escape; for as time passes and towns become more populous, the evil grows. The surroundings of the people are an increasing hindrance to cheerful life, and make their work harder

So far as these lasting products of work are concerned, then, there is no mobility in demand and versatility in supply. Their very endurance makes them baneful. Life is made common and mean because so much of the result of human labour that is lasting is a monument of ineptitude and deadening in its influence.

(4)

We must, therefore, not only endeavour to make lasting products less ugly, but seek for the variety we need in the form of the more evanescent things

that are constantly being produced by man for man. If the morning and the evening sun only makes more visible the unvarying squalor of the streets and courts in which we spend our days, we are fortunately not under the necessity of intensifying the monotony of our lives by invariableness of diet, of dress, or of furniture. In all these things, change should be as frequent as possible; life would be rendered less hard, were people accustomed to frequent and inexpensive variety in necessaries, and did they give some scope to idiosyncrasy in details. It is not necessary that you and all the people who live opposite you should intensify the uniformity of the dull street in which you live, by using the same style and colour of window-blinds and hangings; that you should make your carpets, chairs, and tables as permanent as the four bare walls of your house; that your dress should always be made of one material and coloured with the same dye, or that your dietary should be as invariable as that of a carter's horse. We are not, be it marked, considering here the enjoyment of objects of pleasure. We are pointing out the obstacles monotony offers to progressive life, and of the means of overcoming their hindrance. The obstacles to progressive life are overcome when you do not treat the evanescent things of life as permanent, and do not allow routine and mechanical exactness to dominate every detail of your daily conduct. When there is no mobility in such humble details, we are in danger of confounding the invariableness of our environment with what is real and lasting

in our lives. Meaningless external routine, the fetish of uniformity of circumstance, the genius of mechanism, when they are not subordinate to life, conspire to extinguish life. We should make our lives better, and do more to keep alive the consciousness of our human relationships, by gratifying the need for variety in the things that have frequently to be renewed. The revolt against monotony is inseparable from life, and those who recognise that labour has for its end the promotion of life, should give attention to the cultivation of those qualities which are adequate to meet greater mobility in demand.

Versatility in production and mobility in demand are the antidotes of monotony.

VII

INTEREST AND RENT

(1)

A POSSESSION the loss of which would involve loss of life is invaluable, not valuable; it has no price, but is priceless. Otherwise it may be valuable, or not. To give up what is valuable, without seeking value in return, is to make a sacrifice, not of life—which duty sometimes requires us to surrender—but of private wealth, the surrender of which duty more frequently requires. But this surrender does not seem to be so often required as to render all profit and interest presumably immoral.

Private wealth that is lent by one person to another is neither what is necessary to the life of both borrower and lender, nor what is useless to the lender and available for the life of the borrower, but something the possession of which is the condition of some enjoyment. The lender does not sacrifice what is necessary for life; he foregoes a pleasure. He takes care that what he gets back from the borrower to whom he gives his property will be worth as much to him as the thing lent, and also that he will get some recompense. The

bargain is a bargain for time, and is understood to be advantageous to borrower and to lender, the one enjoying the use of the loan, the other getting his interest. What recompense the lender gets is determined by the consensus of willing borrowers and lenders in the market.

(2)

When lending at interest was forbidden, merchants devised most ingenious means, not only of evading the law, but of employing the arm of the law to enforce payment of what it condemned. The severe laws enacted for the purpose of maintaining honesty in exchange transactions were converted into a means of exacting usury. Bills were sometimes drawn, with an express view to their being dishonoured, and the powers of the law brought to bear against the goods and person of the drawer, in some such fashion as this: "*A* wishes to borrow three hundred ducats of *B*; *B* selects a place—Lyons, for instance—where the exchange, from the balance of trade at that period of the year, is very low, say sixty ducats for a mark of gold. *B* receives a bill of exchange directed to an *imaginary* person at Lyons, directing him to pay five marks to the holder, at the rate of exchange at the fair of All Saints, when he knows it is the highest, say seventy-five ducats; the bill is of course protested, returned, and *A* must pay *B* three hundred and seventy-five ducats, with the charges incurred." Must pay, or suffer the penalties of which Shylock's bond is symbolic.

(3)

If the merchants were ingenious in discovering methods which concealed the real nature of their transactions, the casuists were equally expert in furnishing them with moral salves. "It would be downright usury," says Escobar, "to take interest from the borrower, if we should exact it as due in point of justice; but if only exacted in point of gratitude, it is not usury. Again, it is not lawful to have directly the intention of profiting by the money lent; but to claim it through the medium of the benevolence of the borrower—*media benevolentia*—is not usury." Escobar has ready also a formula to justify the Mohatra, a bargain which is effected "by the needy person purchasing some goods at a high price and on credit, in order to sell them over again, at the same time and for ready money, at a cheap rate." This bargain, says Escobar, is not wrong, but lawful. "It is so, even though the principal intention of the buyer and seller is to make money by the transaction, provided the seller, in disposing of the goods, does not exceed their highest price, and in repurchasing them does not go below their lowest price, and that no previous bargain has been made expressly or otherwise." But this does not prevent an imaginary sale in which payment is postponed, interest then taking the form of a difference of price.

The salves of the doctors—on which commentary is needless—were anodynes applied where there

were no wounds. Giving to the poor is not lending to the poor; it is charity. But lending to those who are not poor is not charity; it is a transaction from which both borrower and lender, rightly or wrongly, expect some benefit; and, in the majority of instances, the expectation is fulfilled, else the process had come to an end long ago.

(4)

To lend money or to let land is to forego for a time the enjoyment of private wealth, and the temporary abstinence is, subject to the influence of competition, made good by receipt of value, which compensates for the pleasure the right to which has for the time been foregone. The value received from the borrower of money is interest, the value received from the temporary tenant of land is rent.

(5)

We are apt to misinterpret the Ricardian proposition, that "in the progress of society and wealth, the additional quantity of food required is obtained by the sacrifice of more and more labour." Ricardo, it is sometimes forgotten, quite readily recognised that this tendency is checked by discoveries in the science of agriculture. As, through progress of agricultural and mechanical skill, necessaries may be provided with less and less labour, it is possible with less waste of labour now than formerly to raise corn from the soil. In the comparison of two

distant dates, therefore, we are not necessarily led to infer, that because some land may yield no rent, the productive cultivation of it requires more effort than before. According to Ricardo's principles, the corn raised on land newly brought under the plough may be of less value (that is, may demand less labour) than corn raised from land formerly under the plough. To have recourse "successively to land of a worse and worse quality in order to feed an increasing population," is not to say that the inferiority of the soils successively brought under cultivation is relatively greater than the gain of skill on the part of the farmer. Recourse to inferior soil does not inevitably mean an increase in the value of the corn, in the Ricardian sense. So far as mere labour is concerned, recourse to new lands does not entail increased difficulty of production, although, other things being equal, it will always be easier to raise crops from a fat soil than from a poor soil. While he recognised that increased difficulty of production is counteracted by advance in agricultural skill, Ricardo no doubt held that the balance tends to dip on the side of difficulty of production—a difficulty, however, that does not prevent more food being raised. "The natural price of commodities, which always ultimately governs this market price, depends," he says, "on the facility of production, but the quantity produced is not in proportion to that facility. Although the lands which are now taken into cultivation are much inferior to the lands in cultivation three centuries ago, and therefore the diffi-

culty of cultivation is increased, who can entertain any doubt but that the quantity now produced very far exceeds the quantity then produced? Not only is a high price compatible with an increased supply, but it rarely fails to accompany it."

The last proposition is a debatable one, but it appears indubitable that, had there never been a plentiful supply, the phenomenon of price itself would never have arisen, the market would not have arisen, the idea of profit on a money capital would not have arisen, and therefore, the phenomenon of rent, as Ricardo understood the term, would not have arisen. Rent and profit have the same historical origin. They both originate in the market, and involve the ultimate recognition of the fact, that land is not inalienable. Rent is paid because land can be hired and exchanged, and land is exchangeable for reasons similar to those which have rendered other things exchangeable.

Were the time ever to arrive when the production of the necessaries of life, whether food grown in the fields, or cloth woven in the factory, yielded no profit to the capitalist, the fact would be a symptom of retrogression. When necessaries become merchandise, and the production and distribution of them become profitable, progress has been made. The profits of the Stock Exchange are in peril when the profit derived from agriculture and manufacture can no longer induce the owner of private wealth to make common cause with the workers in field and factory.

(6)

Not only did Ricardo hold that riches tend to increase, but he sometimes comes very near to admitting, that his theory of rent does not account for rent, but only for differences between rents. "The corn and raw produce of a country," he remarks, "may, indeed, for a time, sell at a monopoly price; but they can do so permanently only when no more capital can be profitably employed on the lands, and when, therefore, their produce cannot be increased. At such a time, every portion of land in cultivation, and every portion of capital employed on the land, will yield a rent, differing indeed in proportion to the difference of the return." But rent has been defined as "the difference between the produce obtained by equal portions of labour and capital employed on land of the same or different qualities," and the definition, although explaining the differences between the lowest and highest rents, does not adequately meet such a case as Ricardo supposes, for, when every portion of land and every portion of capital employed on the land yields a rent, what is the definition of the rent of the most unfavourably situated land?

(7)

"The capital fact in the history of rent," says Thorold Rogers, "is that agriculture, however rude the industry may be, can always produce more than is necessary for the husbandman's maintenance and

that of his family. In early English agriculture, as in modern, a workman to twenty acres is a liberal allowance of labour. Give the labourer five persons to his family, and assign a third to the supply of human food, the other two-thirds to fodder and the maintenance of cattle, and let the produce be a quarter to the acre, and he will grow seven quarters of wheat for the consumption of five persons. But five quarters are sufficient for them. The remaining two over and above will supply seed and rent. I leave out of account, for the sake of simplicity, the same set of facts for the remaining two-thirds. Now, historically, it was on this overplus that the ancient lord laid his hands, and called it rent, and Adam Smith was justified in calling rent a tax."

The suggestion here made, that rent is an overplus, arbitrarily claimed by a lord from a tenant who holds the land from him merely on sufferance, is not entirely in harmony with the general tenor of Rogers's record of English agriculture, from which we learn that landowners in England have from the very earliest times effected all the permanent improvements on rural property, that everybody once had property, that for a considerable time landlords cultivated their own estates, that there is no trace of competition rents during the fifteenth, and very little during the sixteenth century, and that it was only in the seventeenth century the principle that competition rents glide into famine rents, came into evidence. In spite of all these modifying considerations, Rogers holds that "no one who knows any-

thing about early economical history can doubt that rent was originally and for centuries a tax, imposed by the strong on the weak, in consideration of a real or pretended protection of the tenant. The invariable and fixed character of the tax seems to me to prove this, and the fact that no attempt was made to alter the fixed rent, except by open or disguised violence or frauds, seems to me conclusive." He further maintains that while rent depends only in a slight degree on the natural powers of the soil, and a great deal on the acquired capacity of the cultivator, there arises a real "unearned increment" from the fear of loss by dispossession, which the landowner can use as a lever by which to elevate rents.

No doubt there are and have been unjust landlords, who have acted not only against the interest of the tenant, but against their own interest as well, in abusing their power. But the power of the owner of the land is not therefore a usurpation; it has historical and economical justification. Briefly, the economical justification is this. In a state of civilisation, the fact of all necessaries having two qualities, that of sustaining life and that of contributing to its enjoyment, admits of two rights in them, which are capable of being differentiated, shared, and exchanged. The fear of loss by dispossession is a lever by which landlords can raise rents, but a remedy for such an evil is to be found in the prevention of capricious disturbance, and equitable compensation for tenants' improvements.

(8)

In economic questions relative to land, and in economic questions relative to other kinds of property, it is to the same principles we must ultimately appeal.

We have travelled so far from the social state in which the occupant of the land spent his revenue in barbaric hospitality, that now to us the land is either a pleasure-ground, or a "machine" which yields so large an output that every one is more or less able to pick and choose which part he wishes to appropriate. Most of us are able to consult our pleasure in the acquisition of necessaries. The produce of agriculture, when this stage of civilisation has been reached, passes into the category of the valuable. Land itself is both an object of pleasure and a means by which objects of pleasure are obtained. As such, it is hired out for purposes of gain to one who must not only be skilled in the science and practice of agriculture, but must for success have command of a money capital proportioned to the size of his "factory"; the capital required in England, in order to secure the best results, being estimated by some authorities at £10 an acre.

While we are able to consult our pleasure in the acquisition of necessaries, necessaries are no doubt still essential for sustenance. But we must not forget that when we regard land as private property, and ask or pay value for the use of it, we are thinking of the pleasure it affords, and not of

its products, so far as they are invaluable. We are dealing with a state of society in which commerce is not more dependent upon agriculture, than agriculture or any other mode of production is on commerce. We presuppose a condition under which the desire to mitigate the sufferings that urge men to all their labours, and the desire to enjoy the good things of life, are reconciled, under which the market reacts favourably on work. Fertile lands, as they produce not merely the material of life, but material of life we can choose according to our liking, are objects of wealth; and bare acres, life being assured without their being cultivated, are pleasure-grounds, sources of enjoyment, and objects of private wealth, as much as silver and gold and precious stones.

(9)

No farmer capitalist hires land for the purpose of making a profit on his capital, unless where the land is private wealth. One immediate source of the value of agricultural land is its fertility. But fertility is not everywhere a natural property of the soil. It is, in most old countries, a property conferred upon it in great measure by the cultivator. It is a property dependent upon the presence of certain chemical constituents, some of which may have been left in the soil when the dry land was formed, but most of which must be continually replaced and renewed. The amount of the value of the soil is partly determined by the condition of

fertility in which it has been left by the last cultivator. He may have left it more fertile or less fertile than he found it, but it is valuable according to its fertility, and the ownership and conveyance of it as a valuable possession is subject to the same principles as the ownership and conveyance of any other valuable property. Rent, like interest and discount, is a payment which, to some extent, makes good a loss of enjoyment of property in a time bargain. Rents, it may be, equalise or tend to equalise the profits derived from the sale of farm produce, from the output of the farmer capitalist's factory. Were there no profits on the sale of agricultural produce, there would indeed be no rents; but now that there are profits, rent is payable not only on cultivable land, but on land which no one thinks of cultivating. The profits on the sale of agricultural produce, however, are part and parcel of a commercial system. They are subject to the laws of the market. And so is rent.

(10)

A farmer capitalist does not hire a farm on which the soil has been so thoroughly deprived of fertilisers, that he will have to pay more for what he puts into the land than he makes by the sale of his produce. When he pays less for what he puts in than he makes by his sales of produce, part of the difference may be attributed to the fact that there were fertilisers on the soil when he entered upon occupation. The rent he pays the landowner

includes payment for the use of the fertilisers already in the soil. We should have a parallel case in manufacture, were it customary for a manufacturer to hire a warehouse along with any raw material it might contain at the commencement of his tenancy. A manufacturer, under such a system, would not pay so high a rent for an empty or a half-empty warehouse as for a full one. The difference between the rent of the full and the empty warehouse would be the price of the raw material contained in it. When the manufacturer converts the raw material into goods and sells the goods, the rate of profit he earns depends partly upon the price he paid for his raw material, and, in the case we have supposed, would appear to depend partly upon the rent he paid for his warehouse. A farmer capitalist earns a profit on the sale of his goods, and the profit depends partly upon the relative prices of goods and raw material, or partly upon the difference between the price of produce and rent, so far as rent is determined by fertility. The case of a manufacturer who should be required to take raw material along with the warehouse he hired is not on all fours with the farmer who takes over the land and its fertility. To complete the parallel, we should have to suppose that the manufacturer was required to leave the warehouse as well stocked at the expiry of the period of hire as he found it. Whether that stipulation were profitable or not would partly depend upon the prices of raw material at the beginning and at the close of his tenancy. The farmer who

is required to leave the land as good as he found it, makes or loses by that condition as prices of fertilisers are higher at the end of his lease than at the beginning, or lower. Assuming the conditions we have supposed, a partly stocked warehouse would let for more than an empty one, *ceteris paribus*, and a fully stocked warehouse for more than one only partly filled, but the rent of all three would tend to be such as to equalise the profits of the manufacturers who hired them. Now it seems evident that the owner of the warehouse who lets out his property fully stocked is as much a merchant as is a man who sells cotton. And, similarly, the landlord who lets fertile land is, with respect to the land's fertility, as much a merchant as a man who sells fertilisers. As things are now, the difference between fertile and infertile land is no more a superiority of natural advantage, than is the difference between a full and an empty warehouse a natural advantage. The contents of the soil and the contents of the warehouse are the wealth of the owners of them. They are not private wealth, of course, if they can be proved to be invaluable; but, if they are invaluable, the profits of the farmer and of the manufacturer will disappear as well as the landlord's rent.

(11)

In economic questions relative to land, mercantile considerations should be kept distinct from considerations relative to vegetable growth. The

return to agricultural capital, expressed in terms of money, cannot be identified with the increased yield of the soil, in response to the addition of fertilisers. The farmer hopes the money value of his crop will exceed the money value of his fertilisers, and of all his other outlays. Its doing so depends partly on the conditions of supply and demand, with respect both to crop and fertilisers. It also depends partly on his skill in making use of his materials. Although all land were of equal fertility, a skilful agriculturist would get more out of it than the unskilled. He could give more for the hire of it than an unskilled man, and yet have more profit. The rent paid for land need not, therefore, be exactly proportional to the superiority of the land. If the worst farmer occupied the worst land, and the best farmer the best, and the worst farmer earned a profit on his capital, the best farmer would earn a profit on his capital also. But he would, on account of his skill, earn more than would in the circumstances be called profit on capital, and it is open to question whether or not part of the surplus would not be paid to the landlord as rent. The question, however, is not of a kind that peculiarly concerns landlord and tenant. It enters into all mercantile contracts.

(12)

In view of the social changes time has brought we are to judge of questions affecting the country as we do of questions affecting the town, wherever

considerations of private wealth arise. We are to judge, for instance, of the relative advantages of small and large farms, as we would of the relative advantages of small and large factories, where the real question at issue is the profit on the money capitals employed in agriculture or in manufacture for gain. The advantage claimed for the small farm over the large has no real reference to the relative merits of production on a large and on a small scale, but only to incidental and irrelevant contingencies. Thus Mr. Thorold Rogers argues that the proportion of produce which a small farmer consumes for himself and his family is far greater than that which a large holder consumes, and therefore, in times of depression, the small cultivator suffers less than the cultivator of the large holding. We should think the diminution of profit on agricultural capital is as great in the one case as in the other. The proportion of produce which the small farmer consumes is not earnings. He may get his produce cheaper than he would buy it from a middleman, and so save money, but the elimination of the middleman is not what distinguishes small farming from farming on a large scale.

(13)

We describe land as private property just because rent is paid for the hire of it, and rent is a conception that has its origin in the market, just as profit, interest, and discount have their origin in the market. If, for any reason, rent ceased to be

payable, no one would or could possess or seek to possess wealth in the form of land. If a landowner possesses no other private wealth but his land, when the rent of land is annihilated, so is his private wealth. Annihilate rent, and, *ipso facto*, you make private property in land impossible. If we thereafter think of it as wealth at all, it is as part of the "wealth of mankind."

Some people who propose to abolish rent do so only in appearance. What they really contemplate is the transference of the property in the land from one landowner to another. The moneyed man, if he had lent money to an agriculturist or any other occupant of land, they would still allow to get interest on his money, and they would, as far as lay in them, see that workers on the land should not lack the comforts of life. Although in this way no single person were allowed to hold land as private wealth, yet the abolitionists would allow an aggregate of persons to do so. Rent would be paid not to one person, but to a combination or a corporation, and would be proportioned to the value of the land, after making allowance for a return to "the labour and capital expended upon it." The landlord who had hitherto had the exclusive enjoyment of the rent would share his enjoyment with others.

(14)

It may be noted, however, that, if our analysis of the meaning of work be correct, we need not hope,

as a result of the abolition of individual ownership of land, that "labour, free to the natural elements of production, would no longer be incapable of maintaining itself." To indulge such a hope is to make too light of the facts and laws of life and work, the principles of economic effort, and the dependence of the inferior on the superior for guidance in all those things in which he is inferior. It is said, for example, that were the expropriation of the private owner of land effected, "so long as any unused land remained, those who wished to use it could obtain it, not only without the payment of any purchase-price, but without the payment of any tax or rent. Nothing would be required for the use of land till less advantageous land came into use." Whenever less advantageous land comes into use, the user of the more advantageous land has a "surplus pleasure" placed within his power, the land he occupies becomes his private wealth, a source of enjoyment which some think should be compulsorily shared. But there are many considerations which those who make this suggestion neglect. Whether any bit of land is more or less advantageous than another, depends to some extent upon the man who uses it. There are differences of capability between men. The test of capability in an agriculturist is to be able not only to sustain himself as a unit in the social organism, but to get the means of physical sustenance for himself and others. To live in comfort he has to raise, not enough corn, meat, and milk to afford animal nutrition, but

what will have a value in the market. A man who cannot get private wealth out of his farming is a poor man, although possibly in the happiest position a poor man can occupy; for the worst lot of the poor is to be maintained in idleness, the best to maintain themselves as units in the social organism, so far as that is possible for the individual. Those who can in any occupation maintain themselves and others are not to be considered poor. The reasoning of the advocates of the abolition of private wealth in land appears to proceed on the assumption, that the normal capability of the workman is his power simply to succeed in a struggle for bare animal existence, without being able by his efforts to acquire the means of enjoyment. They take for their standard of efficient work the labour of the man who is poor in faculty of the humblest kind. Efficient work should be such as to enable a man to acquire private wealth by bargain in the market.

(15)

To this it is answered, that every enjoyment acquired in the market is gained at some one's expense, and that the ultimate loser is the workman of poorest faculty, the man whose labour some theories make the measure of all value. But, as a matter of fact, it is not true to say that for every gain in the market there is a corresponding loss. In every mercantile transaction, the buyer expects to derive more pleasure from what he

receives than from what he gives away. There could be no exchange on any other terms. If the balance of pleasure were not on the side of the purchase, there would be no purchase. If there were no balance on the side of the sale, there would be no sale. Not the avoidance of suffering and loss, but the attainment of enjoyment, is the end of the market. It has been said that a consumer, rather than go without the article he purchases, would sometimes pay a higher price than that at which the thing is sold, and the difference between the actual selling-price and the buyer's potential buying-price has been described as a "surplus pleasure," and rather fancifully as a "consumer's rent." But, as enjoyment is the end of every act of exchange, we must suppose that, so long as purchasers go on purchasing in the market, there is a surplus of pleasure on the side of the transaction, and that the surplus is shared. The pleasure acquired by the purchaser is not a loss of pleasure to the seller. The transaction is advantageous to both.

Looking at all property from the point of view of those who desire to acquire it, we may say that "every kind of possession which men do or can hold places all men more or less in their relations with other men in a position of some superiority or advantage as regards some or more of the conditions of life." Every dispossession is the withdrawal of an advantage. It does not follow that, because an advantage is taken from one man, there is an equal advantage conferred upon another. Advantage is

always relative. Our conception of it is progressive, and progress involves an ethical idea. Let us assume, that by abolishing private wealth in land, for instance, the land could be "thrown open and kept open to the use of labour," and the possessors enabled to use their right, so as to lessen labour and augment life, would such a result justify compulsory expropriation? We simply cannot tell, without knowing more about the case. To be forced to lessen labour and augment life may be good or bad; we can only decide which it is when we discover the ethical principle according to which compulsion is enforced. It is an honoured maxim that governmental regulation is defective when its results necessitate our asking who derives the greatest advantage from it. The compulsory transference of property, did this rule hold good, would, before we could insist upon it, have to be proved of a like interest to all. If the transference be for the interest of some and not of others, if it be more for the interest of some than for the interest of others, the proposal stands in need of a more cogent moral justification than has yet been offered for it.

VIII

CHARACTER AND MONEY-MAKING

(1)

CHARLES LAMB describes De Foe's *Complete English Tradesman* as "a studied analysis of every trick and subterfuge, short of larceny, that is necessary to the tradesman's occupation," and its author as one of "the masters of mean morals" in the meanest period of English history. Elia's criticism is humorously exaggerated. It is not, as a partial selection of passages might suggest, the genuine opinion of De Foe, that a complete tradesman must be a complete hypocrite. The *Complete Tradesman*, as a *vademecum* in the small morals of trade, was suitable to the circumstances of the time. De Foe had not to discuss the ethics of the "great commerce." This "philosopher of meanness" had to consider the rights and wrongs of the homely, everyday business of the retailer; whether, for instance, one should pass on a counterfeit half-crown or a brass shilling he gets in the ordinary course of business. His advice is to destroy it. The master of mean morals, again, discussing the question of selling doctored goods, lays down a rule which scarcely deserves Elia's

censure. "Every false gloss put upon woollen manufactures by hot pressing, folding, dressing, tucking, bleaching, etc., what are they but washing over a brass shilling to make it pass for sterling?" "If, by the exuberance of their art, they set their goods in a false light, give them a false gloss, a finer and smoother surface than they really have, in order to deceive the buyer, so far is it a trading fraud." De Foe no more palliates the petty business frauds of his time, by analysing them, than one would, by analysing them, palliate the bribes, discounts, and commissions exchanged between agents and travellers who plead that they cannot help themselves, and excuse, on the plea of necessity, the tricks they cannot justify. What strikes one in comparing the *Complete Tradesman* with the modern tradesman and his usages, is the homely simplicity of the eighteenth century merchant, who had qualms of conscience regarding trading lies. Think of the Quakers who asked no more than they would take, and lost a customer rather than entice him by a false discount or abatement. Such abatements were looked upon as a species of lies, and when the Quaker conformed with the practice, the master of mean morals described it as a sort of moral declension. Nothing in the *Complete Tradesman* can be quoted against the integrity of De Foe; there is material enough for an indictment derivable from other sources. He rather runs the risk of being charged with recommending counsels of perfection. Who, in these days of universal advertisement and self-proclama-

tion, will call the following mean? Is not the epithet more likely to be applied to it "impracticable"? "If anything calls for the help of rattling words, it must be mean, unfashionable, and ordinary goods, together with weak and silly buyers; and let the buyers that chance to read this remember that whenever they find the shopkeeper begins his fine speeches, they ought to suppose he has trash to bring out, and believes he has fools to show it to."

The worst that can be said about De Foe is, that his trade maxims are just about on a par with the prudential philosophy of Poor Richard. Yet such maxims cannot be regarded as too despicable to be included in the practical ethics of commerce. Take these as examples. "He that trades in jest will break in earnest." "Credit is stock; and, if well supported, is as good as stock, and will be as durable." "In a young beginner, trading beyond his stock, and giving too large credit, is overtrading." "When a shop is ill-chosen, the tradesman starves; business will not follow him that runs from it." "Trade is a straight road. Pleasures and projects are dangerous bye-lanes. Business neglected is business lost." "A purse-proud tradesman is the most intolerable of all men." "The discounteer is a destroying vulture"; therefore avoid accommodation bills. "A tradesman's books, like a Christian's conscience, should always be kept clean and neat." "Trade is a safe channel to those that keep the fairway."

Lamb says that, had he been living at the time,

he would have recommended the Grand Jury of Middlesex who presented the *Fable of the Bees*, to have presented the *Complete English Tradesman* in preference, as of a far more vile and debasing tendency. If this is not paradox, it is a curious verdict to pass on a book that condemns the victualling-houses as shops and shambles of vice, and expressly maintains against Mandeville, that "Trade need not be destroyed, though Vice were mortally wounded." "Notwithstanding all that has been said of our Vice propagating our Commerce, yet," De Foe affirms, "our trade might be supported, our tradesmen kept employed, and their shops still be opened, though a time of reformation were to come."

(2)

The principles which determine success in the market are on the whole favourable to the growth of mutual confidence, inasmuch as they evoke habits which rank among the virtues of the individual. Or to put it otherwise, there are virtues which the powers that make for efficiency favour. Mr. Ruskin was of opinion that, in order to become rich, one should be ignorant rather than well-informed, insensitive rather than sensitive, unimaginative rather than imaginative, sensible rather than very wise or very foolish, methodical rather than reckless, prompt rather than thoughtful or dull, resolute rather than impulsive, proud rather than humble, and industrious rather than idle. A

rich man of whom no worse could be said could scarcely be treated as being altogether an enemy of ethical progress. Mr. Ruskin includes a narrow range of information and deficiency of imagination among the qualities conducive to money-making. But in no pursuit is it essential to have more information than is necessary for the business in hand. The knowledge of the money-making man is not less encyclopædic than is required in other practical vocations. That it need be neither deep nor extensive, is true. If one has dealings in South American securities, he does not require to know the history of the Spaniards and Portuguese in America, the antiquities of the Incas, or the height of Chimborazo. Should his transactions be in railway shares or debentures, he may be the better for knowing something of the physical and political geography of the country through which the railway runs, and as much of the fauna and flora as will enable him to judge what produce can be raised in the territory with which the line communicates. But even this information may be of comparatively little service to him, if he be unacquainted with the recent political changes of the country, the financial position of the Government, the state of the currency, the extent and quality of last year's crops and flocks, and the prospects for next season. This information, again, may be of comparatively little assistance to him, since it is possible for one to make money, and many do make money, by concentrating their attention upon the variations of the Stock Exchange share-list, and by

calculating, from the data the daily and monthly lists supply, the probable limits to the variation of prices. A Baron Humboldt, with all his knowledge of the country, its resources, and its possibilities, would be at a disadvantage in the matter of buying and selling, compared with the jobbers and brokers who have studied closely the ups and downs of the South American market. Except in transactions extending over a long period, the information of a Humboldt would possibly be a disadvantage to one who has to make his money out of the profits of fortnightly transactions. The man who knows much about the ultimate chances of an enterprise is apt to forget that a long time is in some cases needed for the development of resources, and that it is not the long but the short view that governs price-lists. Cobden, though skilled in the science of political finance, ruined himself by investing his capital in concerns which, to his knowledge, had in them the possibility of growth. It would have been better for him had he known less about possibilities of development, or had he refrained from acting on the strength of his knowledge. In the business of money-making the comparatively short view is best, and the practice of it tends to confirm the habit of taking a comparatively short view. But this is not to say that it discourages forethought and confines our views to the present. It rather emphasises the advantage of an accurate and scientific forecast of the future over a prophetic foreboding.

Imagination, if we mean the faculty of the artist

and the poet, is not a quality that would enhance the reputation of a financier. In money affairs, the man who sees visions and dreams dreams is instinctively avoided. But a certain element of imagination—using the word in its humbler sense—is favourable to efficiency in business, if it be allied with skill in the calculation of probabilities or with an instinct for the logic of chance. Just as the whist-player, trusting to theory rather than to imagination, does not throw down his cards in the sanguine belief that his partner will be able to respond, but, following the rules, trusts to what he can infer from the play, not to his imagination, for guidance; so the speculator calculates the probable outcome of events, and does not act on the assumption that there is no rule discoverable in the ups and downs of the market. There are individuals who make fortunes by trusting to the inspiration of a sanguine imagination, and risking all their property on the hazard of a die; but to most such conduct would bring ruin.

Not the recklessness of the sanguine and imaginative, but the methodical calculation of chances, even in the wildest whirl of a speculative crisis, is likely to insure success. It is better to be methodical than reckless.

Mr. Ruskin says, that for the money-making man, promptitude is better than thoughtfulness on the one hand, and dull inaptitude on the other. All the old proverbial wisdom is against procrastination. Occasion, we are told, presents a lock in front and a bald noddle behind; it offers the neck of the

bottle, and, when that is refused, the belly. But the fables are not all of one tenor. Bacon compared the fortune of the market to "Sibylla's offer, which first offereth the commodity at full, then consumeth part and part, and still holdeth up the price," but he was also aware that "many times, if you can stay a little, the price will fall." The money-making man knows what occasions are to be seized, and when delay is profitable. Here, again, knowledge relative to the mutations of the market is essential, and promptitude, without this knowledge, misses its purpose. We may, however, attribute the virtue of promptitude to the money-making man, and assume, besides, that there goes along with it the quality of common-sense; for the wisdom that ponders too long, and the folly that does not ponder at all, are both avoided by the efficient business man.

In all probability, the moneyed man is proud rather than humble; for the humble man, if he is genuinely so and not merely abject (sinning, if he sins at all, not boldly, but furtively), puts a low estimate upon his deserts, while the proud man is convinced he is entitled to all he gains. His merit and nothing else he recognises as the explanation of his success. But pride is known elsewhere than in the market.

Whatever other quality he may be wanting in, the man who makes money is not usually lacking in industry, a quality proceeding, as an old writer says, "of wit and experience, by which a man perceiveth quickly, inventeth freshly, and counselleth

speedily, wherefore they that be called industrious do most craftily and deeply understand in all affairs, what is expedient, and by what means or ways they may soonest exploit them." Idleness and money-making seldom go together.

"A business, with an income at its heels,
Furnishes always oil for its own wheels."

Foster, an essayist better known to a former generation than to the present, successfully depicts the moral ideal of his time, in his history of the fall and rise of a young man who, after wasting a large patrimony, came to himself, like the prodigal, and resolved to win back his estate. Determined to seize every opportunity of earning the most despicable trifle, and resolute not to squander a single farthing, he promptly took advantage of everything that could advance his design, without regard to appearance or the meanness of the occupation. "By this method he had gained, after a considerable time, money enough to purchase, in order to sell again, a few cattle of which he had taken the pains to understand the value. He speedily but cautiously turned his first gains into second advantages; retained without a single deviation his extreme parsimony, and thus advanced by degrees into larger transactions and incipient wealth," the final result being that he more than recovered all his lost possessions. The story aptly illustrates what are universally regarded as the merits of industrious money-getting, and it also brings out the essential nature of the business. Diligence, in

which the youth of the tale was so admirable an exemplar, is not always so well rewarded. After long, steady, unwearied drudgery, a poorly paid servant who has played his part in the world as perfectly as man can, may, at the end of the play, find himself as destitute of riches as at the moment of his entrance upon the stage. Even in the market the hand of the diligent does not make rich, unless it is associated with other virtues, to some of which we have referred. But those qualities are consistent with, if not an aid to, the business of money-making, and whether exhibited in the market or in other spheres of life, they are evidently appropriate to the growth of our moral nature.

While the business of the market appears to need certain virtues, it would be a mistake to suppose that those who have these qualities must become rich, or that those who are not rich cannot have these qualities. It would be wrong, for example, to say that a man who is not rich has been idle or has misapplied his energy. He has only not, it may be, directed his efforts to the making of money as an end. The rich man who has made his money legitimately will probably be found in possession of these virtues, and these virtues tend to confirm that faith of man in man which is the life principle of the market.

(3)

There have at times been those who, distrusting this faith of man in man, and considering the

pursuit of pleasure and money-making intrinsically wrong, have deliberately renounced all part or lot in common life, and subjected themselves to absolute penury. A vow of absolute abnegation of pleasure and private property cannot, however, be long consistently maintained. Only in very exceptional instances can the renunciant stand such a strain, and frequently all the moral sanctions which he has been accustomed to acknowledge, ceaselessly assail his resolution. The history of all brotherhoods of the poor life shows, so far at least as Western civilisation is concerned, an apparently irresistible tendency on the part of the abnegant to obtain succour by means incompatible with the spirit of his vow. When this fails, he qualifies his pledge. Does the founder of an order require his followers to renounce the tenure of property, either individually or conjointly with others; to appropriate neither house, nor land, nor anything, but to be like strangers and pilgrims in the world, fulfilling their mission in poverty and humility, and depending upon the bounty of the merciful? His rule, in all its purity, is soon forgotten; its rigidity is gradually relaxed. In addition to his tattered garments, the poor brother soon finds, if his lot is cast in a sparsely peopled country, he will die, if he does not prepare himself a small granary or storehouse. And if he has a small store of food, may he not also have a poor clerk's collection of books; and, if of books, why not of furniture, houses, lands, if he holds them not in his own name but as the humble vassal of St. Peter and the Church?

The few uncompromising ones, who are proof against such logic, betake themselves to desert places. But the voice of an authority they still respect follows them to their remotest retreat, to denounce them as heretics and corrupters of religion, for teaching that private property is contrary to their faith. And they themselves must have twinges of conscience, when they ask whether to live like wild men of the woods was the appointed destiny of those who were told to provide neither gold nor silver nor brass in their purses, nor scrip for their journey, neither two coats, neither shoes, nor yet staves. And a later age frowns on the professional beggar as severely as did the authorities of the Church on the denial of the rightfulness of property. "I acknowledge it," said our sentimental censor to the poor Franciscan, "a coarse habit, and that but once in three years, with meagre diet, are no great matters; and the true point of pity is, as they can be earned in the world with so little industry, that your order should wish to procure them by pressing upon a fund which is the property of the lame, the blind, the aged, and the infirm—the captive who lies down counting over and over again the days of his afflictions, languishes also for his share of it; and had you been of the order of Mercy instead of the order of St. Francis, poor as I am, full cheerfully should it have been opened to you for the ransom of the unfortunate; but of all others, the unfortunate of our own country surely have the first rights; and I have left thousands in distress upon our

shore. But we distinguish, my good father, betwixt those who wish only to eat the bread of their own labour, and those who eat the bread of other people's, and have no other plan in life, but to get through it in sloth and ignorance for the love of God."

The judgment is harsh, but in the main just, although the judge is far from impeccable. Deliberate mendicancy is not involuntary poverty. The mendicant might obtain for himself a share of personal wealth by ordinary means, but prefers to go about begging a share of the private property which others get by the means he renounces. The poor, on the other hand, are unable, by any exertion they can make, to secure any wealth for themselves, and what they get is given in obedience to the prompting of mercy.

IX

THE VICES OF THE MARKET

(1)

SOME maintain that the market is nothing else than an arena in which men scramble for wealth, that in this unmitigated competition the most unscrupulous win, that, consequently, the moral standard of all the competitors tends to assimilate itself to that of the worst man who succeeds, and that we are advancing to a state of society in which the very rich will have absolute control over the wealth of all their neighbours. But this appears to be descriptive of a condition from which we are emerging rather than of the state to which we are advancing—a state, nevertheless, in which the good faith which is the life of the market has still obstacles to overcome, since mankind never is and never will be perfect. It needs no philosopher to tell us that riches have been, still are, and will continue to be, ill-gotten.

It is a remark of Mr. Ruskin's that wherever and whenever men are endeavouring to make money hastily, they are literally and infallibly causing, for their own benefit, a certain number of annual

deaths. "Generally," he says, "modern speculation involves much risk to others, with chance of profit only to ourselves; even in its best conditions it is merely one of the forms of gambling and treasure-hunting; it is either leaving the steady plough and the steady pilgrimage of life to look for silver mines beside the way; or else it is the full stop beside the dice-tables in Vanity Fair—investing all the thoughts and passions of the soul in the fall of the cards, and choosing rather the wild accidents of idle fortune than the calm and accumulative rewards of toil. And this is destructive enough at least to our peace and virtue, but is usually destructive of far more than our peace or our virtue." In illustration of which aspect of the truth, he pictures for us, among the consequences of "gambling" speculation, old men who had reserved some remainder of rest in the evening tide of life, cast helplessly back into its trouble and tumult, the strength of middle life blasted with incapacity, its heart withered and right arm snapped, the shattered destinies of advanced years, and the blighted hopes of the young who are involved in their parent's grief. It is tolerably certain, that any one who was keenly alive to these possible consequences of his selling dear what he had bought cheap would not have the heart to do his business thoroughly. His sensibility would be always intervening between him and his opportunities, and it may therefore be true enough to say, that probably, if a man has grown rich by speculation, he is insensitive rather than sensitive to the

sufferings of others. But the speculative market is not the only sphere in which a certain success is attainable by having no feelings rather than by controlling them. Nor, when we say that the money-making man is frequently insensitive to the feelings of others, do we commit ourselves to the opinion, that in order to get gain the sensitive must harden themselves to the degree of unshrinking firmness that characterises their most insensitive competitors. Nor must we jump to the conclusion, that [the haste to become rich, with all the destructive influence it may exercise upon ourselves and others, is new in itself and in its effects, or peculiar to the market as we know it.]

"The poets," says Bacon, "feign that when Plutus which is riches is sent from Jupiter, he limps and goes slowly; but when he is sent from Pluto he runs, and is swift of foot; meaning that riches gotten by good means and just labour pace slowly; but when they come by the death of others, as by the course of inheritance, testaments, and the like, they come tumbling upon a man. But it might likewise be applied to Pluto, taking him for the devil. For when riches come from the devil, as by fraud, and oppression, and unjust means, they come upon speed." Rapidity in the acquisition of riches is not incontrovertible proof of fraudulent means of acquisition. But to wake and find oneself rich is the expectation of the thorough-paced speculator, and such an attitude of mind is likely, in the long run, to prove fatal to the preservation and growth of the mercantile virtues. It is the

effect of an unenlightened selfishness that trusts to the fickle goddess fortune.

(2)

But on the whole the worship of fortune is less fantastic and irrational than formerly; it is more clearly recognised in practice, that the acquisition of wealth is subject to law. Consider how common it was once to raise money for public purposes by means of State lotteries, and how absurd were the notions entertained sometimes regarding the logic of chance, as applicable to the distribution of prizes. In a description of the lottery as it existed in Italy, we read: "There are books published which show the relation of every occurrence, whether in vision or in everyday life, to numbers in the lottery. Thus, for example, I meet in my morning's walk a mangy dog, a man in a pea-green coat with a cocked hat, or a woman with a rouged face under a white beaver one: I return home and consult my books, and find that the mangy dog is twelve, the pea-green man sixteen, and the rouged face under a white hat thirty." These were the numbers in the lottery the haruspices advised the worshippers of fortune under such circumstances to select. The economical result as it affected the devotees was such as one might have anticipated. "The small shopkeeper or the peasant, impoverished as he is, and desperate of working out his own relief, feeds himself with the vain hope of a prize, and throws away his capital, his ingenuity, and his

ndustry, in wild and whimsical speculation. This is his talk by day and his dream by night, and things which immediately concern his interests often occupy his attention, less in the direct manner in which they bear upon his shop or his farm, than in the strange relation which he supposes them to have to the lottery." Among ourselves the results were similar. In 1808 a committee of the House of Commons reported of the State Lottery as follows: "No mode of raising money appears so burthensome, so pernicious, and so unproductive; no species of adventure is known where the chances are so great against the adventurer; none where the infatuation is more powerful, lasting, and destructive. In the lower classes of society the persons engaged, whether successful or unfortunate, are, generally speaking, either immediately or ultimately tempted to their ruin; and there is scarcely any condition of life so destitute and abandoned that its distresses have not been aggravated by this allurements to gaming held forth by the State. Your committee are conscious that they are far from having exhausted all the grounds upon which it might be urged that the lottery ought not to be resorted to as a financial resource. The reasoning upon them appears to your committee to apply with peculiar force to the situation, the habits, and all the circumstances of a great manufacturing and commercial nation, in which it must be dangerous in the highest degree to diffuse a spirit of speculation, whereby the mind is misled from those habits of continued industry which ensure

the acquisition of comfort and independence, to delusive dreams of sudden and enormous wealth, which most generally end in abject poverty and complete ruin." Again: "Idleness, dissipation, and poverty are increased, the most sacred and confidential trusts are betrayed, domestic comfort is destroyed, madness often created, crimes, subjecting the perpetrators of them to the punishment of death, are committed, and even suicide itself is produced."

(3)

The law of limited partnership and the practice of dividing the share capital of limited liability companies into shares of small amount enables every one who has saved a few pounds to have a stake in the transactions of the Exchange. But not even the most severe censor of the prevalence of speculation among all classes could frame a more formidable charge than the report of the Lottery Committee. The evils attending petty and princely speculation are not new. Whatever may be thought of their comparative extent, they are the same in kind as those which accompanied the lottery. There is a similar risk, not unfrequently realised, of the loss of the entire fund, small or great, which one has subscribed to the stock; there is a similar anxious interruption of steady habits of industry; there is a similar harassing subjection to the paltry accidents upon which the distribution of the fund is supposed to depend; there is a similar inattention to the circumstances that really bear upon

one's proper business; there is a similar propensity to view every occurrence in the strange relation it is supposed to bear to the quotations of the hour. The Italian peasant bought a lottery ticket, if he had the happiness to meet a man with a pea-green coat and a cocked hat. The speculator on the Stock Exchange does not suffer from this form of superstition, but he too is a reader of omens, and in his buying and selling he is at the mercy of every lying and fantastic rumour issued by every news agency from China to Peru.

(4)

Admitting all this, we have yet to recognise that the Stock Exchange is, as its name implies, and in spite of transactions which are mere betting by people who have no stock and wish none, an exchange of stock. It is a genuine market, and the transactions that take place within it are in their essence no more objectionable than any other mode of buying and selling, with a view to profit. Whether one buys corn, wine, or oil to sell for gain, or buys assignments of goods and instruments of credit, to the same end, the transaction is essentially the same in kind.

Where the law of limited liability obtains, the introduction of the element of gambling, with its dependence upon the suggestions of capricious chance, rather than upon the rational calculation of probabilities, is perhaps artificially favoured. A man's natural caution is weakened when a statutory

limit is placed upon the sacrifice he is bound to make, in order to redeem the debts for which, but for this provision, he would be held responsible. The law allows him to reap every possible advantage that may accrue from the enhancement of the market value of his shares in a joint-stock company, while it only compels him to pay the creditors of the company the nominal value of his shares. A creditor can retrieve from each individual shareholder, at most, only the value of his holding. Still, so far as the creditor is concerned, a limited liability company that becomes bankrupt need not be a worse debtor than a company or an individual whose liability is unlimited. The creditor's interest is, that the proportion of assets to liabilities should be as high as possible. The shareholder in a joint-stock company, if the concern comes to grief, loses only his stake in the business. But an individual trader who abuses his credit is practically subject only to a similar liability. His assets, which are his stake in the business, are the only part of his debt which a creditor can recover. A debtor cannot give up to his creditors more than he has, and since it is not now usual to treat debt as a crime, the check upon the individual trader's abuse of his credit is, in effect, no stricter than that to which those who enjoy the protection of the principle of limited liability are subject. The fact that he is permitted by law and practice to incur debts which he has no means of paying may have the effect of destroying a man's integrity; and, as Mill points out, it is a spurious humanity that lays down the

doctrine that insolvency is a wrong which is made right when the creditor is put in possession of the property of the insolvent. As Mill says, insolvency does not cease to be misconduct, because the inability to pay is real. There is, however, no essential difference in this respect between a private trader and a shareholder in a joint-stock partnership. The advantage is rather in favour of the latter. The creditor who deals with a limited liability company knows, with some degree of accuracy, the extent of the risk he incurs. When one deals with an ordinary trader, although he knows that his liability to pay his debts is nominally unlimited, he also knows that his assets may turn out to be extremely limited, and there is no assurance that the assets will show a more favourable proportion to liabilities, in the case of a man whose liability is unlimited, than in the case of a company the liability of every member of which is limited to his share in the business. So far as the ordinary relation of creditor and debtor is concerned, the principle of limited liability is not inimical to credit. The limited liability company is not under the temptation to be more reckless in incurring obligations than is a private firm.

(5)

The evils which most engage attention in connection with the business of the exchange, arise from the notorious abuses associated with the flotation of companies. There is a popular prejudice,

for which there is too much foundation, that the business of flotation is a system to enable promoters, concessionaires, syndicates, contractors, and trust companies, by means of various permutations and combinations, to earn a living, while cheating each other and the investing public. Many and various, indeed, are the devices which have suggested themselves to human ingenuity, when it has applied itself to the mystery of company flotation. But the fraud, supposed to be systematically practised in this department of finance, is not essentially new. The deliberate over-capitalisation of new ventures—for that is what it amounts to—and the appropriation by all concerned in its promotion of their share of the spoil, is a deception only a little more elaborate than that of which Moses Primrose was a victim. Possibly many of the new companies which are floated every year, and come to an early end, serve no other purpose but to put money into the purses of those engaged in their promotion, and deplete the purses of those who have had the misfortune to invest in a business, doomed from its conception to failure, as a dividend-paying concern. It is doubtful whether the losers by such unhappy speculations belong, as a rule, to the regular investing public. Many of the ventures which die young are local in their scope, or of a special nature to attract the attention of quiet people who know nothing about business, and see nothing usurious in the exaction of high interest for the use of their savings. In the disappointment of the covetousness of the simple-minded, through the wiles of

the dishonest, we see no formidable danger to the stability of the credit of the market. The lessons of experience should rather have the opposite effect.

(6)

The danger to credit is, perhaps, to be sought in the principles which govern the transfer of shares in the exchange. In dealing in shares a speculator may extend his operations over a long period or over a short period. He may buy at a low price, hold for years, and realise at a large profit, or he may make an equal profit by accumulated fortnightly differences. By good luck, a man may have the opportunity of purchasing for a shilling a fully-paid share in an industrial company, of which the original price was six shillings, and get the market interest on his investment. Not only so. After a few years, his share may increase in value twenty times or even eighty times; for every one knows instances of occasional extraordinary rises in the price of stock. Every shilling of the lucky investor's holding is now worth £4, every £1 is worth £80, every £100 worth £8000. He has become wealthy, just by waiting. The result may be due to increase in the quantity or in the quality of the products of the business, to a rise in the price of the commodities produced, to the enhanced value of the concern, attributable, perhaps, to the desire of a monopolist syndicate to acquire it. Whatever the causes of the augmented value,

they must be of a kind that were not generally foreseen at the time of purchase, else the value of the share would not have been so low. But the possibility of a rise of the kind described, although not to the extent described, is so far from being remote, that some investors proceed on the principle that if there is still life enough in a concern to enable it to pay a small dividend on the market price of the share, and if the market price has fallen much below the nominal price, they do better to purchase such shares than to invest their money in ways that law and opinion hold to be more secure—in securities, for example, to which trustees are limited. Not unfrequently they are right, and it is an open question whether a man may not make as much money in this way, and as quickly, as by ordinary short time transactions. We see no reason why the one method should be considered more or less reputable than the other, and the one purchaser dignified with the name of an investor, while the other is despised as a speculator. Both are speculators, if both buy only to sell; they are gamblers if, in their buying and selling, they trust to luck.

(7)

A man who speculates, according to either method, deliberately runs the risk of losing his money, and he gains by selling his right to another who also deliberately runs the risk of loss. Unless he himself believed he would lose by retaining his

property, he would not sell. By selling, he is sure of his profit, and transfers all his risks to the purchaser, his rule of conduct being that the buyer must take care of himself. He acts from a selfish regarding motive, and if to do so tends to destroy the institution we call the market, then the market is doomed to dissolution through the prevalence of speculation. Nor will it delay the catastrophe to insist upon its inevitability. Prophecies of coming woe are as ineffectual as are rhetorical denunciations of pleasures of which all feel the attraction, and to which even the prophet succumbs. As long as speculation brings wealth, men will argue that it will last their time.

To ascertain the probable effect of the gratification of this desire upon an institution the stability of which is a guarantee of the rational enjoyment of life, would involve an examination of the nature of the connection between the buyers and sellers of shares in joint-stock companies. What a man considers, when he speculates, is whether he will, on realisation, receive more than he gave for his shares, or less. The value of the shares depends, in part, upon the gains and losses of the company in which he has an interest. What, in view of this fact, is the nature of the relation of buyers and sellers of shares to each other, and to the market?

The man who buys into a company, at a time when the value of the shares has advanced greatly beyond the original price, does so, because he believes that the profits of the company will yield

they good interest on his money, and because he foresees the affairs of the company will improve and the able him to sell out at a profit. His motive in buying is in no way different from the motive of the seller. He joins the company for the sake of gain. The company itself exists for the sake of gain. The gain the individual speculator realises, however, is different from the profit which the company (assuming it to be an industrial company) is understood to make in the ordinary course of business; it is a gain realised in the expectation that the business of the company will not continue to progress, and is obtained by selling, above the purchase price, something the seller believes is about to fall in value, and because it is about to fall. Meanwhile the company, although making smaller profits, may still be prospering. The dealings between speculators are determined by considerations that appeal to them individually, and not by anything immediately affecting the solvency or the insolvency of the firm. A man may lose a fortune through speculating in the shares of a business that is financially sound. It is, however, the transactions of individuals that attract attention; although the speculative dealings of individuals on the Stock Exchange are not different ethically from any transaction whatever in which one man endeavours to shift his losses on to another, who accepts the risk in the hope of securing some ultimate advantage. The prominence of such transactions is injurious, in so far as the belief is thereby fostered, that for every gain in the market there

is a corresponding loss. The basis of credit is weakened. Everything that weakens credit is inimical to the market; and, unless some principle be at work to counteract the belief that for every gain in exchange there is a loss, retrogression must come.

The prevalence of joint-stock enterprise has a secondary effect in lowering the standard of personal responsibility in the use of wealth and in the acquisition of gain. Many a man is tempted to take shares in business undertakings with which he would be ashamed to be directly connected, and to accept profits which have been earned in ways and by means that appear to him scarcely honourable. But this evil is not to be classed with those we have been considering. It arises from the joint nature of the enterprise, and is an example of those dangers the poet discovers in all leagues between man and man for interest-sake, in which merchants

“unimpeachable of sin
Against the charities of domestic life,
Incorporated, seem at once to lose
Their nature, and, disclaiming all regard
For mercy and the common rights of man,
Build factories with blood, conducting trade
At the sword's point, and dyeing the white robe
Of innocent commercial justice red.”

The moral wrong in such cases is due, not merely to love of gain, but also to abdication of personal responsibility.

X

THE MORALITY OF COMBINATION

INSTEAD of trusting to the growth of the economic virtues, we sometimes, with a view to counteracting the defects and vices of the market, form among ourselves combinations for mutual benefit, and for offence and defence. What is the efficiency and justification of such devices ?

(1)

Benefits such as are bestowed by brotherhoods upon deserving brethren must take the form of private wealth, and are intelligible, therefore, only when considered in relation to the market and the acquisition of private wealth. Friendly unities are combinations, formed within the market, for the distribution of money according to rules of their own devising. It is characteristic of all combinations of this description, that admission to them is obtained partly by favour, partly by contract ; and that the so-called benefits conferred upon members are contingent. In some of them, one pays a periodical subscription into a common fund, and, in the event of sickness, permanent disablement,

or temporary want of remunerative employment, is supplied sometimes with "enough to keep the wolf from the door," sometimes with the means of slender comfort, out of the funds of the combination.

Such a mode of combination, it is evident, would be of no avail, did not some members get from the common fund more than they contributed to it. Did all get out again only what they had put in, membership would be of no direct advantage to any one. Were one allowed from the common heap just the sum he had added to it, he would have been as near his purpose to have kept his money himself, to serve the needs of a rainy day. There is no benefit in membership unless one may on occasion take more from the heap than he has contributed. But this it is impossible for all the members to do at any given time. The subtraction cannot exceed the addition. Only, some must draw out more than they put in, else there is no benefit. Who, then, is to be in the happy position of getting more than he gives?

Unless the recipient of the benefit is to be singled out by lot, he must be selected according to rule; and the rule devised for the allocation of the benefit is an attempt to combine generosity and prudence in the same regulation. To give a man more than he has contributed is generous, to make his receipt of benefit conditional upon his having contributed to the fund is prudent. This is well. Nevertheless the distribution of benefit must be largely determined by accident. Chance enters into

the government of all those forms of combination, and sometimes rules where its presence is least suspected.

(2)

Not the least popular form assumed by beneficiary combinations is the co-operative union for the distribution of commodities at prices which do not include a middleman's profit. We cannot pronounce the elimination of the middleman's profit to be in itself either good or bad. It is a loss of private wealth to a private trader, and whether that be beneficial or not is to be determined by reference to some principle applicable to the control of all mercantile transactions. What we would in the meantime content ourselves with remarking is that, unless some corrective be brought into play, chance will determine the distribution of the profit of which the retail trader has been deprived. So far as the mere outsider can judge, those who get the profits which formerly fell to the retail trader are no more deserving of the pleasures they insure than he was; for, in the co-operative store, as in the open market, to him that hath is it given. There is no advantage in transferring profit from one man to another unless some higher interest is thereby served, and, to determine that, we have to appeal to some other principle than that according to which the affairs of the combination are controlled. One would see some reason for distinguishing the co-operative storekeepers from retail traders, did they aim at essentially different ends. But the aim

of both is alike,—private wealth. The retail trader gets his profits to himself. The co-operative traders divide their profits among themselves. The method of division is different from that adopted by co-partners in an ordinary retail business, and it differs in being more of a lottery; for the profits are distributed according to the purchases they each make at their own shop, and not according to their stake in the business. This method of distribution is, in large measure, dependent upon accident. We should see a real difference between the co-operator and the ordinary retail trader, if the former abstained entirely from making profits on his sales; if, for instance, a co-operative union sacrificed profits on sales in order to lower the prices of the commodities that are most in request among the poorest members of the union. Some such rule would distinguish them from ordinary retailers, for both are in the same category, so far as they make profits on sales,—but whether this would be advantageous we cannot undertake to say, until we first ascertain wherein advantage consists. It would so far appear, however, that when the co-operative store is not controlled by the motive that governs ordinary mercantile transactions, it is ruled by circumstance and accident, not by reasoned regulation.

(3)

In other combinations of a beneficiary kind, accident and the calculation of chances are the acknowledged regulators of the distribution of

benefit. In insurance societies, the beneficiaries are, according to agreement, nominated by fire, by flood, by death, and other contingencies. Death is inevitable, and the benefit contemplated by one who "insures his life" is that the end will come before as many subscriptions have been paid as will amount to the policy payable to one's representatives after death. Otherwise there would be no reason for preferring insurance to the accumulation of a private reserve fund. Benefit accrues to some (for this system of providence identifies a man with his heirs, and is dependent upon the recognition of a right of bequest), because the majority of the members of the combination have underestimated their prospects of living, and have paid more into the common fund than they bargained their representatives should receive. That this is the rule by which these unions is controlled is made palpable in degraded forms of life insurance, which are a cloak for the transactions of unscrupulous speculators and fraudulent collectors (for, except in mutual companies, the insurance society is not purely a combination), in which subscribers to the common fund are deliberately allowed to forfeit their rights, through failing to pay their premiums. Accident is, in fact, a decisive element in all life insurance combinations. The long-lived confer benefits on the heirs of the short-lived, and we have no ground for assuming that those who get the benefit are the most deserving. As between the members of the combination, accident sits as umpire: it is not the good or the most prudent who

die first. Those who inherit the life insurance policy get what the insured might have saved had he lived a life of average length, but what the provident would more likely save than the improvident. Improvident or provident, he has not lived so long as to have been able to save the amount of his policy: the payment of it to his heirs is a withdrawal from the savings of others, and may be such a withdrawal as charity would recommend, but there is no assurance that it will be so. So far as the desert of the recipient is concerned, the distribution of the funds of an insurance society is a matter of mere chance.

Insurance companies, unless they are mutual companies, are not, so far as their form is concerned, combinations, since they imply the existence of two contracting parties; but they are combinations so far as those who take out policies in them are concerned. For our purpose, they may all be regarded as combinations. They all in a sense insure "against accident," and the faith that is placed in them amounts to a superstition, for there is a very prevalent impression that it is possible by combination to forestall every ill that can befall us, and that somehow it is possible for every one to be insured against the consequences of every possible loss. We are all apt to forget that the losses against which we insure are absolute, that while we may have our loss made good, the loss is a loss to the combination, and the combination cannot go on losing *ad infinitum*, the insurance paid to the individual being abstracted from the

heap and not left there. The loser is the combination, and since it enables individuals here and there to be as wealthy after the loss of their wealth as they were before, the rule by which these individuals are selected is quite as likely to lead to harm as to good. For where the insurance is specifically against accident, as in the case of fire and marine insurance, the combination does nothing to lessen accident, and, in instances that are occasionally brought under notice, encourages men to court accident, in the hope of more than recouping themselves out of a common fund. That such combinations are under the rule of chance is obvious, when we consider that if the accidents against which the combination insures were not of comparatively rare occurrence, but happened frequently, a fund out of which the absolute losses incurred through accident could be made good would be seen to be a chimerical conception. Those who receive their insurance money, when the contingency arises which renders it payable, may be profited in every way by having wealth given to them in substitution for the wealth which is lost, not to them only but to all others besides, and those who (speculating that a like chance might have befallen them) have sacrificed their own wealth, to contribute jointly towards an adequate solatium, may be none the worse for the sacrifice; but it is a sacrifice, made partly out of prudence, and partly in the spirit of a man who puts money into a sweepstake. Some mode of sacrifice and solatium that was less of a wager with fortune

would, we are bound to believe, better serve the purpose, if our lives in all their aspects are subject to law. Combination is not perhaps the best way, then, by which to provide a solatium for the accidental loss of wealth.

We would add, that neither by attempting to reduce the inequality between unequal bargainers, nor in any other way, can combination enable all to get an equal share of private wealth. There can be no equality of private wealth, for private wealth is possession or power over objects of pleasure which are limited. So far as private wealth is concerned, the terms rich and poor are correlative, men being rich or poor by comparison. Private wealth and inequality must always go together, and the possession of private wealth is not presumably wrong. The system we call the market originates in the desire for the possession of things which it is impossible for all to enjoy at the same time; and to suggest that riches are inconsistent with morals is only justifiable if the desire to enjoy what is rare be immoral.

(4)

A trade union exists for the purpose of enabling wage-earners to obtain higher wages than can be obtained by individual bargaining: it is supposed to reduce the inequality of the bargainers. In this case, combination will achieve its purpose if it makes the workmen stronger than, or even as strong as, the powers opposed to them. We have

not too many particular examples of the superiority of a trade union over capitalist employers, but, did this superiority exist, and were its prevalency general, its strength would be found to be advantageously used, only if higher wages and better conditions of service were sought and obtained in order to remove some hindrance to fuller and better life.

In forming combinations to control wages, workmen only followed the example set by their employers, and the practice first came into prominence at a time when the spirit of exclusiveness, as shown, for example, in regulations with respect to apprenticeship, was not peculiar either to employers or employed. The employers, however, had the ear of the legislature, and the law punished severely, in the case of workmen, what their employers were allowed to do with impunity. By reason even of their weakness, workmen, as Adam Smith points out, had recourse to clamour and sometimes to outrage, while their employers could afford to sit still and bide their time. "They are desperate, and act with the folly and extravagance of desperate men, who must either starve or frighten their masters into an immediate compliance with their demands." It is always easy to prove that the desperate man is in the wrong, and workmen, by the methods of agitation which they followed, gave the legislature some ground for making their combinations illegal. If combination be an advantage, they were placed at a disadvantage, for while they were forbidden to act

together, their employers continued to act unitedly. "We rarely hear, it has been said, of the combinations of masters, though frequently of those of workmen. But whoever imagines upon this account that masters rarely combine, is," says Adam Smith, "as ignorant of the world as of the subject. Masters are always and everywhere in a sort of tacit, but constant and uniform, combination, not to raise the wages of labour above their actual rate. To violate this combination is everywhere a most unpopular action, and a sort of reproach to a master among his neighbours and equals. We seldom indeed hear of this combination, because it is the usual, and, one may say, the natural state of things which nobody ever hears of. Masters, too, sometimes enter into particular combinations to sink the wages of labour even below this rate. These are always conducted with the utmost silence and secrecy, till the moment of execution, and when the workmen yield, as they sometimes do, without resistance, though severely felt by them, they are never heard of by other people."

That combinations of employers and employed should be absolutely equal before the law, no one now will dispute. Our question is as to the advantage of union in either case, and not as to the equity of allowing both sides to fight their battles on equal terms, so far as legality is concerned. "Union is strength" is a maxim to which employees have not an exclusive title, and the inculcation of it has sometimes provoked a trial of strength when

a truce might have been observed. Ethically, such trials of strength are to be tested by the same principle in either case, and their probable advantage is to be tried by the same rule. When employers combine to reduce or keep down wages, they derive unquestioned strength from their union. Their strength, however, will in all likelihood be found far from beneficent or advantageous, when it only makes the gratification of avarice more easy and does not insure some higher interest against menace. Against this danger, workmen in their turn seek a means of defence in union. "The capitalist," says Professor Flint, "may be possessed of the demon of avarice. It is only too possible that workmen may have very real and serious grievances against their capitalist employers. Nowhere would it be safe for working men to trust to the justice of capitalists. Everywhere it would be ridiculous for them to trust to their generosity. For labour to be on its guard against the selfishness of capital, for labour to organise itself for self-defence and the attainment of its due, is only prudence." Prudent it is for workmen to act together, there is no doubt: the question is, how much combination can be expected legitimately to accomplish? Can combination enable workmen to enjoy a larger share than they at present obtain of the pleasures of life? Can any union of workers prevail against a union of employers, so as to raise the appreciation in which their services are held, or compel a substantial proof of esteem in the form of more liberal

wages? "Liberty when men act in bodies," says Burke, "is power." Are workmen likely to acquire more power by union than employers? Are they less liable to yield to the temptation of abusing their strength?

Of the power derived from their liberty of acting in concert, the employers of the labourer had the exclusive privilege for centuries, and there can be no doubt they abused their privilege. Whatever the justification which may have originally existed for the decree that no farm labourer or artificer should decline to undertake labour at the wages fixed by the civil authority, the principle of the Statute of Labourers operated in the interests of the hirers of labour rather than of the hired. Not only did the wages of labour after the sixteenth century conform, as Thorold Rogers has shown, to the assessments of the Quarter Sessions, but when workmen themselves, having discovered the power derivable from union, employed this power simply for the sake of invoking and enforcing the principle of statutory wages, they were prosecuted, condemned, and imprisoned for the crime of conspiracy. The power they derived from the liberty of acting in bodies was held to be tyrannically and criminally used, even when employed to give effect to a principle which had been consistently observed for centuries, without challenge, so long as it was found to be in the interest of the employer. The legislature and the courts refused to allow workmen to combine, either for the purpose of having their wages fixed by authority, according to ancient

precedent, or for the purpose of using the power of union, in order to make an advantageous bargain directly with their employers. The authors of the *History of Trade Unionism* dwell upon the fact, that the greatest strike ever known in the cotton industry arose out of the refusal of the employers, in 1812, to recognise a decision of the Scottish Court of Session, that it was competent for the magistrates to fix a scale of wages and draw up a table of piece-work rates. "The employers, with few exceptions, refused to accept the table which it had cost the operatives £3000 to obtain. The result was the most extensive strike the trade has ever known. From Carlisle to Aberdeen, every loom stopped, 40,000 weavers ceasing work almost simultaneously." And, on the eve of a meeting between the employers and the representatives of the operatives, "the whole strike committee was arrested by the police, and held to bail under the common law for the crime of combination, of which the authorities in that revolutionary period were very jealous, on purely political grounds. The five leaders were sentenced to terms of imprisonment varying from four to eighteen months; and this blow broke up the combination, defeated the strike, and put an end to the struggles of the operatives against the progressive degradation of their wages." By slow degrees the legislature has since that date conceded to the wage-earners the liberty to act in bodies, but has, together with the courts, jealously curbed the use of the power which that liberty involves. Thus, while in 1825 the British Parlia-

ment passed a statute for the legalisation of trade societies, by which "the right of collective bargaining, involving the power of withholding labour from the market by concerted action was for the first time expressly established," we find the same legislature, nearly half a century later, at a time when English political liberalism was at the zenith of its power, inadvertently, and perhaps from a lack of sympathetic imagination, reducing the workers' combination to impotency. "The judges declared that the only effect of the legislation of 1871 was to make the trade object of the strike not illegal. A strike was perfectly legal, but if the means employed were calculated to coerce the employer, they were illegal means." It was not until we had entered upon the last quarter of the nineteenth century that the law gave effect to the principle, that no act committed by a combination should be punishable, unless the same act when committed by an individual is a crime. In some instances, the deeds done by some unionists, in the name of unionism, in its early youth, would have been callous and cowardly crimes, had they been committed by an individual for his own ends; but the general conduct of workmen's combinations has been far from being criminal, and their claims to be protected from the penalties of judge-made laws have been in the main just. Mr. Mill had reason for describing the English law of conspiracy as a "reserved weapon of arbitrary and *ex post facto* coercion by which anything that a court of law thinks ought not to be done may be made a

criminal offence, if done in concert by more than one person." It gave the judge power to treat what he thought immoral as a crime.

To deprive a judge of this power is right, but when we do so, we do not endow workmen's combinations with new strength, or acknowledge that whatever use they make of their power is moral. Among those who know Trade Unionism best, there is less disposition than there once was on all sides to exaggerate its possibilities. Thornton, who was a not unsympathetic critic, said "the single aim of trades' unions is to enable themselves to dictate arbitrarily the conditions of employment." The conditions of employment, it is now seen, cannot be arbitrarily dictated, and the most prudent directors of unionist strategy are ready to recognise that the debatable ground between employers and employed is not very wide.

Had we, on the one side, the most extensive possible combination of employers, and on the other the most extensive combination of employed, Thornton thought the employers would have it all their own way, since their union would be much more efficacious than that of the men. "They are at least ten times less numerous, and at least ten times as well off; and in about the same proportion it must be easier for them both to unite and to subsist for any definite period on their united means—easier both to make mutual arrangements, and to fulfil mutual obligations. Their whole body can afford to shut up their establishments better than the whole body of the men can afford to be shut

out. And should any of the former go on with their business, they can quite as well or better spare a tithe of their profits for the support of their fellow-masters, than the men they employ can spare a tithe of their earnings for the support of their unemployed comrades. In trials of strength between associations equally compact and equally resolute of masters and men, the latter have not the smallest chance. The question being simply whether a few can hold out longest on large means, or many on small means, there can be no doubt as to the answer. A general strike met by a general lock-out of corresponding extent cannot possibly succeed, if the masters exhibit anything like the same spirit as the men. If when the men of one employer, or of a few employers, strike, all other employers either lock out or share their profits with those against whom the strike is directed, the strike must necessarily fail. The two organisations being equal in scale, and animated with equal ardour, that of the masters must inevitably prevail; the cause of the men is absolutely desperate."

But this is surely to exaggerate, for, were the argument cogent, it would be absolutely impossible for a single workman, where there is no union, to make by fair treaty a satisfactory bargain with a single employer. Normally, if Thornton's reasoning is sound, the single workman is always at the mercy of the single employer; the single employer is always able to refuse a workman a share in the benefit derived from a local monopoly, or from local advantages of production, or from

growing wealth and the growing number of customers, or from increased productiveness of industry, or from advantages of production on a large scale at a low rate of profit. Combination cannot turn back the hands of the clock. It cannot, so far as we can judge, abolish the relationship of employer and employed, and substitute for it something worse than slavery. Happily neither combinations of employers nor trade unions can control the processes on the continuance of which profits and wages depend. Neither employers nor employed can dictate arbitrarily the conditions of employment.

The aim of the trade unionist may be less ambitious than this, without being attainable. The ideal he now looks to is "a uniform minimum of conditions for identical work," or, as the joint authors of *Industrial Democracy* otherwise put it, the realisation of such conditions that the poorest workman recognised by any trade union shall get, not merely subsistence, but some degree of comfort, while the superior workman shall retain his superiority, in the form of relatively high wages. In its widest scope, the suggestion that the principle of a "minimum wage" and the regulation of employment according to common rules, should be extended from the organised trades to every industry within the realm, does not appear to be practicable, and its impracticability would appear to be greatest where its need might appear to be highest, for, logically, it would demand the suppression of all those employments in which the wages cannot

afford necessary support to the employed; all those trades which have, erroneously we think, been denominated parasitic, on the assumption that those engaged in them draw, in a fashion peculiar to themselves, on "the capital stock of the nation." We cannot forbid people to take wages for services in which they do not require to engage for the sake of a living, their livelihood being otherwise secured. Employment is not production, but presupposes it. Wages are rewards obtainable in the market, not the sustenance necessary to the preservation of the social organism. If trade unionism attempts to suppress "parasitic" wages, it must fail.

The methods by which the unionist seeks to promote his aim include the institution of mutual insurance funds, administered on a principle different from that of ordinary friendly societies, since the design is not to relieve distress in hard times, but to enforce discipline among the members, with a view to increasing the power which the union can bring to bear upon the employers. Mr. and Mrs. Webb, in their authoritative work on *Industrial Democracy*, have shown how, by this and other methods, the unions, finding their strength in numbers, have grown from local combinations into leagues, the constituents of which are to be found throughout the country, wherever their particular industry is followed. Nor is recognition of diversity of employment within a trade ignored, for the sake of an extensive membership. While the tendency of modern invention is to reduce occu-

pations requiring different degrees of skill to a common level, demanding incessant strain in tending monotonous and rapid mechanical operations, the unionist is a stickler for defining differences, for observing grades, and rewarding the worker of each grade according to a nicely differentiated scale of merit. The demarcation of different occupations is, as our authors have shown, a cause of frequent controversy among unionists themselves. In a world where progress is from the simple to the complex, the minute subdivision of employments necessarily increases the apparently insignificant differentiation between the divisions of an occupation, and the design of obtaining for all a "living wage," and for each sub-species of worker the remuneration suited to his special function, is necessarily beset with many difficulties, which tend to increase instead of diminishing. The individual worker, while he may not be skilful in the old sense of the term, becomes very dexterous and proficient in some small part of a complicated operation. It is as difficult to give an exhaustive definition of the processes which constitute a single trade, as it is to estimate the relative deserts of the workers engaged in the different stages of an operation which is regarded as a continuous whole. In the circumstances we need not be surprised to find "that to competition between overlapping unions is to be attributed nine-tenths of the ineffectiveness of the Trade Union world."

The difficulty is not one of a kind for which the principle of federation, as suggested by Mr. and

Mrs. Webb, offers a solution. In a federation, we enumerate exhaustively the attributes of the union, which exists for the general welfare of each individual embraced in it, while the minor constituent bodies, to which these individuals also belong, govern themselves in all matters that concern their internal prosperity. The purpose of the Unionist is to form a union of which the end is to make the best possible bargain between two contracting parties, whose interests are not identical. The problem the Trade Unionist has to face is not that which Federation solves, the harmonising of a number of smaller united bodies with a larger, but how best to unite his scattered forces against common antagonists. This requires, what is alien to the federal ideal, "a hierarchy of powers and a defined relation between superior and subordinate authorities." The principle of comprehensive union, which some unionists advocate, is not that of an equalitarian democracy, for, in order to effect its purpose, it must assign each man his grade. Before the representatives of the workmen, united according to this plan, can effectively make bargains on their behalf, the workmen must, so far as wages and terms are concerned, surrender their independence, and take the place and pay which their superiors, who know the trade thoroughly in all its details, assign them. The inducement offered them for the surrender of their freedom is, that they in the main insure by such means better terms than by individual bargaining, and appreciable assistance at times when employment cannot

be obtained. The superior workman is persuaded that, while for the sake of a standard graduated rate and a common rule he may have to forego some temporary advantage he might obtain by bargaining on his own account, he will in the long run "retain all his advantages over his fellows, but without allowing his superiority to be made the means of reducing the weekly wage of the ordinary worker."

In its most highly developed form, Trade Unionism recognises that each trade has its own scale of remuneration, and each subdivision of the trade its modification of the scale, according to the degree of expertness required in it, the judges of the requisite expertness being qualified officials of the union of the particular trade, who bargain with equally well qualified representatives of the employers. All such bargaining is, according to the authors of *Industrial Democracy*, based on the doctrine that "there is a debatable land within which the higgling of the market is possible," and that it is practicable by collective bargaining, through the mediation of skilled officials, to obtain for the workers their portion of the wealth it is possible to divide.

According to our rule for testing the legitimacy of the use of superior power derived from union, the test of a bargain made under such conditions is the interest which is served. Thorold Rogers, who was far from being biassed against the wage-earner, says: "The honourable desire to protect every workman in the same craft by seeking to establish

a minimum of wages, may lead to the suggestion of a minimum standard of efficiency. It is entirely essential, not only to the dignity but to the strength of labour, that it should do what it has to do as well as it possibly can. The workman of the fifteenth century was as proud of the integrity of his work as he was of the agencies by which he was independent. In order to maintain their own character, workmen are justified in denouncing incompetence, sloth, or scamping work in their own order, and in exposing fraud and dishonesty among employers. In the modern strife between labour and capital, the importance of securing that every care should be taken of the employer's interest by the workmen has been lost sight of, and, in consequence, the fund from which alone the condition of the workman can be bettered, the net profit of the whole industry, has been needlessly and injuriously diminished. It cannot be too strongly insisted on, that employers and employed have a common interest—the production of a maximum profit from their common industry; and that the only question which ought to arise in the partnership between them is that of the respective shares which each should receive of the equal distribution of the profit. But I venture on asserting that the economy of this kind of waste is the most important of all.”

Now it seems to be sufficiently well established, that, in the best organised trades, as, for example, the cotton trade, these conditions are answered, and that the operatives' unions actively promote the highest efficiency attainable both by workmen and

employers. It has been shown that the improvement of an industry can be secured simultaneously with the enforcement, by a combination of workers, of common rules of employment, of a "living wage" for all workers, of a minimum provision with respect to sanitation, leisure, and rest; and the able advocates of this use of combination have further argued, that union is not only a means to efficiency, but to the preservation of home life; the prevention of the degradation of the worker, and particularly of children, women, and the aged; and the maintenance of the national wellbeing and of the institutions and traditions upon conformity with which civilisation depends.

There is need for this justification on other grounds than those mentioned by Thorold Rogers. One of the results of combination, as it is practised, is to prevent some from earning or endeavouring to earn such a livelihood as satisfies them. The combination succeeds, by using its power so as to prevent an employer from engaging workers who are willing to give their services at less than the standard wage, and, in some cases, by insisting that no employer shall engage a workman who is not a member of a union. Even the latent power to insist upon such conditions renders it impossible for an artisan, in some branches of industry, to retain at once his employment and his personal independence. It is not in all cases self-evident, that by restricting the number of the workers or the class of workers an employer may engage, the efficiency of his business is thereby

automatically heightened, although it may often happen that it is the worst workmen who are ready to accept low pay, and accommodate themselves to conditions which imperil their health and strength. Mr. and Mrs. Sidney Webb are satisfied that the device of the common rule does not limit the intensity of competition or the freedom of the employer to take advantage of it, but transfers the pressure from the wage to the quality of the work, the employer being "impelled to do his utmost to raise the level of the efficiency of all his workers," and we can agree that a policy which has the result not only of raising the character of the worker, but of inciting the capitalist to adopt more economical processes of production, has much to say for itself. There is no advantage in encouraging workmen to rely upon getting a livelihood by means of antiquated processes of manufacture. The more workers are encouraged to resort to such occupations, the greater is the suffering when the inevitable crisis comes. Hence there is much to be said in favour of maintaining, under such conditions, as high a standard rate of pay as possible for machine workers, and of keeping up the quality of the work of the handicraftsman. We may thereby more readily substantiate the plea, that something higher than the production of commodities, or the earning of profits and wages, is involved in the exclusion of poor workers from employment.

In the involved process through which the ends of trade combination are now fulfilled, the means by which the ends are attained are left to the

direction of officials who have no immediate personal interest to serve in bringing pressure to bear upon employers to induce them to refuse employment to workmen of whom the unions disapprove. Both in England and in the United States, the courts have decided that, where the unionist official has nothing to gain by menacing the employer with loss, he must be held to be guilty of malice. A combination of traders may combine to hurt a rival, for since they are acting in their own interest, their action is not construed by the judges as malicious. The maxim, that a combination if it does not act for its own advantage, acts with malice, cannot, however be easily reconciled with ethical principle, for it is when superior force is employed simply to hurt a rival and advance the interest of the stronger, that the restraint of legal coercion would seem to be most needed. A lawful act that promotes one's pleasure may harm a neighbour, but to harm a neighbour for interest-sake is an apparent wrong.

The existing practice militates against the success of trade union combination in another way. While it weakens the efficiency of the union which aims at raising wages and conditions, it favours the efficiency of those combinations which tend to prevent employers conceding their workers' demands, for though it is true that trade unions find it easier to conduct collective bargains with large employers and even with associations of large employers than with small, and that small manufacturers are the worst offenders with respect to conditions of employment, the forms of combina-

tions which are now favoured tend greatly to augment the efficacy of employers in negotiation.

(6)

Combination among employers, it must at the same time be allowed, ought not to be judged solely as a means of strengthening one of the combatants in the so-called struggle between capital and labour. The aggregation of great businesses, with a view to systematic production, must, so far as that end is served, be pronounced economically good. We should be careful, however, not to confound the question of production with the question of private wealth. To increase the wealth of mankind is good, but to render more difficult the equitable division of private wealth is not so, and it is with this offence that Trusts are charged.

In what is technically known as a Trust, "the owners of a majority of the shares in a number of corporations hitherto separate in their constitution (though they may have been acting in agreement with one another, or have been largely owned by the same persons) agree to place their shares of stock in the full control of a body of persons called trustees. These trustees may or may not be shareholders or directors of the several corporations. They act under an agreement that they will cast the votes represented by the stock so held for the perpetuation of the trust during the time agreed upon and in furtherance of its purposes: will elect the officers provided for by law in each of the

corporations, and, in behalf of all of them, manage the business of all, except, it may be, in small matters of detail." "Each shareholder, upon surrendering his corporate stock to the board of trustees, receives a certificate entitling him to an interest in all the property and earnings of all the corporations of the trust."

Such an arrangement as this may be considered in two aspects: so far as it affects production, and so far as it affects the distribution of private wealth. On behalf of it in its former connection, Mr. Andrew Carnegie has said that "to make ten tons of steel a day would cost many times as much per ton as to make one hundred tons; to make one hundred tons would cost double as much per ton as a thousand, and to make one thousand tons per day would cost greatly more than to make ten thousand tons. Thus the larger the scale of operation, the cheaper the product." The more steel there is produced the better, if the wealth of mankind is increased by the production of steel, although we may easily be mistaken in thinking a large scale of operation must involve an increased product. Mr. Carnegie adds, in defence of the trust, that it is fortunately impossible for man to impede or change the law that price varies according to "the scale of the operation," from which flow most of our comforts, our luxuries, and the "improving forces of life"—a dubious law. We are all agreed, that to lessen the cost of producing the wealth of mankind is beneficial to the whole social organism. But for a wealthy trust to destroy the undertakings of small

competitors, for the sake of gain, is not, on the face of it, beneficial either to mankind or to the small competitors who are forced out of the field. Every saving of life and force that is effected by trusts or otherwise is advantageous, and it is probably correct to say, as Mr. Carnegie does, that "the great invention which is beneficent in its operation would be useless unless it operated to supply a thousand people, where ten were supplied before." But do not let us impute to the scale of the operation the merit that belongs to the invention, or the advantage that accrues from plenty; do not let us imagine that things are good according to their bigness; do not let us believe the maxim that says, "dealing with petty affairs tends to make small men, dealing with large affairs broadens and strengthens character"; do not let us suppose that the motions of a solar system are higher than the growth of the meanest flower that blows, because they operate on a bigger scale. It is not the scale of the operation, but its nature, that is of importance. In any case, these considerations are irrelevant. It is not the relation of labour-saving appliances to the preservation of the social organism that is in question, but whether trusts, as affecting and designed to affect the distribution of private wealth, help or hinder a higher interest than the making of money.

As affecting the distribution of private wealth, trusts, it is sometimes said, are designed, not to enable the big competitor to get a greater advantage over the small competitor than he naturally possesses,

but to save small competitors from the wasteful worry of internecine strife. They are not aggressive monopolies, but unions for the regulation of prices and profits, and their justification is, that every one who enters the combination makes as much money as before with less worry, the competition of the middleman being eliminated. As an offset to this advantage, the buyer of goods has to pay the price the combination fixes. In making a bargain, he has the power of the combination to reckon with, instead of the power of the individual seller. Is this right or wrong? We cannot say. The bargain, as a market transaction, simply raises the issue whether buyer or seller is to get most advantage. Which should get most advantage is to be determined by the principle we have indicated, that combination should be regulated by regard for a higher interest than that which the union exists to promote.

(7)

Union enables a combination to do something which it is impossible for an individual to do; something which he could do, only on the hypothetical condition that he had the power. Every case we have suggested or can suggest of the exercise of such a power, whether positive or negative, serves only to suggest to us the need of ascertaining whether there is not a higher interest involved than the interest promoted by the combination.

Take, for instance, the practice known as boycotting. A villager's refusal to have any dealings with his neighbour may not have much effect, but should he get others to combine with him, he may make it impossible for his neighbour to live in the village; he may force his removal, causing him, as it were, to tear himself up by the roots, and transplant himself to a soil in which he is doomed to dwindle and die. We instinctively say this is an abuse of power. To torture a man to death is a cowardly crime.

But when we speak of one man refusing to have any dealings with another, what, let us ask, do we mean? If a man refuses to buy a commodity from another, unless he lowers his price, that is not refusing to deal with him. There would only be a refusal, strictly so-called, if one either refused to buy from him at any price, or if he refused to sell at any price.

The object of a village storekeeper is to obtain the comforts of life, and, were one to refuse to give him a price that would enable him to obtain the minimum of comfort, that practically would be refusing to deal. Such a refusal, however, would have no effect if confined to a single purchaser. Unless all the customers of the storekeeper refuse to buy from him, except at a price which leaves him with nothing but the barest necessaries of life, he will not be reduced to sheer subsistence. He will be reduced to this condition when all his customers, acting in combination, have power to do

what no individual among them, acting alone, can do, and, having the power, exercise it. But can we say, without tacit or explicit reference to some principle, that a combination which refuses to buy from a middleman, except at a price which leaves him with less than a minimum of private wealth, is wrong? If it be wrong, can any combination of a more reputable kind than boycotting be right if it lead to a similar result?

In refusing to deal with the storekeeper, the villagers might either resolve to do without the goods he supplies altogether, or they might obtain the goods from the store of another village, either at the price they refuse to pay him, or at another price. We are unable to say, without reference to some guiding principle, whether they do rightly in abstaining from purchasing the goods the storekeeper offers for sale. Should they go to another village, pay for the goods a price similar to that which their own storekeeper asks, and, besides, pay the expenses of carriage, the facts will justify our saying, that the object of their combination is to deprive the storekeeper of the pleasures of life. Appearances are all against the action of the combination, but a bare recital of the facts does not enable us to say whether it be wrong, for some reason best known to those who refuse to deal, to deprive a middleman of the profits of his retail trade. We are compelled to appeal to a guiding principle, as we should also be compelled to do, were we to consider the case of a combination which forced up prices at the store beyond that at

which the villagers were willing to purchase, and prevented the storekeeper from getting goods to sell at the lower price, he being willing to accept smaller profits than the combination by which the business is controlled would allow; or the case of a "combine" that temporarily lowered prices, in order to coerce a recalcitrant trader who refused to join their union.

(8)

The market is a society, but such unions are not. Combinations are not societies, for they are formed by bringing several into an aggregate, while societies are relationships in which the individuals related retain their individuality. In combinations, the component individuals lose their individuality. The union exists and acts as one man, and is supposed to act more effectually than the individuals composing it, because, as they say, Union is Strength. Union, it is believed, can convert a weak into a strong bargainer. But the probable advantages and efficiency of combination are to be measured by moral considerations rather than by physical analogies, and both experience and theory point to the conclusion that combination is only really successful when it is consistent with the higher interests of those who combine, when it does not endanger any interest higher than that which it is intended to promote. In suggesting that there are degrees in the importance of the ends to which our energies may be directed, we use

the phrase higher interest in no abstruse sense. An interest that succeeds another in the order of evolution is higher than it. Vital force is manifested in the plant, independently of the phenomena of nervous energy. In the animal, nervous energy is added to vital energy. We therefore say that nervous energy is higher than simple vital energy. There is a correlative progression in our interests. The interest of the individual, as a unit in the social organism, is higher than his interest as a mere animal; his interest as a member of economic society is higher than his interest as a member of the social organism; his interest as a being that knows and thinks is higher than his interest as a being subject to the pains and pleasures of the senses.

Now we may admit that the fact of a man's having entered into a combination with others to secure a common end, gives him more power of a kind than he would otherwise possess in dealing with another individual; and that the power thus acquired may render him, in that respect, but in that respect only, superior to the other. On the other hand, we must recognise that this superiority is disadvantageously used, if it injures or obstructs a power higher than itself. We can therefore say that the power of a combination will not be used disadvantageously, when directed against a power of a similar or of an inferior kind, in defence of a higher interest. By combination brute force may be made to overcome brute force, but it is of no benefit to use or to combine brute force where life or the capacities of the moral nature are not endangered.

In combination, accordingly, benefit is to be found only when directed against power of a similar or of a lower kind, should that power threaten us in such a way as to menace a higher interest than that pertaining to the power of the combination.

XI

COMMERCIAL POLICY AND ECONOMIC ETHICS

(1)

It is only ideally true that the worker works for those who, if the knowledge of both were adequate, and their conduct according to their knowledge, would derive most benefit from the work done. It is only ideally true that the worker obtains all the benefit of the work done on his behalf. The possibility of realising what is ideally true, in economics, rests partly upon our moral nature, partly upon our knowledge; for, our knowledge of mankind being imperfect, both in its extent and depth, the direction of our conduct, so far as it depends upon knowledge, partakes of this imperfection. We only know mankind imperfectly, and relatively to the circumstances in which they are placed. Virtues and manners, considered with reference to men conditioned by circumstances, partake of this relativity. Accordingly, we can have only a relative knowledge of practical economic ethics. We must not, for example, expect the virtues practised by workmen or capitalists to

transcend their knowledge of the circumstances and conditions under which their work is done, and their desires gratified. The conscious direction of work and the conscious pursuit of wealth undergo changes parallel to the changes which occur in our relative knowledge of mankind. Circumstances both limit one's knowledge, and furnish the only medium through which his knowledge and conduct can be manifested. A man who knows mankind only through his own kith and kin, will acquire and exhibit the virtues relative to work and wealth, only to the extent which his knowledge renders possible. His knowledge renders virtue possible for him, but the relativity of his knowledge imposes a limit upon his virtue. Thus, while a man who knows mankind only as members of his family or tribe, or as resident within a narrow geographical area, has a very imperfect knowledge of the virtues relative to work and wealth, yet there is a power in the influence of kindred and a charm in locality, which, to some extent, evokes those virtues in an imperfect degree and manner.

There is a great variety of circumstances which may be considered, either as limiting the economic virtues, or as the condition under which it is alone possible to see them exhibited, in any degree in which they are attainable. Our knowledge of mankind is limited both in extent and depth, and we will illustrate the manner and degree in which those limitations may, so far as extent of knowledge is concerned, influence economic ethics.

(2)

The most obvious limitation to our knowledge of mankind is that which is due to our geographical position. The growth of civilisation has, accordingly, been sometimes studied in connection with those physical features which render communication between different parts of the earth more or less easy. The easiest mode of travelling was naturally the earliest to be adopted. Man's earliest knowledge of mankind was limited to those with whom he could have intercourse most easily: those living on the banks of a great navigable river became acquainted with each other more readily than did those dwelling on the shores of a sea, and those dwelling on the shores of a great sea established intercourse with one another more readily than did those whom oceans divided. Man's knowledge of mankind grew in extent, when intercourse by land and sea supplemented intercourse by river, and when oceanic navigation supplemented thalassic.

Man's opinion of mankind does not improve always with the widening of his acquaintance. "The sea," says Plato, "is pleasant enough as a daily companion, but has indeed also a bitter and brackish quality; filling the streets with merchants and shopkeepers, and begetting in the souls of men uncertain and unfaithful ways. Had you been on the sea, and well provided with harbours, and an importing rather than a producing country, some mighty saviour would have been needed, and law-givers more than mortal, if you were ever to have

a chance of escape from degeneracy and discordance of manners." Aristotle, as usual, takes the opposite view. He, if he could place a city according to his wish, would fix on the sea-side. There are some, he remarks, who have many doubts whether it would be serviceable to place the city in the neighbourhood of the sea, "for they say that the resort of persons brought up under a different system of government is disserviceable to the State, as well by impeding their laws as by their numbers; for a multitude of merchants must necessarily arise from their trafficking backward and forward upon the seas, which will hinder the well-governing of the city; but if this inconvenience should not arise, it is evident that it is beneficial both on account of safety and also for the easier acquisition of the necessaries of life, that both the city and the country should be near the sea." The Aristotelian view has so completely prevailed, that it is now sometimes said the sea, by imposing upon us the trouble of navigating it, has placed a burden upon the labour of mankind.

Whether we consider the extension of our knowledge desirable, or the reverse, the sea, so far as it divides us, limits the extent of man's knowledge of mankind; and the limiting influence of geographical position, to whatever extent it prevails, must have its effect upon our conceptions of work and wealth.

A writer on economics, in the early years of last century, commenting on the commercial progress made since the time of the Conquest, remarks that

the cost of transporting a given amount of produce had, at the date at which he wrote, been reduced by ninety-nine per cent., and that the diminution of cost had been effected through the substitution of the waggon, the macadamised road, the navigable river, and the railway for the packhorse of our ancestors, and the dangerous tracks by which travelling merchants had to beat and pick their way. A hill or a morass was once enough to prevent easy or frequent intercourse between those who dwelt at no great distance from one another. It is now easier to make a tour of the world than once it was to penetrate the hill country of Wales or of Scotland. The steamship has brought us into contact with every coast, and the employment of motors worked by the more highly volatile of the mineral oils and by electricity is enabling carriers to overcome ever more easily the difficulties of distance. We have in this way gained a wider knowledge of mankind than our fathers had. That our wider knowledge has raised our estimate of human nature is not at all certain, for, while we have ships on every sea, we have so little faith in those with whom we have been brought into closer contact, that every maritime nation maintains an immensely expensive armament to prevent their neighbours from capturing, plundering, or sinking their merchantmen.

When Sir Hugh Willoughby set out upon his voyage to the Northern Seas, King Edward VI. furnished him with a letter of credit, recommending him to the goodwill of all men, as being of the

company of merchants, who search both land and sea in order to make mankind partakers of the commodities which every land brings forth. "The God of heaven and earth," wrote the King, "greatly providing for mankind, would not that all things should be found in one region, to the end that one should have need of another; that by this means friendship might be distributed among all men, and every one seek to gratify all." The vast armaments kept afloat by every nation whose territory is washed by sea or ocean are a measure of the limited extent to which a wider knowledge of mankind has been attended with an increase of the faith of man in man. One is inclined to think often that the difference between the old carrier and the new is, that the former contributed openly and directly to the expenses of the convoy, while the latter adopts every possible device to conceal the wasteful cost of his armed escort.

While facility of intercourse widens the extent of our knowledge of mankind, it has to be noted, that one of the economical results of freer intercommunication between countries is, that we have thereby rendered more effectual the work that ministers directly to our lowest and humblest wants, and have, within some areas, encouraged the multiplication of those whose work is of the humblest kind. Freer communication also leads to the speedier exhaustion of the natural resources of the countries which are brought into contact with the rest of the world. Some countries, once rich in the precious and useful metals, have now

only the relics of abandoned mines; others have only the scanty remains of once great forests; we ourselves are rapidly consuming the sources of energy latent in our coal-fields. Thus, it is just because our ships are on every sea, and because we can boast ourselves the carriers of the world, that there is within the country room for the employment of so many workers who are comparatively unskilled, and that there is a prospect of our coal-fields becoming exhausted at no very remote date. With respect to the last point, statisticians have an easy task in proving that the shipping the British people employ is engaged, to a very great extent, in carrying coal, that, in consequence, very many of the British ships which enter our ports enter in ballast, while cargoes are imported in foreign ships; that the competition for outward cargoes is so great as to cause coal sometimes to be treated as ballast; and that, in this way and by converting coal and iron into ships, the British people are exhausting, within their islands, resources that can never be replenished. While British ships have brought the distant near, and opened up intercourse with people dwelling in regions far remote, yet, by general testimony, the British workman remains comparatively unskilled, and he employs a great tonnage of shipping because the products of his labour are bulky in proportion to their value.

We have said that geographical position constitutes a limitation upon our knowledge of mankind. It continues to do so, although facility of transport

has brought distant parts of the earth nearer; yet the charm of locality helps men to realise their relationship with those living within the same area, both after and before they realise their relationship with those outside the territory they call theirs. From the first the capitalist merchant was not very closely associated with any particular country, and British foreign trade in its earlier stages was, like the commerce of other lands, conducted by foreign merchants. The capitalist trader has not ceased to be essentially cosmopolitan, but the influence of locality leads him and others to suppose that his interests are somehow more closely associated with the interests of his immediate neighbours than with those of mankind in general.

Adam Smith defines the wholesale merchant as a person whose capital is employed in transporting products from the places where they abound to those where they are wanted, and whose business may be one or other of three different sorts—the home trade, the foreign trade of consumption, or the carrying trade. The distinction, it will be seen, is geographical. The home trade consists in purchasing in one part, and in selling in another part, of the same country. The foreign trade of consumption consists in purchasing foreign goods for consumption within the country with which the purchasing merchant is more immediately connected. The carrying trade consists in transacting the commerce of foreign countries—countries with

which the merchant is supposed not to be immediately connected, or in carrying surplus produce from one country to another. Accordingly, the home trade is supposed to replace, by every operation, two domestic capitals, and the foreign trade of consumption, to replace a domestic and a foreign capital. "That part of the capital of any country which is employed in the carrying trade is altogether withdrawn from supporting the productive labour of that particular country, to support that of some foreign countries. Though it may replace by every operation two distinct capitals, yet neither of them belongs to that particular country. The capital of the Dutch merchant which carries the corn of Poland to Portugal, and brings back the fruits and wines of Portugal to Poland, replaces by every such operation two capitals, neither of which had been employed in supporting the productive labour of Holland; but one of them in supporting that of Poland, and the other that of Portugal." These seem to be geographical, not economical distinctions. They refer not to any real differences in work and wealth, but only to the areas within which the capitalist carries on his operations. But such distinctions have influenced, and do still influence, our economic conceptions and conduct.

The conquest of distance, being to the foreign merchant and to the carrying merchant as described by Smith a matter of areas and distances, is to him not even an enlargement of his knowledge of mankind. It is merely the simplification of a problem that is almost wholly mechanical.

The circulation of capital has from this point of view been very happily compared to the momentum of a physical body. Just as, when we double velocity and diminish weight, the effect, so far as bodies in motion are concerned, is the same as before, so, it is said, if £50 circulates with twice the velocity that £100 formerly did, the effect, so far as the mere capitalist is concerned, will be the same. The conquest of distance does little to enlarge his knowledge of work and wealth; it only increases the momentum of his capital.

(3)

Consistently with his division of trade into the home, the foreign, and the carrying trade, Adam Smith treated the colonial trade as a foreign trade, which had peculiar disadvantages of its own. The good in it, he no doubt admitted, more than balanced the evil—his test of the benefit derived from it being, that while it diverted capital from its “natural course” and to that extent did harm, it, on the whole, augmented the productive labour that could be maintained in Great Britain. Still it was a bad sort of trade. His principal complaint against it was that it destroyed the “natural balance” between the different branches of home industry, stimulating some of them so excessively as to create serious disorder in the body politic. The cause to which he ascribed the dislocation of home industry, when we examine it, was not that

it was protective, that it excluded other nations from a share in it, but that it gave Britain a monopoly of a distant trade, such that the natural proportion between near and distant commerce was not preserved. The real source of the evil he attributed to the colonial trade was neither political nor economical, but geographical. This is clearly illustrated by his argument that the Hamburg trader who bought American tobacco in London and sent linen to London to be exported to the colonies, did more good to his country than the London merchant who traded directly with America did to Great Britain, the assigned reason being that the British people suffered from the disadvantages of the slow returns of a distant trade, while the people of Hamburg enjoyed the advantages of a quick return. The monopoly of the colonial trade was protection with this aggravating difference, that it applied to a dominion which was scattered over half the globe, and diverted the capital of Great Britain from a foreign trade of consumption, carried on with neighbouring countries, to a foreign trade carried on with a more distant country, and partly also to a carrying trade. One cannot say how Adam Smith would have stated his argument in these days, when the difficulties of distance have been so very greatly reduced. As the cause of the evil he investigated was geographical, one of the means by which he believed the evil was counteracted was also in a sense geographical—the unbounded liberty of transport between the different parts of the mother country.

Adam Smith held then that British trade with the colonies was on a balance advantageous, although less advantageous than it would have been but for the monopoly which kept down the enjoyments and industry, both of the people of the colonies and of those at home. There were, on the other hand, commercial politicians who argued that the prosperity and happiness, as well as the political unity, of the colonies and the mother country could be promoted by careful manipulation of import duties, export duties, bounties, and drawbacks. Adam Smith had not much faith in the ability of an Argus-eyed controller of taxes to achieve such ends; he knew so many instances in which the engineer had been hoisted with his own petard, and was so little enamoured of the statesmanship of the shopkeeper, that he openly scoffed at the idea of any government being influenced by its traders to found an empire for the purpose of raising up a people of customers.

The colonies, if not the custom, were, in the end, lost, not directly by the influence of the shopkeeper, but by the action of those who held with the author of the *Wealth of Nations*, that countries which do not contribute to the revenue raised for the purposes of government cannot be considered as provinces, and that the best thing to do with them is to get rid of them. The protagonists in the dispute which ended in the vindication of American independence stated distinctly, that one of the main issues upon which the

British people were called upon to pronounce judgment was this: whether the sense of national unity, of common citizenship, was to be preserved by pedantically insisting upon the enforcement of an abstract political right, or by quietly continuing the commercial intercourse which had prospered so exceedingly from the beginning of the eighteenth century. The argument of the trader was a telling one, for the exports of home and foreign goods from England to North America and the West Indies, which in 1704 were of the value of £483,265, had increased in 1772 to £4,791,734—not far short of the whole export trade at the beginning of the century. The commercial statistics moved Burke to some of his most eloquent flights. "Young man," says the guardian angel to the young Lord Bathurst, in the speech on American conciliation, "there is America, which at this day (1774) serves for little more than to amuse you with stories of savage men and uncouth manners; yet shall, before you taste of death, show itself equal to the whole of that commerce which now attracts the envy of the world. Whatever England has been growing to by progressive increase of improvement, brought in by varieties of people, by succession of civilising influences and civilising settlements in a series of 1700 years, you shall see as much added to her in the course of a single life." And he triumphantly proves that such a prophecy, although it might have taxed even the most sanguine credulity of youth and all the fervid glow of enthusiasm, had been literally verified, thus

confirming, it seemed, the great contention of these American speeches of his, that Britain and her colonies agreed and prospered as long as the mother country pursued trade and forgot revenue. True, the colonial trade was regulated, and the colonies were only allowed to dispose of the goods the mother country could not take, and they had to take what she sent them; but, says Burke, the regulations were borne as men bear the inevitable constitution of their original nature and all its infirmities. "Be content, therefore, to bind America by laws of trade; you have always done it. Let this be your reason for binding their trade. Do not burthen them by taxes; you were not used to do so from the beginning. Let this be your reason for not taxing." But what, asked the advocates of British sovereignty—what is the advantage of a conception of national unity that finds no other advantage in common citizenship than that it enables us to produce and consume, to sell and buy, as British subjects? It is all very well for the trader to say that the sacred rule for the mother country and the colonies should be that, with respect to commodities, each should prefer the other before all other nations, and that everything regarding commerce ought to be reciprocal between them. This reciprocity is too dearly bought, if to preserve it we must absolve the colonists from the primary duty of paying their share of the taxes which are necessary if we are to avoid being conquered by our enemies. Samuel Johnson was a burly exponent of this view:—"Nothing dejects a

trader," said he, "like the interruption of his profits. A commercial people, however magnanimous, shrinks at the thought of declining traffic and an unfavourable balance. The effect of this terror has been tried. We have been stunned with the importance of our American commerce, and heard of merchants with warehouses that are never to be emptied, and of manufacturers starving for want of work. That our commerce with America is profitable, however less than ostentatious or deceitful estimates have made it, and that it is our interest to preserve it has never been denied; but surely it will most effectually be preserved, by being kept always in our own power. Concessions may promote it for a moment, but superiority only can ensure its continuance. There will always be a part, and always a very large part, of every community that have no care but for themselves, and whose care for themselves reaches little farther than impatience of immediate pain, and eagerness for the nearest good. The blind are said to feel with peculiar nicety. They who look but little into futurity have perhaps the quickest sensation of the present. A merchant's desire is not of glory, but of gain; not of public wealth, but of private emolument; he is therefore rarely to be consulted about war and peace, or any designs of wide extent and distant consequence." In this case, however, the instinct of the trader was more prescient than the foresight of the politicians who imagined they would secure the lasting and solid happiness of victory and settlement by insisting upon the abstract

right of taxation. By pressing too closely the case for taxation, they drove the colonists into a declaration of political independence. They lost the colonies, and deprived the trader of the advantages he enjoyed. Who knows but that the political union would have been preserved, had John Bull been allowed to look after the affairs of his shop and bind America by laws of trade? Johnson, showing singularly little foresight, mockingly observed: "We may be reduced to peace upon equal terms, or driven from the Western continent, and forbidden to violate a second time the happy borders of the land of liberty. The time is now perhaps at hand which Sir Thomas Brown predicted between jest and earnest,

'When America shall no more send out her treasure,
But spend it at home in American pleasure.'

If we are allowed upon our defeat to stipulate conditions, I hope the treaty of Boston will permit us to import into the confederated Cantons such products as they do not raise, and such manufactures as they do not make, and cannot buy cheaper from other nations, paying like others the appointed customs; that if an English ship salutes a fort with four guns, it shall be answered at least with two."

Yet, after all, Johnson's opinion was not so very remote from that of the author of the *Wealth of Nations*. Adam Smith was as highly contemptuous of the shopkeeper statesman as was Johnson, but he had looked into the matter a little more closely, and had found that for the expenditure which had

raised the burning question of revenue, the shop-keeper was originally answerable; that maintenance of monopoly had been the sole end of Britain's dominion over her colonies, and that her war expenditure had been incurred to maintain dependency in support of monopoly. He was accordingly not keen like Johnson on maintaining the political integrity of the empire. The question for him was not primarily political. He held that the trader was clinging to a relatively disadvantageous trade, and that there was no compensating political advantage—the colonies being mere showy equipage of empire, since they did not help to maintain the establishments of peace and war. He did not talk ironically of the future federated cantons, but he speculated on the future from the point of view of a visionary enthusiast—an impossible, he believed, yet an imaginable creature, who should make a proposal for the voluntary abandonment of the colonial dominion. "If it" (this wild visionary proposal) "was adopted, however," he observes, "Great Britain would not only be immediately freed from the whole expense of the peace establishment of the colonies, but might settle with them such a treaty of commerce as would effectually secure to her a free trade, more advantageous to the great body of the people, though less so to the merchants, than the monopoly she at present enjoys. By thus parting good friends, the natural affection of the colonies to the mother country, which perhaps our late dissensions have well nigh extinguished, would quickly revive. It might dispose them not only to respect, for

whole centuries together, that treaty of commerce which they had concluded at parting, but to favour us in war as well as in trade, and instead of turbulent and factious subjects to become our most faithful, affectionate, and generous allies."

(4)

Observe, however, that Adam Smith's conception of national trade was determined mainly by geographical considerations. The American trade was a foreign trade, because America was distant; the evils of the diversion of capital into this distant trade were partly counterbalanced by facility of transport between different parts of the United Kingdom. In speaking of international trade, later economists take account of differences other than geographical. In political controversy, however, these additional differences are frequently neglected; the United States, for instance, being sometimes quoted as a shining example of the benefits derived from the practice of free trade over almost a whole continent. But if the phrase international trade has any meaning beyond a merely geographical one, the inter-State trade of the United States does not present a complete parallel to international free trade, but only to that facility of internal intercourse and free migration of capital in which Adam Smith found a counter-check to the evils of colonial monopoly. Commercial intercourse and free migration of capital and labour between States which are not foreign

to each other is not on all fours with intercourse between the British Empire as a whole and foreign countries, except we eliminate the phrase international trade from our economic vocabulary.

(5)

History does not prove that there is any real advantage in employing political power for the sake of material gain.

Carthage was a commercial empire, and its narrow aims as well as its geographical limitations afford the historian an explanation of its instability and short duration. St. Augustine says she recognised her master passion in the charge, "vili vultis emere, et care vendere." She was as detached as the race which has contributed so much to the practice and theory of finance—the cosmopolitan Jew. The city of Carthage itself appears to have been built upon a site leased from its African owners. Her possessions were analogous to the coaling-stations which Britain has planted along the ocean-routes of commerce. "She stood alone," says Freeman, "she was lady and mistress over her scattered dominions, commanding the resources of lands and towns, far and near, in every relation of subjection and dependence; but she stood aloof from all, incorporating none in her own body. She waged her wars by the hands of strangers. She bought the services of the stoutest barbarians of the Western world. Her own citizens were but the guiding spirits of her armies; they never formed

their substance and kernel. It was only in moments of special danger, on her own soil, or on the neighbouring soil of Sicily, that the Sacred Band went forth to jeopard their lives for the Carthaginian State. In a Roman army, an army of citizens and kindred allies, every life was precious. A Carthaginian army might win a crowning victory, it might undergo a crushing defeat, with the loss of no lives but such as the gold of Carthage could soon replace." According to this estimate of Carthage, her ruling passion was lust of gold, and the power she possessed such as gold could buy. Power of such a kind is precarious, and Freeman observes that in this case one of the signs of its purely temporary and coercive character was the fact that dominion on the neighbouring mainland was the latest form of dominion for which the Carthaginians sought, and he maintains that "in every power which has held a scattered dominion over lands parted by the seas, we may see a nearer or more distant parallel to Carthage, as in every power which has slowly and steadily advanced to a continuous dominion by land we may see a nearer or more distant parallel to Rome."

We are not to overlook the fact that such geographical conditions advance or hinder the realisation of the unity of nature which makes human progress possible, whether that realisation is to be attained by commerce or by other means. "It is the insular character of Britain," said Freeman once, with reference to a particular question of State, "which has, beyond anything else, made the

inhabitants of Britain what they are, and the history of Britain what it has been. We are islanders, and I at least do not wish that we should become continentals." According to this view, to make the British other than islanders would be to improve them out of themselves, to make them another people. "A great island; one great enough, so to speak, to think and act for itself, can never be really made one with the neighbouring mainland, whether that mainland take the shape of a continent or of a still greater island." "Britain has been from the very beginning another world—*alter orbis*—a world which has been felt from the beginning to be outside the general world of Europe, the world of Rome."

With respect to her isolation, therefore, it would appear that Britain has some points of resemblance to Carthage, but that the British people differ from the Phœnician in this, that they have had a home and footing of their own in the world. This isolation in a home of their own, it is fairly urged, has impressed a quality upon the people of which statesmen, governing by and for them, are bound to take note, whatever be their ideal of the duty of a statesman. "The inhabitant of Britain, Celtic, Teutonic, or any other, is Celtic, or Teutonic, or whatever he is, with a difference. He is the Celt or the Teuton inhabiting a great island, and marked off thereby from the Celt or the Teuton of the mainland. He differs from his kinsfolk of the mainland so far as his insular position makes him to differ; he agrees with men of other races in his own island,

so far as their common insular position makes him to agree. There is a superficial likeness in many ways among all continentals; there are a crowd of points in which Germans, Frenchmen, Italians, widely as they differ among themselves, seem at first sight to agree with one another, and differ from Englishmen."

(6)

Sir John Seeley, who adopts the generalisation that civilisation has three stages, the potamic, the thalassic, and the oceanic, according as its mode of intercourse is by river, sea, or ocean, discusses the political problem of the expansion of England from the point of view that we are now in the oceanic stage of civilisation, having entered upon it at the time of the Armada, and having first definitely asserted our position and claims as a sea-power when Cromwell made descent upon St. Domingo. According to this reading of history, England from a European insular state had in the eighteenth century become an American and Asiatic Empire, and in the nineteenth century had been left as the sole survivor of a whole family of empires which arose out of the influence of the discovery of the New World upon the peculiar condition and political ideas of Europe. Geographically, the effect, so far as England was concerned, was that "as an island"—to this extent Seeley and Freeman agree—England being nearer to the New World than to the Old, had now the choice of belonging

to either of them. So far as the pursuits of the people were concerned, the result is found to have been that Britain became, for the first time, a maritime, colonising, and industrial country, and Seeley holds that when the policy of the State became commercial, it, at the same time, and because of that fact, became warlike—an inevitable result, he believes, of the endeavour of each nation to increase its trade, not by waiting upon the wants of mankind, but by getting possession of some rich tract in the New World.

(7)

In the course of the many-sided controversies that arose out of this endeavour, the New England colonies were lost, and chiefly, as Burke believed, because the mother country thought the abstract right of taxation of more importance than the benefits of commercial intercourse. While the logical consistency of the politician, insistent upon the recognition of some abstract right of sovereignty or of citizenship, has sometimes wrought untold woe, this should not lead us to ignore the truth that the principal function of the statesman is to maintain such things as liberty and justice, and not to push trade or encourage commerce. On the other hand, while the end of statesmanship is the maintenance of liberty and justice, rather than the promotion of material welfare, the reaction against using political power to promote some particular kind of wealth may carry us too far. Cobden,

for example, goes too far when, in his advocacy of the policy, which we may be allowed to distinguish from the economic principle, of Free Trade, he says, not as an economist, but as a Free Trade politician: "The colonial system, with all its dazzling appeals to the passions of the people, can never be got rid of except by the indirect process of Free Trade, which will gradually and imperceptibly loose the bands which unite our colonies to us by a mistaken notion of self-interest." Self-interest is not the bond of political unity, but in denying that it is, we must not appear to abjure political unity. Those who do so lay themselves open to a perfectly fair political retort. Thus, as against Cobden's view, Mr. Disraeli (who himself once thought the colonies a burden), pleading the cause of imperial consolidation, says: "How often it has been suggested that we should at once emancipate ourselves from this incubus [India and the colonies]! Well, that result was nearly accomplished. When those subtle views were adopted under the plausible plea of granting self-government to the colonies, I confess that I myself thought the tie was broken. Not that I, for one, object to self-government. I cannot conceive how our distant colonies can have their affairs administered except by self-government. But self-government, in my opinion, when it was conceded ought to have been conceded as part of a great policy of imperial consolidation. It ought to have been accompanied by an imperial tariff, by securities for the people of England for the enjoyment of the unappropriated lands which belonged to the

sovereign as their trustee, and by a military code which should have precisely defined the means and responsibilities by which the colonies should be defended, and by which, if necessary, this country should call for aid from the colonies themselves. It ought further to have been accompanied by the institution of some representative council in the metropolis, which should have brought the colonies into constant and continuous relations with the home government. All this was omitted, however, because those who advised this policy—and I believe their convictions were sincere—looked upon the colonies, looked even upon our connection with India, as a burthen upon this country, viewing everything in a financial aspect, and totally passing by those moral and political considerations which make nations great, and by the influence of which alone men are distinguished from animals.”

(8)

In our own time the question to which Cobden and Disraeli gave transient expression has assumed new phases, and we have to answer such questions as these: Would closer political union with the colonies advance the realisation of human unity and progress? Have we and the colonies any common material interests which could be advanced simultaneously with the realisation of political union? The very fact of their being a great maritime and industrial people is assigned as one of the principal explanations of the fact that the British

nation have now a second empire greater than the first. How to deal with this empire politically and economically is one of the problems with which British statesmanship is faced, and political and economical science should enable us to anticipate the inevitable tendencies of the forces that are now evidently at work. "We have here," says Sir John Seeley, speaking of one branch of the problem, "by far the largest of all political questions, for if our Empire is capable of further development, we have the problem of discovering what direction that development should take, and if it is a mischievous encumbrance, we have the still more anxious problem of getting rid of it, and in either case we deal with territories so vast and populations which grow so rapidly that their destinies are infinitely important." Sir John Seeley himself was of opinion that when a State advances beyond the limits of nationality, its power becomes precarious, and this he believed to be true, to some extent, of Britain in Canada, and to a greater extent of Britain in South Africa and India. Of India he wrote:—"The moment a mutiny is threatened, which shall be no mere mutiny, but the expression of a general feeling of nationality, at that moment all hope is at an end, as all desire ought to be at an end, of preserving our Empire. We should be financially ruined by the mere attempt to rule as conquerors."

(9)

An eminent philosopher has given expression

to the view that the size of an empire determines its polity; that the polity which suits a small canton is not suitable for a more extended territory. There is some truth in this view, and perhaps it is not altogether without weight in a consideration of trade policy. Is it, for instance, a sufficient account of the duty of a statesman to say that he should increase the material wellbeing of the people by giving trade and commerce unrestricted scope? The answer is not necessarily the same for a great as for a small community, for if there is some peculiar advantage in international trade—as Mill's theory of international trade would lead us to believe—there is more likelihood of a small community being forced to avail itself of this advantage, than there is of a community which embraces in its dominions peoples of different race and lands of varied resources being under such a necessity. Yet, either way human progress may be promoted. One of the ethical advantages of commerce is that it is fitted to advance the realisation of human unity, and any policy that promises to do that comes to us well-recommended. The realisation of human unity is not, however, to be attained exclusively by extensive acquaintance among traders. Knowledge must grow in depth rather than in width. We need to know not only the greatest common measure of manhood, but the ethical qualities which differentiate men.

A statesman may rightly provide for the material welfare of the people, and achieve his object by giving free scope to the employment of material

means. We demur, however, when it is maintained that by doing so he lays the foundation-stone of the fabric of moral character. Moral character, though connected with material wellbeing, but is not its fruit. We do not therefore endorse the language of those who say that "in material wellbeing Cobden maintained, and rightly maintained, that you have not only the surest foundation for a solid fabric of morality and enlightenment among your people, but in the case of one of our vast and populous modern societies of free men, the only sure bulwark against ceaseless disorder and violent convulsion." The Anti-Corn Law Leaguers and Peel removed a great obstacle to material prosperity, but the policy of a Cobden is not on that account the article of a standing or a falling fabric of morality. Utility is not the foundation of ethics.

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Mill, while his theory of international trade is based upon a geographical distinction, holds that the law of value is not the same for international as for national trade. "Between distant places, and especially between different countries," he says, "profits may continue different, because persons do not usually remove themselves or their capitals to a distant place without a very strong motive. If capital removed to remote parts of the world as readily, and for as small an inducement, as it moves to another part of the same town, profits would be alike (or equivalent) all over the

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and, and all things would be produced in places where the same labour and capital would produce in greatest quantity and of the best quality." Some places might have absolute advantages, and then they would import the goods in which their advantage was smallest. But what is called international trade depends upon the fact that the greatest possible good derivable from the worker's work is not actually obtained; that things are not produced where they can be made best and most readily. "It is possible that one of two countries may be altogether inferior to the other in productive capacities, and that its labour and capital would be employed to greater advantage by being removed bodily to the other. The produce of the whole world would be greater or the labour less than it is, if everything were produced where there is the greatest absolute facility for its production. But nations do not emigrate *en masse*; and while the labour and capital of a country remain in the country, they are most beneficially employed in producing for foreign markets, as well as for their own, the things in which it lies under the least disadvantage, if there be none in which it possesses an advantage." Could the mills and the workers of Lancashire be transferred to the United States, and the linen trade to Russia, the cotton and linen spinners and weavers might work more efficiently than they do at present. British foreign trade would, indeed, be curtailed: cotton and flax would no longer figure among British imports, nor cotton and linen goods among British

exports. There would be a decrease in the bulk of foreign trade. But the workers of the world would do their work all the better. Because the difficulties of distance place obstacles in the way of free migration, they at present do their work less efficiently than they might. Relative efficiency is all they can attain to, and this relative efficiency is sufficient for the requirements of international trade. Lancashire cotton workers, even although they cannot be carried *en masse* to the United States, may perhaps make cotton for Americans, and American farmers may grow wheat for them. The disadvantage under which English cotton spinners and weavers labour is only comparative. They still make cotton goods so efficiently as to be able to help others, and they receive from others what enables them to continue their work, and enjoy some of the pleasures of life. They may work less efficiently than they would do in the United States, but yet they may work more efficiently in their particular line than any unemployed workers in America could, or than they themselves could, if otherwise engaged, and so well that their goods sell alongside of American-made goods wherever these are sold. On this principle, according to Mill, we may even by “trading with foreigners obtain their commodities at a smaller expense of labour and capital than they cost to the foreigners themselves. The bargain is still advantageous to the foreigner, because the commodity which he receives in exchange, though it has cost us less, would have cost him more.” A linen worker, that

is to say, could produce linens at less cost in Russia than in Scotland or Ireland, yet, working at a comparative disadvantage here, he may obtain from Russia wheat that has cost the peasant more labour than the manufacture of linen costs Scots and Irish spinners and weavers; while, on the other hand, if the peasant gets the linens in exchange for wheat, the bargain may be advantageous to him, because to make linens would cost him more than does the growing of the grain; or possibly, because, although it would not, habit leads him to prefer the occupation of a peasant.

Ricardo, to whom labour-time meant value, consistently states the matter in the simplest terms. "England," we are told, "may be so circumstanced that to produce cloth may require the labour of 100 men for one year; and if she attempted to make wine, it might require the labour of more than 100 men for the same time. England, therefore, would find it to her interest to import wine, and purchase it by the export of cloth. To produce the wine in Portugal might require only the labour of 80 men for one year, and to produce the cloth might require the labour of 90 men for the same time. It would, therefore, be advantageous for her to export wine in exchange for cloth. This exchange might even take place, notwithstanding that the commodity imported by Portugal could be produced there with less labour than in England. Though she could make the cloth with the labour of 90 men, she would import it from a country where it required 100 men to produce it, because it would

be advantageous to her rather to employ her capital in the production of wine, for which she would obtain more cloth from England, than she could produce by diverting a portion of her capital from the cultivation of vines to the manufacture of cloth. . . . Thus England would give the produce of the labour of 100 men for the produce of the labour of 80. Such an exchange could not take place between the individuals of the same country. The labour of 100 Englishmen cannot be given for that of 80 Englishmen, but the produce of the labour of 100 Englishmen may be given for the produce of the labour of 80 Portuguese, 60 Russians, or 120 East Indians. The difference, in this respect, between a single country and many is easily accounted for, by considering the difficulty with which capital moves from one country to another to seek a more profitable employment, and the activity with which it invariably passes from one province to another in the same country. . . . A country possessing very considerable advantages in machinery and skill, and which may therefore be enabled to manufacture commodities with much less labour than her neighbours, may, in return for such commodities, import a portion of the corn required for its consumption, even if its land were more fertile, and corn could be grown with less labour than in the country from which it was imported."

The theory suggests more difficulties in the way of transference of "capital and labour" than distance alone presents. It is not the mere difficulty

of distance that prevents the levelling of those inequalities to which our attention is called. Why is not every worker in the place for which he is best adapted? Why cannot he realise in practice the doctrine that where he would be most useful, there his country should be? How does it happen that the produce devoted to production is not carried to those places where it could be most advantageously employed? So far as the produce devoted to production is concerned, distance presents little difficulty. Most of the capital of this or any country could be removed abroad with comparative ease. "The greater part in value of the wealth now existing in England has been produced by human hands within the last twelve months," is Mill's doctrine. This wealth, we are told, cannot be long preserved. "Every part of it is used and destroyed, generally very soon after it is produced, but those who consume it are employed in producing more." Supposing, then, that "whatever of the produce of the country is devoted to production is capital," there are no greater physical obstacles to the removal of the part devoted to production than there are to the removal of the part devoted to consumption abroad. Buildings and, in some instances, machinery, cannot be removed, nor can the land and the people, so that the people remain on the land, making perhaps what they can produce at least disadvantage. If they went to Poland, to take Mill's example—which presents the theory in a light to show what the Englishman gains by imports—they could produce a required amount of

corn or of cloth in 100 days. Here it takes them 150 days to produce an equal amount of cloth, and 200 days to produce that amount of corn. Accordingly, they do what they can do at least relative disadvantage, which is to make cloth. They take the cloth to Poland and exchange it for corn, bringing home the corn (or rather a little less, for there are incidental deductions) which it would have cost them 200 days of labour to grow in England. They thus save themselves about 50 days of labour. Hence, where people cannot migrate, they may enjoy some of the advantages of migration by engaging in foreign commerce. Foreign commerce may even, as Mill points out, enable "countries to obtain commodities which they could not produce at all."

To ascertain whether or how "countries obtain commodities" which they can either not produce at all, or can only produce with great difficulty, does not tell us why people do not go where commodities can be obtained most advantageously, instead of remaining where they cannot be or are not produced at all, or are produced at a disadvantage. It does not explain for us why people are under the necessity of working less efficiently than they might, nor why they regard, and are taught to regard, the limitation of their efficiency as a positive good.

Mill's theory of international trade, like Adam Smith's, is based on a geographical limitation of the conception of work. A man's work, it is assumed, is not what he does so efficiently as to

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fulfil, in the highest degree, the end of work. His work falls short of his best, and the theory does not adequately explain on what grounds the performance of imperfect work can be described as an advantage, either to the worker, or to those for whose sake the work is done. If a certain quantity of corn could be grown on neglected land in England in 100 days, it is not, on the face of it, an advantage to us or the growers that we should get the same quantity from a foreign field which engages the cultivator's attention for 120 days.

So far as it emphasises the double advantage of a mercantile exchange, the theory is favourable to ethical conduct. But it has the drawback, that it seems to take for granted the doctrine of labour-time. Nor do the advantages Mill discovers in international exchange appear of themselves to compensate for the evil suffered through the necessity under which workers lie of doing what is less than their best. A policy conceived solely with a view to such advantages may foster mistaken ideas of the industrial virtues and lead a people to put their faith in arts and crafts that are out of date, for no other reason than that, in the meantime, the course of international trade is favourable to cheap luxuries and poor work.

(11)

"Trade," says Mr. Thorold Rogers, "is an effective means for the development of international morality, for the sense of reciprocal benefit teaches

the reality of reciprocal rights." But what, according to Ricardo and Mill, is the explanation of the international trade which, in this way, promotes international comity and international law? It is that there should be such an exchange "as could not take place between the individuals of the same country,"—an exchange, for example, of the labour of 80 men for the labour of 100 men, which, from the abstract point of view, scarcely seems a just proportion. That recognition of this condition, qualified though it be by the fact that the "national division of labour" leads to relative increase of production, is calculated to promote international comity, is not self-evident. The politician prudently ignores the principle, as he does also another article in Mill's doctrine, which says that an import duty, if it is not prohibitory, falls in part upon the foreigners who consume the goods of the taxing country. Did only the foreign consumer believe with Mill that our import duties would be paid by him, retaliation would be armed with a sanction; did the home consumer accept the doctrine, how flat would many a speech against import duties fall.

It is not merely difficulties of distance that prevent the migration of "capital and labour" from country to country. There are other things that keep them at home, and, keeping them at home, conceal from the worker the fact that he works as a unit in the social organism, and buys and sells in a world-wide market. Yet, what we describe as a limit to the worker's knowledge of his true char-

acter and function is the condition under which he is enabled to do his work, and to enjoy his share in the wealth of mankind. Political economists devote attention to this positive aspect of the case. They take it for granted, not that the worker is a unit in a great organism apart from which he cannot live, but that he works as the inhabitant of a particular country. They do so without explicitly stating their postulate, and, by their omission, give occasion for many a futile controversy. Would writers on economics only be at the trouble to indicate what the terms "country," "nation," and the like mean in their discussions, many a difficulty would be simplified, if not altogether avoided. Unless we all have a clear idea of what we mean when we speak of nations and countries trading with one another, we argue to little purpose concerning "free ports," "open doors," and unrestricted commerce and migration. The pure theory of economics does not recognise countries and nations, but only producers, consumers, exchangers, commodities, money, and the other factors in the life of the social organism and of the society of the market. But the economists do not adhere to the pure theory of their science. They speak as if the industry of one country as a whole responded to the industry of another country as a whole; as if, for example, America traded with Germany, Germany with France, and Great Britain with all the rest of the world taken together.

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Geographical limitations do not account for the

phenomena to which economists refer, when they speak of country trading with country. It is not difficulties of distance that prevent an Englishman from going where he could do his best for mankind (so far as economic work is concerned), instead of remaining at home. It is not distance that prevents the skilled foreigner from coming to England. There must be some other explanation than the merely geographical one of the fact that men appear to work, buy, and sell as Frenchmen and Germans, Americans and Englishmen, and not simply as men. The need of fuller explanation is especially apparent when we see the limitation of nationality so often applied to the work which meets the humblest wants of mankind, and with reference to which we would naturally expect the worker to see himself and those for whom he works under the most extensive conception of manhood. It is just the man whose occupation is of the humblest kind who is most apt to think that he works as a member of his particular nation; that his work and wealth are a particular manifestation of the work and wealth of the nation. There are, according to this conception, national industries, and there is national wealth; national wealth being what is wealth to the nation, just as individual wealth is what is wealth to the individual.

In speaking of a country as producing and consuming, as selling and buying, the suppressed idea of economists appears to be, that all the qualities which constitute nationality act as a check, and possibly as an advantageous check, which should

be maintained, on the transferability of labour and capital. They thus narrow their conception of work and wealth, and the policy derived from their theories is correspondingly narrowed, without being definitely brought under any principle.

This fact should be borne in mind, when we consider the contention that even the taxes which are necessary to meet the expenses of Government may be so raised as to promote the industry and commerce of the country. A plain man no doubt at once recognises the force of the argument that we cannot promote industry and commerce by preventing employers from saving, or by curtailing the remuneration of workers. But it must be remembered that all taxation reduces profits, wages, or capital, taxation not being a magical process by which Governments create money, and that the question of taxation involves political and social, as well as economic, considerations. All taxation levied on foreign commerce is not necessarily bad, for if it were demonstrably favourable to the exercise of the virtues we associate with citizenship, a tax on foreign commerce would be unobjectionable. Nor would one make it a ground of complaint against such a mode of raising revenue that the burden of it was felt by the real payer of the tax, for where extravagant expenditure is so fatally easy, it is far more desirable that we should feel we are paying taxes than that their incidence should be imperceptible. One would even welcome a violation of the canons of taxation which it has been our custom to observe for more than a genera-

tion, were it possible thereby to check the progress of prodigality.

We must, under all circumstances, however, endeavour to distribute our burdens equitably. If Ricardo's explanation of the advantage of international trade be sound, it is apparently not easy to be quite just in our dealings with foreign producers, for there are always some workers somewhere who give more "value" than they get, and perhaps get too little. Those who object to the foreign producers giving us better value than they get, are, however, scarcely animated by a desire to prevent the foreign worker overworking himself for our benefit. Nor could this benevolent intention be fulfilled, even were it entertained. Happily our duty in the matter lies nearer to hand, and to fulfil it is not beyond our power. It may be that foreign trade must always be such an exchange "as could not take place between the individuals of the same country." But between the individuals of the same country at least it is possible to insist upon something like equity in bargains and contracts, and it is as certain as anything can be in the science of politics that the institution of protective (as distinguished from revenue) tariffs renders the maintenance of just dealing needlessly difficult.

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The wages of the worker are affected not only by the importation of foreign goods, but also by the immigration of foreign workers. It is only

when we look at wages from the point of view of the wage-earner that we realise the importance to him of the surplus he has left after paying the expenses he necessarily incurs in order to do his work. To the worker, high wages are wages out of which he may, if he likes, make a large saving. So regarding the matter, it is not the largeness of the sum paid out by the employer, but the sum which it is possible for those who do the work to save, we would make the measure of the largeness or the smallness of the wages. If a Chinaman can save five shillings a week more than an Australian workman, his wages are, from this point of view, five shillings higher than an Australian's. A diminution in the wages bill of the employer need not therefore mean a diminution in the wages of the individual worker, if we adopt the individual employee's standard of measurement, and have regard to the relative character of primary wants. The individual employee may be able to save more when the wages bill is low than when it is high. That result, needless to say, may be due to differences in the personal habits and conditions of life of the workers employed, when the wages bill is low. If, however, the work is as efficiently done as before, if the employer gets a profit, if the employees earn wages from which they can save, it is difficult to see how, on purely economic grounds, the diminution of the employer's wages bill can be described as harmful. The employee's wealth is the share he is able to obtain of the wealth of the employer. It may suit the employer

to substitute for the employees he has hitherto employed other workers, willing to accept payment which would mean for those they replace little else than mere subsistence. To the newcomers, however, the lower wages may appear to be, and may actually be, wealth beyond their former dreams. The displaced workmen may complain that the interlopers lower the standard of comfort. But the immigrants' standard of comfort may meanwhile be raised. And the work and service done for mankind may not be lowered. Immigrant workmen are not always unskilled or incompetent because they are willing to accept lower wages than native workmen. In no sphere of occupation is contentment with a low standard of physical comfort inconsistent with a high degree of proficiency in performance. We cannot in any case predict that, where the life of the worker is in some respects meagre, there the workmanship must be inferior. Nor do the opponents of free immigration in every case so argue. They do not say the white man is a more efficient worker than the man of darker skin. They frankly urge, where the immigrant belongs to the dark-skinned races, that every man should side with his own colour. Thus, an Australian politician (Sir H. Parkes) discussing the expediency of allowing the immigration of the Chinese into Australia, once said: "We know the beautiful results of many of their handicrafts: we know how wonderful are their powers of imagination, their endurance, and their patient labour. It is for these qualities I do not

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want them to come here. The influx of a few million of Chinese here would entirely change the character of this young Australian Commonwealth. It is, then, because I believe the Chinese to be a powerful race, capable of taking a great hold upon the country, and because I wish to preserve the type of my own nation in these fair countries, that I am and always have been opposed to the influx of Chinese."

To say this is to depart from the purely economic argument. It is to place a limitation upon the conception of work. Work, instead of being effort to overcome hindrances in "the struggle for existence," becomes an effort to preserve the type to which we belong.

The limitation is not one that can be confined to the exclusion of immigrants of different race and colour from ourselves. When we have adopted the rule that the territory we dwell in must be preserved to our own people and to their descendants, when we come to believe that it is right and practicable, by laws and decrees, to make sure that our portion of the globe shall, without fail, remain in the possession of its present occupants and of their descendants to the remotest generation, we do not end with shutting out black and yellow men. Poverty and vicious habits are as bad as an objectionable complexion. Mr. Thorold Rogers, who was a liberal politician as well as an economist, writes: "It cannot be the duty of those who work for their living, it cannot be the duty of those who

repair the annual consumption of wealth, that they should find work and house-room for all the waifs and strays of Europe. It may be doubted whether there can be an excess of a healthy, vigorous, industrious population, but every addition we may chance to get from the vagabondage of Europe is an excess of population with a witness." "They fly from persecution as the Russian and German Jews do, and the appeal is to our humanity. They fly from an all-devouring military conscription, and it seems to be a homage to our more generous and free institutions. They avoid by their voluntary exile the incessant meddlesomeness, the mischievous and pauperising effects of the financial system with which financiers in the several European States are enamoured or besotted, get better prospects of employment, as they think, more goods for their money, more freedom for their lives than at home. It is a compliment to us, it seems, that they prefer Great Britain to the places of their birth. But one may buy compliments too dearly. There is nothing, so far as I can see, to prevent European Governments from shovelling their paupers, their lunatics, or even their criminals on us, without any check whatsoever on our part. There is no great advantage, as far as I can see, in exchanging the best of our peasants and labourers for the squalid off-scourings of continental cities."

This may be a correct enough analysis of the causes of the immigration of the poor from continental Europe into Britain, and it may be a just estimate of the character of the immigrants. It

states very graphically some of the reasons urged in favour of exclusion. Into the details of these reasons we do not enter. We wish only to call attention to the fact that imposition of a check upon immigration implies a limitation upon the general doctrine of work and wealth, and suggests that our racial pedigree or our superior moral excellence requires us to keep men of lower breed and less reputable behaviour at a distance. We are supposed to work as members of our race and nation and not as mere men; we are supposed to be entitled to prevent those who are not of our nation, and who may be racially or morally inferior, from doing such work as they can within the territories we call ours. The argument is not economical, but moral, for limitation is defensible only when linked with an ethical idea.

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As work may be limited by conditions of place and race, it may be limited by conditions of time. The best work is done for all time, and results in achievements that the world does not willingly let die. Those who respond to the emotions awakened by the future, who are alive to the difficulties which new generations will meet, and, being in sympathy with posterity, are urged to work that will fit them to fulfil the duties of the new time, are the apostolic fathers of those through whom the conquering causes triumph. There are those, however, who find it hard enough to fulfil the duties

imposed upon them in their day and generation. And those who can do more sometimes choose not to do it. Just as it is possible for the present occupants of a territory to attempt to exclude all others from it, just as it is possible for men to work only for those of their own race, and to admit none but members of their own race to a share in their wealth, so is it possible to shut out consideration for posterity. But it is not a true science of economy that says posterity is nothing to us. A true economy is far from saying we owe posterity nothing. It has a verdict to deliver on the question whether the best interests of the present are served when unnecessary burdens are laid on future generations; it shows us what those burdens are and how they affect us. The economist does not tell us whether we ought to leave future generations to struggle under burdens of which we could relieve them, but the facts he submits are necessary to the formation of a sound moral judgment on the question at issue. There is no presumption that a sound moral judgment will be inimical to the interests of the present, rightly understood.

When we are not absorbed in the feelings of the moment, when our existence is not merely animal, we look before and after, and recognise the continuity of our own present, past, and future. We recognise that before we came into being men lived and thought, and that, should we cease to be, all life and wisdom will not go down into the grave with us. Things past, present, and future are all

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manifestations of the same perennial powers. We speak of them as past and future, because we see them under the form of time. In relation to the past the present is a consequence, in relation to the future it is an antecedent; it is the product of the past, and the future will issue from it. The principles by which conduct is determined are the same yesterday, to-day, and to-morrow. The forms which they take, when expressed in the language of moral judgment, are shaped according to the extent to which our survey of the matters to which they refer includes things past and things to come. The most imperfect moral judgments are those of the man who lives for the day, or who says of laws and institutions, "they will last my time," meaning that they minister sufficiently to the ease and comfort of himself, his immediate connections, and all who are constituted like him. But when one looks after and before, as every reasoning man does, more or less consistently, he has to own that he has inherited obligations from past generations, and owes duties to the future. Carlyle used to say, the present is the conflux of two eternities—a past without discoverable beginning, and a future without conceivable end. To translate the thought from the language of transcendentalism into the language of physics, we might say that at any point in the river of time at which we choose to take our stand, the flow is a resultant of the gathered forces which have brought the flood thus far on its course, and of the reflected resistances which come from further downstream. The forces which come from source and

from seaward and make the movement of the stream what it is at the point we occupy, are analogous to the influences that form human character. The analogy is illustrated in many phases of a man's character and career. A man's mode of life is, for example, determined to a great extent not only by the career and character of his parents, but also by the prospects and character of his children. The fact that the future affects the present is not a new discovery. It has always been practically recognised where parents never took an important step in life without consulting the interests of their children.

Under whatever aspect the present makes itself known to us, in whatever social relationship we are conscious of it, the degree in which we realise it as a conflux of the past and the future will affect the view we take of our moral obligations. The need of embracing in our view the future and the past so far as we can bring the whole of which we have traditions and premonitions into an intelligible synthesis, has not been overlooked by the economist. The whole theory of debt and credit is nothing else than an enunciation of the relation of the economic present to the economic past and the economic future. The responsibility for past debts, and for incurring new ones, is one of the most familiar experiences of everyday life, and it is one of the most important subjects which a study of the relation between economics and ethics can suggest.

In excluding the poor immigrant, we have said

we exclude him from our territory, and also from participation in the life of our race. We also, it would appear, exclude him from a share in our inheritance and from a share in the discharge of our duties to posterity. Responsibility to the future is perhaps the most important factor in the conception of nationality economically considered; for what is sometimes described as national wealth is often found to be something we enjoy at the expense of generations to come. We may take our own economical position and prospects as an example.

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When we examine the statistics of the trade of the United Kingdom, we find that the nation imports food, wines, spirits, tobacco, articles of clothing and personal adornment, together with furniture and materials for building houses and lighting them. These, the principal articles of household use which the nation imports, are probably between two hundred and three hundred millions sterling in value. After every consideration in connection with the balance of our export and import trade has been taken into account—profits on exchange, shipping, and all the rest of it—we fall far short of paying the bill for the articles of food, clothing, adornment, and shelter we buy from outside. And were we to sell every ton of British shipping, the proceeds would not pay the deficiency on the account for household goods we buy from

abroad for more than two years. The experts refer us for a solution of the problem to the interest on investments abroad.

But what is the explanation of these investments? What is its consequence?

Whatever the explanation, the inference to be drawn from it is that the British workman owes much to his connection with capitalists and creditors who are in receipt of interest payable by foreign debtors. But why, it may be asked, does the capitalist have his interest sent here, and why does he distribute it among the people of this nation?

The investments which are said to yield the interest that pays the bill for the articles of household use we import, are of several kinds. There are loans to external governments and municipalities, there are investments in the carrying trade (which must be distinguished from the business of the shipowner), there are investments in foreign industries. The annual payments on all those classes of investments are sent here, because—if we may for the moment speak in terms of nationality—the countries where the investments have been placed have, through our means, been connected with the markets of the world, but, above all, because the capitalist has made London a centre of banking and credit. As it was for this reason the original advances were made, as it is for this reason fresh advances continue to be made, so the annual interest is sent here, and will continue to be sent here, while London remains one of the banking

centres of the world. Our nationality, therefore, if we take the word in its usually accepted sense, does not explain why we obtain so inexplicably large a share in the wealth of the world. But what our geographical position and our nationality do not explain, our acknowledgment of inherited obligations and our recognition of duties to the future may partly explain.

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Not only do we derive much of our private wealth from the creditors of foreign debtors, we are jointly and severally responsible for a huge debt contracted by our predecessors, and for the transmission of a similar burden to our successors. In consequence of this burden the tax-payer pays back to the public creditor part of the private wealth he owes to all those favourable circumstances which go to constitute the advantages of nationality, from which we are sometimes invited to exclude poor immigrants and men of other races. Our forefathers borrowed the wealth of individuals, and left us to repay the loan to the representatives of the lenders. Much of the wealth they borrowed they spent in a way that was conducive neither to the sustenance of life nor to the creation of lasting objects of pleasure. For the waste they caused some one must suffer. Is it in the natural course of things that the suffering should fall to the lot of the descendants of the lenders? There would soon be an end of lending.

were that the recognised rule. With lending, many things we do not regard as evil would also come to an end. It is indeed true, that the descendants of borrowers, as of lenders, must live their lives. They will do so, in the absence of a general catastrophe. Barring the possibility of a universal overturn of every established institution of civilisation, the successors of borrowers and lenders will continue to live and prosper, according as work is done by them and for them. The work done by them and for them, at the same time, is not confined, in its origin and effects, to the present. "Work for the living present" is an imperfect maxim. Work, in the wider aspect in which it has come to be regarded, has for its end the preservation of a social organism which existed before the present generation, and is expected to survive it. And as the social organism has a past and a future, so also, in a higher degree, have all the forms of society in which we attain the gratification of our higher desires and aspirations. No economic question can therefore be adequately judged by reference solely to immediate antecedents and temporary effects. Ordinary common sense bids us look before and after. There is no wisdom in concentrating attention upon the needs of the moment. Respect for an inherited obligation is even essential to the ends of enlightened self-love. It is so, even when the quittance of an inherited duty overtaxes the strength of those who pay, and enables the heirs of the creditor to indulge excessively, should they forget what they owe their neighbours, in the

pleasures of life. If we look only to the present and to the most apparent interests of individuals, we are tempted sometimes to deny that the past binds the present. The payment of old debts has possible accompaniments which, considered out of connection, are evil. It may lead to idleness and to overwork. Idleness is bad, because it means stagnation in the life of the idler. Overwork is bad, because it is an index of degeneration; when we lose ground in the struggle for existence, our troubles are multiplied.

Admittedly, the fulfilment of an inherited obligation, the payment of a debt incurred by one's predecessors, may involve the endurance of augmented pain and stunted growth for the representatives of the borrowers. No one can shut his eyes to what is so obvious. Yet, if we extend our view beyond the immediate present, it is equally obvious that the fulfilment of the inherited obligation, although it involves a comparative augmentation of pain and a cessation of growth, is also the condition on which those who have inherited the burden continue to obtain the portion of individual wealth, however small, that contributes to the enjoyment of their impoverished lives. Payment of old debts renders enjoyment less, and more difficult to obtain. On the other hand, repudiation of old debts, being destructive of the mutual trust without which there can be no market, tends to make the acquisition of all wealth impossible. The title of the representatives of the lender to enjoy the wealth which they

inherited from their predecessors is as good as the title of the representatives of the borrowers to enjoy the wealth that may remain after they have met their obligations. The question of the sacrifice which each should be called upon to make for the sake of their neighbours is another matter. Justice would require that the sacrifice of all should be proportionately equal, and that the benefit conferred through the sacrifice should be proportionately equal. But we put it out of our power to do, or to enforce, justice in this respect, if we repudiate our inherited debts.

The economist does not confine his view to the interests of the immediate present. He does not ask us to forget that all we are is an outgrowth of the past, that our lives, our dispositions, our wealth, our thoughts, are an inheritance from a long ancestry. Mill, for example, while he says that the greater part, in value, of the wealth now existing in England has been produced by human hands within the last twelve months, does not allow that the existing generation is only bound to pay the debts of its predecessors from the assets it has received from them, and not from the produce of its own industry. "Is the capital accumulated by the labour and abstinence of all former generations of no advantage," he asks, "to any but those who have succeeded to the legal ownership of part of it? And have we not inherited a mass of acquired knowledge, both scientific and empirical, due to the sagacity and industry of those who preceded us, the benefits of which are the common wealth of all?"

Our heritage is made up of plus and minus quantities. We cannot choose the plus and reject the minus terms. We must accept the heritage as a whole. The work we do must be done under conditions created by the past. The failings of our fathers are visited upon us. Work has to be done under conditions which involve what, if we had regard only to the present, we would describe as gratuitous difficulty. Much of the work done is incidentally conducive to the enjoyment of idlers who do nothing, unless forced, to relieve the suffering of their neighbours. The efforts of the labourer do not, on that account, wholly cease to be effectual. They are still efforts that fit into our definition of work; they are made at the instigation of pain, and have the effect of stilling the feeling in which they originate. The economist does not say that work under actual conditions accomplishes all it might under ideal conditions. Any conclusions he may draw from this fact, while they may appear to sanction the infliction of gratuitous suffering, involve no such inference, nor are they at variance with the teaching of the moralist, for moral science does not identify duty with work, nor does it deny that we may conscientiously conceive it to be our duty to spend effort in contributing to the wealth of those who have inherited a right to obtain such contributions.

(17)

Mr. Ruskin was of opinion that a national debt

may be honestly incurred in case of need, if provision is made for its payment in due time. A debt for repayment of which no provision is made, he denounced as dishonest and dishonourable. The nation that creates a funded debt indebts itself to its unborn brats. "If it cannot provide for them, at least let it not send their cradles to the pawnbroker, and pick the pockets of their first breeches. National debts paying interest are simply the purchase by the rich of power to tax the poor." It is dishonourable to entail unnecessary burdens upon future generations. The practice is condemnable. But, besides condemning the act of the borrower, Mr. Ruskin appears to deny the rights of the lender and the duties of the borrower's successors. He falls into some confusion regarding the relation existing between the different parties to a loan transaction. The nation that borrows does not indebt itself to its own brats, as Mr. Ruskin seems to have thought, but to the brats of the lenders. It lays an obligation upon its own brats to pay the money that belongs to the brats of the lenders by inheritance. And, in passing, we may point out that we cannot argue, as it used to be argued, that there is no diminution of the national wealth occasioned by the operation of paying the national debt charges; that what is paid in dividends is only a transfer of so much from the pockets of one part of the public into the pockets of another part of it; that those who receive the dividends are the frugal and provident citizens of the State; and that the public debt promotes accumulation of capital, by

providing a first-class negotiable investment. The fund holders are, to an ever-increasing extent, cosmopolitan investors. To the citizen of the indebted State, the public debt is nothing else than a burden he has inherited or incurred. But there is nothing taken from him which his predecessors or he himself did not first receive.

No doubt there is a recognisable difference between the effects upon national prosperity of the payment of interest on money which the Government spent in the purchase of fireworks fifty years ago, and the payment of interest on money that was spent on useful public works. But, surely, the misuse of the money is the fault of the borrower, not of the lender. It would be unjust to argue that the repayment of a debt is incumbent only upon the representatives of those who make a good use of their loan; and that, in all other cases, the honour of giving accommodation to the Government of a great State should be the money-lender's sole reward. Sometimes the money-lender would not be allowed this remuneration, but would, if rhetoric were always earnest, have to take hard words as repayment of his hard cash. "The guilty thieves of Europe, the real sources of all deadly war in it," we are occasionally told, "are the capitalists—people who live by percentages on the labour of others instead of fair wages by their own." Be it so; the way in which to get out of the clutches of those "guilty thieves" is to pay off our debts honestly, and incur no fresh debts in future.

(18)

Charles Lamb's theory that the human species is composed of two races, those who borrow and those who lend, lauds the former as the great race, the latter as the race of small men. There are few nations which, according to this doctrine, would rank as second-rate powers. Most of them are magnificent borrowers. If they do not go forth, conquering and to conquer, they give proof of their greatness by going forth borrowing and to borrow. Measured by this standard, we ourselves rank high. The United Kingdom, India, and the Colonies have between them a public debt of about £1,500,000,000.

At the time when Adam Smith wrote the *Wealth of Nations*, the public debt of Great Britain was about £130,000,000; and, without making his own country an exception, he expressed the opinion that their debts, which even at the figure at which they then stood he considered enormous, would, in the long run, probably ruin all the great nations of Europe. The French Revolution was a fulfilment of his prophecy, without serving as an example and a warning of the dangers of financial extravagance. While our public debt is six times as great as it was in 1775, few people seriously believe that there is the least likelihood of the magnitude of our obligations involving us in national ruin. We indulge in complacent regrets that consols have become a speculative stock, but we spend more wastefully than ever, and shrink with superstitious horror

from every mode of raising public revenue which is likely to lead the taxpayer to ask himself whether he is not paying too much for his whistle. Yet Adam Smith was right. A Government that does not pay off its debts, and whose financial methods make it easy to indulge in wasteful expenditure, is on the road to ruin. The day is probably not far off, when some countries that boast themselves of the first rank will, unless they mend their ways, experience the humiliation of bankruptcy. It is the lesson taught by all history. As Adam Smith points out, there is scarcely a single instance of a national debt having been fairly and completely paid, once the Government has lost control over the accumulation of public financial obligations. "The liberation of the public revenue, if it has ever been brought about at all," he remarks, "has always been brought about by a bankruptcy; sometimes by an avowed one, though frequently by a pretended payment," in a degraded coin. By raising the denomination of the coinage, or by debasing the coins, he adds, "a debt of one hundred and twenty-eight millions of our present money might be reduced all at once to a debt of five millions, three hundred and thirty-three thousand, three hundred and thirty-three pounds, sixteen shillings and eightpence. Even the enormous debt of Great Britain might in this manner soon be paid." How great may the temptation to pay debt in some such fashion as this become for Greater Britain (in this matter we cannot separate the colonies from the mother country) with its colossal debt—a debt that

is growing with tremendous acceleration—of about £1,500,000,000!

With the exception of a comparatively brief interval, during which a real attempt was made to reduce the debt and retrench the public expenditure, the period that has elapsed since Smith wrote has seen a gigantic increase in the public indebtedness of the empire, and a corresponding increase in the expense of government. We have even more reason than the author of the *Wealth of Nations* for contemplating the possibility of open or furtive bankruptcy and national ruin, as a consequence of our want of parsimony. The working classes are sometimes told that, in the event of a general dissolution of the market, they would be very little worse off than at present. "They would feed themselves from the animals and growing crops, and in a fortnight would be fighting and ploughing just as usual." In a short time there would be no animals left to feed upon, no corn left growing, no seed for sowing, no need for ploughing. Not that wealth is sustenance, but our sustenance is given us in exchange for the wealth in which we share, and our daily bread is not made by us, but given to us. National bankruptcy would stop the process by which we are fed. It is vain to suppose that a catastrophe would make no difference to the wage-earner.

A long period of prosperity has blinded our eyes to the actualities of our financial position. Our debt is as high as it stood at the close of the first quarter of last century. Besides, the

annual debt charge is very much smaller relatively to our expenditure, and we incur new obligations at a faster rate than we pay off old debts. The labourer of to-day who has the power, if he had the knowledge and the will, to put a stop to the extravagance of Government, is treating his successors as badly as his privileged predecessors treated him, and while he discusses schemes for providing pensions for the aged, he is taking the very course that is calculated to keep the word of promise to the ear and break it to the hope. It is of no use promising pensions, and at the same time saddling your future pensioners with debts that you ought to pay. Instead of paying debt we increase it, and so unwisely extravagant are we becoming that, apart from the ruin in which it would involve our credit, the repudiation of the national debt would scarcely be an advantage, for our recent experience confirms Ricardo's opinion, that political utility would gain nothing by the sacrifice of public integrity. "It does by no means follow," Ricardo said, "that the party, exonerated from the payment of the interest of the national debt, would employ it more productively than those to whom indisputably it is due."

(18)

In public finance there is no policy like honesty, and honesty requires each generation to pay its own way, and increase the assets, rather than the debts, of its successor. The financial policy be-

queathed to us by the great men of both parties who ruled our affairs during the last thirty years—Lord Salisbury as well as Mr. Gladstone—is summed up in the word "Retrench."

"It is not by the payment of the interest on the national debt," Ricardo tells us, "that a country is distressed [it is not to be taken for granted, that is to say, that our means would be productively employed, if we were exonerated from payment of debt], nor is it by exoneration from payment it can be relieved. It is only by saving from income and retrenching in expenditure that the national capital can be increased; and neither the income would be increased, nor the expenditure diminished, by the annihilation of the national debt." This is why he so emphatically recommends M. Say's "golden maxim," "that the very best of all plans of finance is to spend little, and the best of all taxes is that which is least in amount." All wealth placed at the disposal of the Government—for such taxes are—is misused, when it does not insure the betterment of the people. "The desire which every man has to keep his station in life, and to maintain his wealth at the height which it has once attained, occasions most taxes, whether laid on capital or on income, to be paid from income; and, therefore, as taxation proceeds, or as Government increases its expenditure, the annual enjoyments of the people must be diminished, unless they are enabled proportionally to increase their capitals and income."

It gives an hour's importance to a poor man's

heart to address him as if he were a master of millions, and he is sometimes told that the evil of the time is excessive saving. We do not, it is said, know what to do with our money. As citizens of the State, it is obvious we are not troubled with our over-savings, for we are so deep in debt that, were the case ours, none of us would be at a loss what to do with our money at a time when we might buy up our obligations on so easy terms. The pressing practical financial problem for us as citizens is to reduce our expenditure and our debt, for only then can we fully benefit from the advantages which just government is able to secure for us.

XII

THE HARMONY OF INTERESTS

WERE we required to give a definition of the State, we would describe it as that personal relationship in which our desire for liberty and justice is gratified. What justice and liberty are we do not undertake to say, but they are realised when superior and inferior, strong and weak, are enabled to live their highest possible ethical life together. This is sometimes scoffed at as an unfruitful ideal, but it will be an ill day for humanity when there is left no country in which it is cherished. We cannot have too much freedom to do what we know we ought to do. In the State the free will of the individual finds its sphere. The State is not "I" nor the people, but a relationship between individuals.

"My neighbour and myself," says F. D. Maurice, "these are the factors which I must take account of, if I want to know what I mean when I claim to be a member of a State or a city. Suppose I forget either, I forget the other. I cease to recognise my own distinctness and worth, if I do not recognise the distinctness and worth of my neighbour." Maurice maintains further, and rightly, that the law stamps an obligation upon this relation, and that therefore the law guards property

and material interest, rather than property and material interest law. "Maintain the *meum* and the *tuum* if you can," he says, "but the *tuum* will be effaced by the *meum* if there is not some principle which is capable of defending humanity against selfishness. In that case, Political Economy will never be able to defend itself against the natural instinct of monopoly, let its maxims be as much accepted as they may."

That the growth of industry is wholesome only where it is accompanied with the greatest possible degree of freedom and justice, economists, as a rule, recognise. It is a strange misapprehension of the doctrine and character of Adam Smith that leads his critics to reprobate him as an advocate of systematised selfishness. What Adam Smith believed was that, according to our experience, every virtue on the whole meets with the recompense which is most fit to encourage and promote it. "The industrious knave cultivates the soil; the indolent good man leaves it uncultivated. Who ought to reap the harvest? Who starve and who live in plenty? The natural course of things decides it in favour of the knave; the natural sentiments of mankind in favour of the man of virtue." While believing, however, that the industrial system is so constituted, that the individual in seeking his own good, on the whole, promotes the good of society, he had no implicit faith in the automatic perfection of the system. Nor did he think material prosperity the chief

interest of life. On the contrary, he found in "the disposition to admire and almost to worship the rich and the powerful, and to neglect and despise persons of poor or mean condition, the great and most universal cause of the corruption of our moral sentiments." As a system of ethics, his theory is not of the best, but it is not a system that encourages self-aggrandisement, proceeding as it does on the principle that we are generally disposed to sympathise with the sorrows that are great and the joys that are modest, and that "though the ruin of our neighbour may affect us much less than a very small misfortune of our own, we must not ruin him to prevent that small misfortune, nor even to prevent our own ruin." The man who pursues his own interest is subject to the approbation or the disapprobation of an "impartial spectator," who sympathises with the sorrows of the humble and resents the oppression of the arrogant, curbs the violent, chastises the selfish, and protects the weak. "In the race for wealth, and honours, and preferences, one may run as hard as he can, and strain every nerve and muscle in order to outstrip all his competitors. But"—and this is the moral complement of Smith's economics—"if he should jostle or throw down any of them, the indulgence of the spectators is entirely at an end. They readily sympathise with the natural resentment of the injured, and the offender becomes the object of their hatred and indignation."

Theorists who base their doctrines on the law

of Nature find the principles of Government in abstract precepts ascertainable by reason, but they are at utter variance in the use they make of their abstract precepts. No two theories could offer a stronger contrast than those of Hobbes and Locke, although both are based on the law of Nature. Hobbes finds the origin of the State in the desire of the strong to protect themselves against the weak, believing that in a state of nature, which was a state of war, the weakest was strong enough to kill the strongest by secret machinations or by confederacy with others. War was brought to an end by a treaty of peace, of which one of the articles was the division by lot of all enjoyable things except those which could not be divided, and these were to be enjoyed in common, without stint, "if the quantity permitted," but "otherwise proportionately to the number of them that have right." But this treaty of peace, as interpreted by Hobbes, resulted in a system of despotism, and might serve to justify any system of collectivism.

Locke's interpretation of the law of Nature and his theory of Government is more closely related than that of Hobbes with the doctrine of economics, which starts with private property as an existing fact and one of the conditions of production. To Locke, the law of Nature was a law safe-guarding the property of every man, property meaning life, liberty, and fortune, and implying a primitive qualified communism. "Though the earth and all inferior creatures be common to all men, yet every man has a 'property' in his own 'person.'

This nobody has any right to but himself. The 'labour' of his body and the 'work' of his hands we may say are properly his. Whatsoever, then, he removes out of the state Nature hath provided and left it in, he hath mixed his labour with it, and joined to it something that is his own, and thereby makes it his property"—a truth assumed to be apparent to every man who has come to years of discretion.

Both to Hobbes and to Locke, a law of Nature was a precept or general rule found out by reason, by which man is forbidden to do that which is destructive of human life or the means thereto. But while Hobbes supposed there was a general tendency to ignore the law, and was haunted by the idea that perpetual diffidence of man towards man prohibits the hope of commodious living and undisturbed industry, Locke believed in a general tendency to obey the precepts of Nature. Hobbes valued political government as a means of nullifying the tendency of every man to war against mankind; Locke valued it as a means of avoiding the inconvenience which arises when every man is free to judge and to punish a violation of the law of Nature. Timidity urges Hobbes to trust a powerful saviour of society, love of liberty makes Locke jealous of prerogative and of the exercise of arbitrary power, even when it is beneficent. "The reigns of good princes have always been most dangerous to the liberties of the people," since their successors learn from them to disregard rule, but not, like them, to do good.

Historical fact requires us to modify theories of Government like that of Locke's, and economics so far as it is influenced by them, for Sir Henry Maine makes a suggestive remark when he says that while political economists often complain of the vague sentiments which obstruct the complete reception of their principles, these vague repulsions may be profitably examined. "They will sometimes be found to be the reflection of another order of ideas. Much of moral opinion was no doubt in advance of law, for it is the growth of religious and philosophical theories having a different origin from law, and not yet incorporated with it. But a good deal of it seems to preserve rules of conduct, which though expelled from law linger in sentiment and practice."

In societies emerging from a primitive state, for example, it was usual "to associate redress of wrong with the seizure of a wrong-doer's goods." "The person assumed to have a grievance was allowed to proceed according to the primitive method [of reprisal] which had the advantage of giving the other side the strongest inducements to call in the judicial authority of the State and submit to its decision." This is not Locke's principle, but the principle that might is right. "To-day it is the person who complains of a wrong who sets a court of justice in motion." Progress has been made towards the co-ordination of might and right.

And while Locke thought it apparent to every one come to years of discretion, that when one

mixes one's labour with a natural object one makes it one's property, the law has been very generally disregarded, and, in many parts of the world, it has been conspicuously ignored, so far as women are concerned. Moreover, property is frequently recognised where the idea of mixing labour with the thing owned is, so far as it constitutes the right, inconceivable. Custom and law have recognised that, in the matter of property, the departed have rights, and whatever checks Governments may place upon the appropriation of goods which dead men leave behind them, we are sometimes reminded that the right of bequest is the right of the dead testator, not of the living heir. And though it may seem nonsensical to say that property can be owned by an abstract idea, which has never mixed its labour with anything, yet wealth will continue to be dedicated, that religion may be taught, that education may be maintained, and that the poor and the helpless may be relieved. Sometimes, in such cases, as M. Janet (by way of criticism) remarks, in discussing the disposal of the ecclesiastical estates by the Constituent Assembly, one cannot find a proprietor, yet there is a property—a property which never belongs to any one in particular.

We cannot trace the origin of political societies, as Hobbes and Locke did, to a social compact. Our liberty, as Burke said, is an inherited liberty. It had to be won by our predecessors, and it was not handed down perfect. Political societies had their birth in forms of social alliance which admitted

of the capricious use of power, and their laws are better than caprice when they are not inconsistent with the rules which determine the class of actions with which they deal—the rules of political economy, for instance. The true antithesis of law in the jurist's sense is not law in the economic sense, but the arbitrary use of power. An arbitrary use of power which prevents the weak and the strong living their ethical life together is the practice of injustice, and wherever we have laws which prevent such abuse, the relationship we call the State exists. The first requisite of a State is that the sovereign power should secure liberty and justice.

We do not say that the exercise of the sovereign power of a State necessarily ends here. A by-gone generation associated the power of the State with what they called public spirit, the manifestation of which was not to be sought in things subservient only to temporary interest. "When a patriot," says Adam Smith, "exerts himself for the improvement of any part of the public police, his conduct does not always arise from pure sympathy with the happiness of those who are to reap the benefit of it. It is not commonly from a fellow-feeling with carriers and waggoners that a public-spirited man encourages the mending of highroads. When the legislature establishes premiums and other encouragements to advance the linen or woollen manufactures, its conduct seldom proceeds from pure sympathy with the wearer of cheap or fine cloth, and much less from that with the manufacturer or merchant. The perfection of police,

the extension of trade and manufactures, are noble and magnificent objects. The contemplation of them pleases us, and we are interested in whatever can tend to advance them." "If you would implant public virtue in the breast of him who seems heedless of the interest of his country, it will often be to no purpose to tell him, what superior advantages the subjects of a well-governed State enjoy. You will be the more likely to persuade, if you describe the great system of public police which procures these advantages. It is scarce possible that a man should listen to a discourse of this kind, and not feel himself animated to some degree of public spirit."

This ideal finds frequent expression in Burke, who discovers fitting manifestation of the patriotic spirit in the multitude and opulence of cities, the magnificence of highroads, bridges, and canals, ports and harbours, the great foundations of public and private charity, and associations of profound lawyers, theologians, philosophers, critics, historians, poets, actors. At an earlier day, Milton, with similar enthusiasm, viewed the pomp of imperial Rome:—

"Prætors, Proconsuls, to their provinces
Hasting, or on return, in robes of State;
Lictors and rods, the ensigns of their power,
Legions and cohorts, turms of horse and wings;
Or embassies from regions far remote."

Public spirit is not inconsistent with the maintenance of what we call the State, but we often have it in a high degree, where there is little appreciation of justice and liberty. "There have been men

of the greatest public spirit," says Adam Smith, "who have shown themselves in other respects not very sensible to the feelings of humanity. And, on the contrary, there have been men of the greatest humanity who seem to have been entirely devoid of public spirit. Who had ever less humanity or more public spirit than the celebrated legislator of Muscovy?"

In our time public spirit is less promoted by appeal to external magnificence, than by appeal to a moral enthusiasm which seeks other ends than liberty and justice. This moral enthusiasm is not more inconsistent with our idea of the State, than the public spirit of Burke and Milton. But its aims transcend the limits of politics, and pass into the sphere of general practical ethics.

All knowledge and power, all command over physical force and whatever sustains life, all enjoyment of private wealth and the recognition of desert according to the market standard, all that maintains the credit of the market and makes private wealth possible, is of inferior importance to a higher ethical purpose, and must yield whenever there is any appearance of conflict. The employment of the people in beneficial industries, the provision of beautiful and healthy homes, with grassy playing-fields, art galleries, and music; the payment of pensions to soldiers of the ploughshare and of the anvil, are all excellent things, and not impossible of attainment. The compulsion of the rich to supply those things is within the com-

petency of the political power, if they are necessary for the maintenance of liberty and justice. If they are necessary for any ethical purpose not recognised in the State, if the end is recognised as of high ethical importance, no conscientious owner of property can well refuse to lend his aid in furnishing them. But it is not for the politician as a politician to make the demand. It is for him and for others to influence the will and purpose of the rich in such matters by means more efficacious than political power.

Other considerations apart, it should be kept in view, that in constitutional countries, statesmen act through the medium of political parties. Political parties are combinations, and liable to all the evils which render combinations harmful. They very seldom attain the character of alliances of the best patriots in the commonwealth, bound together by common sentiment—the *idem sentire de republica*. Nor are they always unions for promoting the national interests according to principles upon which all are agreed. They are not even always formed for the purpose of putting men who hold these opinions into such a position as will enable them to carry out their plans, with all the power and authority of the State. Too often they are only the means by which politicians seek to gratify their own private ambitions. "Ambitious men," says De Tocqueville, "are interested in the creation of parties, since it is difficult to eject a person from authority, on the mere ground that his place is coveted by others. The skill of the actors

in the political world lies, therefore, in the art of creating parties. A political aspirant in the United States begins by discriminating his own interest, and by calculating upon those interests which may be collected around and amalgamated with it; he then contrives to discover some doctrine or principle which may suit the purposes of this new association, and which he adopts in order to bring forward his party and to secure his popularity; just as the *imprimatur* of a king was in former days incorporated with the volume which it authorised, but to which it nowise belonged. When the preliminaries are terminated, the new party is ushered into the political world."

This is not now true exclusively of the United States; it as aptly fits the party system in Great Britain. Party is almost certain to take this form, when the objects sought in the formation of political connections are solely or mainly the honours and emoluments of office.

The term "party" is strictly applicable only to combinations of politicians who are actually engaged in the business of government, or who hope to share in it. The conflict of parties has everywhere become, or tends to become, a contest between rival sets of politicians who are in power and opposition by turns, the transference of office from the one to the other depending largely upon accident and personal whim. Such a system can of course continue only where party differences are not of vital importance. Otherwise constant change in principles of control and methods of

administration would lead to confusion and disintegration.

That party government is essentially bad, we do not say. But if we would continue to love politicians, we should not expect too much of them. Even were a minority of men of good sense, drawn from the "masses and the classes," to exercise effectual influence over legislation and administration, the most they could accomplish would be a development of principles and methods already operative. We expect more from the influence such men can exercise over the will and purpose of their neighbours, in other than their political capacity.

A fuller knowledge of the principles of work and wealth, no doubt, induces changes in our ideas regarding the need of directing industrial and commercial processes to a right end, and also regarding the mode of control, should any be needed. The laws of every country on the subject of trade and commerce reflect current ideas concerning wealth. The legislation and administration of every political community with reference to industry and wealth naturally vary with the changes economic science undergoes, these variations depending not merely on our knowledge of abstract principles, but on the circumstances under which these principles are applied. But as long as the continuity of the State is preserved, the principal aim of legislation and administration must always be the same—the maintenance of liberty and justice; the test of success must always be the same—the degree in

which it is possible for the strong and the weak, the rich and the poor, to live a moral life in each other's society.

It is not unusual to find critics who sneer at a political science "dominated by the idea that laws spring from the mind of inspired legislators, and that their function is to regulate social relations according to immutable principles of justice," seeking a key to all social and historical problems in theories as absurd as Mandeville's whim, that the rudiments of morality were first broached by skilful politicians to render men so tractable that the ambitious might devise the greatest possible benefit for themselves. Latter-day fablers assign to the capitalist the rôle of the ambitious politician, and for Mandeville's doctrine of the influence of flattery upon pride, they substitute the theory that the literary man, an unproductive labourer, is employed by the rich to give a false direction to the egoism of the subjugated classes, to set up fanciful moral sanctions, and to dissuade the proletariat from the pursuit of their real material interests, by means of fear, religion, and public opinion. "It is only in the light of economic conditions," say these slipshod philosophical historians, "that we are able to understand the genesis of legal sanctions, the history of law, and the real structure of its various institutions. The law is a monopoly of wealth, and in the temple of Themis there is no place reserved for the labourer."

No doubt, by a selection of instances, we might

trick out a startlingly pessimistic philosophy of history, and we might enlist the aid of allies who command the loving respect of all men, as for instance Cowper in his attack upon the Nabobs, of whom he says,

“That thieves at home must hang, but he that puts
Into his overgorged and bloated purse
The wealth of Indian provinces, escapes” ;

and again,

“Hast thou, though suckled at fair Freedom's breast,
Exported slavery to the conquered East,
Pulled down the tyrants India served with dread,
And raised thyself, a greater, in their stead ?
Gone thither armed and hungry, return'd full
Fed from the richest veins of the Mogul,
A despot big with power obtained by wealth,
And that obtained with rapine and by stealth ?
With Asiatic vices stored thy mind,
But left their virtues and thine own behind,
And, having trucked thy soul, brought home the fee,
To tempt the poor to sell himself to thee ?”

Gain is sometimes ill-gotten and misspent, but we are not justified in saying that in the past economics has controlled politics, and that banefully. The lesson of history is not that economics is the basis of morals and politics, but that wealth is most successfully and legitimately acquired when political power is not perverted for the sake of amassing gain.

The history of industry and commerce is related to the history of jurisprudence, but the nature of the relation cannot be summarised in the convenient proposition that Wealth makes Law. And it is

scarcely necessary to say in answer to the speculators who deal in dicta of this sort, that the most influential teachers of mankind have neither been the sycophants of the rich and powerful, nor are they likely to be drawn from such a class in the future. We may on this point recognise the force of Comte's observation, that any spiritual power which guides the social movement must be popular, and must be in closest relationship with the most numerous classes who need protection; that there is a natural sympathy between the speculative class and the multitude, and that their intervention as mediators in social conflicts must owe its efficacy to the habitual elevation of their views, and to their generosity of disposition.

In fulfilling their functions, legislators and administrators have to take account of the general consequences of actions, and among others of that particular class of actions which is directed to the acquisition of wealth. The laws they lay down and administer on this particular subject must partake of that general character which distinguishes laws from special commands, and the very fact that there is a science of economics renders it necessary that legislation with respect to work and wealth should assume the form of general rules, and not that of particular ordinances. But as work and wealth are not the whole of life, laws relating to industry and commerce must be co-ordinated with laws of another class. It is necessary to observe all those conditions "under

which alone associated activities can be so carried on that the complete living of each consists with or conduces to the complete living of all." Some of those conditions can be discovered by scientific investigation. "The science of society," says Mill, "would have attained a very high point of perfection if it enabled us, in any given condition of social affairs, to understand by what causes it had in any and every particular been made what it was; whether it was tending to any and to what changes; what effects each feature of its existing state are likely to produce in the future; and by what means any of those effects might be prevented, modified, or accelerated, or a different class of effects superinduced. There is nothing chimerical in the hope that general laws sufficient to enable us to answer these various questions for any country or time with the individual circumstances of which we are acquainted, do really admit of being ascertained." The hope is not chimerical, but the questions which have to be answered are extremely complicated. Besides—and this is the aspect of the difficulty with which we are most immediately concerned—we can never, from knowing what the conduct of men actually is, has been, or may be, discover what it ought to be. The most exhaustive and elaborate examination of the conduct of men actuated by the desire of gain, and of the habits and customs which have accrued from such conduct, cannot, for instance, indicate to us wherein the very love of gain, the consequences or effects of which we are examining, leads us astray. We must not only

know what is possible to be done, but how the springs of action may be made pellucid and clear.

"History," says Sir J. Seeley, "is not now pompous and solemn, but it is thoroughly serious, much more serious than before. It deals with facts of the largest and most momentous kind, with the causes of the decay and growth of empires, with war and peace, with the happiness and suffering of millions. In history, everything depends upon turning *narrative* into *problems*. So long as you think of history as a mere chronological narrative, so long you are in the old literary groove which leads to no trustworthy knowledge, but only to that pompous conventional romancing of which all men are tired." Yes, but is it not Sainte-Beuve who points out that there are snares in the path of the philosophical historian also, and that we may get a history that is too logical to be true? We may learn false doctrines about destiny. We may lose sight of the fact that there are sequences which are not inevitable, and which we must not accept as necessary; we may forget that there are powers claiming allegiance to which we may refuse to submit or yield. The conquering causes are honoured by the pagan gods, but the conquered causes are honoured by right-minded men, when those who have fought for them have done so out of loyalty to a truth which not even Omnipotence can change. Prostration before the inevitability of natural law is as abject as the terror of the savage who knows no natural law.

When our inquiry is not regarding the character of those who have been prominent in the administration of great affairs, it is more instructive to study the results of their actions than to inquire into their intentions, and the success or failure with which they met. Commercial and economical history is not directly concerned with the character of the men whose actions are examined; besides, it is always easier to see what men do than to know why they do it. Was Peel a great Parliamentary middleman, converted at the conversion of the average man, it is sometimes asked, or a daring pilot in extremity when the waves went high? The latter, we are convinced; but if it be economic theory we are interested in, it is of more consequence to know the condition of England at the time of the passing of the Corn Bill and the effect of the measure than it is to know why Sir Robert Peel acted as he did. As the popular orator gives back in rain what he receives in vapour, so in some measure, extending the metaphor, we may say the constitutional statesman gives back in statutes the opinions pressed upon him by those on whose behalf he acts. Statute follows opinion and circumstance, as effect follows cause. But the statesman who legislates is no automaton; he acts freely in obedience to the law of duty, or he does not, and we must always distinguish between his policy and his character, or the relation of his personal conduct to morals.

Moral causes emphatically count for something

in the sequence of events. Character and resolution are to be included in our estimate of the factors. We may not assume that all lost causes were impossible, and doomed from all eternity to defeat. They only seem so to those who look backward. The events which are brought before us as accomplished facts are the joint products of natural and moral causes, including in the latter the character of the actors. It is just as difficult, says a French critic, to separate the natural from the moral in past events as in present, and while we know that every statesman engaged in momentous transactions is conscious that any one of several probable results may happen, we may justly suspect the conclusion of any historian who pretends to say of any past historical result, that it was the event that was necessarily bound to issue from the antecedents. There are antecedents which escape his analysis.

In economics an appeal to history neither derogates from the authority of the economist, nor does it weaken the sense of moral responsibility; it may fortify both. Mr. Thorold Rogers, who was indefatigable in his efforts to illustrate economical principles by aid of historical facts, was not only convinced by the results of his method that for an economist, in his estimate of present industrial forces or agents, not to take account of the circumstances which have modified these forces, is almost infallibly to make sure of blundering; but,

having devoted a lifetime to the economical interpretation of history, he was able to say, that the true function of the economist is the exposition of the harmony of interests. While this is to overstate the case—the economist has his own sphere—we may accept Rogers's testimony as evidence that the pursuit of wealth accords with interests both higher and lower than itself.

Comte is responsible for the sweeping generalisation that as there is an incompatibility between the scientific spirit and the military, so also is there between the industrial and the theological spirit. "A strong preponderance of the religious spirit," he says, "benumbs the industrial by the exaggerated feelings of a stupid optimism." Now no doubt pietism sometimes puts a strange interpretation upon the relation of industry to the higher discipline, religious men believing that the devout can not only do their work better than ordinary men, but can do it by extraordinary means. From the noiseless hours of the saint they fondly dream the world receives advantages of which she has no conception, owing perhaps

" Her sunshine and her rain, her blooming spring
And plenteous harvest, to the prayer he makes,
When Isaa-like, the solitary Saint
Walks forth to meditate at even-tide."

This is not an attitude favourable to business enterprise, we admit, but it is not exactly the attitude which Comte criticised. "By its hypothesis of providential optimism," he says, "monotheism

placed in the front the question of the antagonism between the supposed divine order of the universe, and man's power to interfere with that economy to his own advantage. The religious view had become totally incompatible with the extension of man's power over Nature; and thus was the industrial element brought into radical and permanent hostility to the theological and military powers under whose shadow it had grown up."

While Comte's general conclusion is unfortunate, his attempt to trace a connection between the stages of theological and industrial progress is sound in intention if fanciful in execution. That fetichism tended to develop the affection of men for their native soil, and was admirably adapted to the preservation of the most valuable animals and vegetables and all objects requiring special attention; that polytheism rendered lawful such modifications of matter as would have been profane before, and by its rites rendered necessary the careful observance of natural phenomena, and so promoted physical science and the arts dependent upon our knowing things as they are; that as fetichism was associated with extermination of captives, so was polytheism favourable to their preservation, and, by the institution of slavery, to the establishment of regular and sustained toil in place of the spasmodic energy and indolence characteristic of more primitive life,—all these are suggestions worthy of discussion. But it is unscientific not to carry forward the process, and

to deny that there is a correlation between the highest we can know or reach and the least.

Generally speaking, an ethical system that takes account of the "eternal and necessary differences of things and their different relations one to another" is more likely to give us virtuous habits, useful in the sphere of economics, than a sentimental or a self-centred system. Aristotelianism is more favourable to the cultivation of such virtues, than a system which makes the individual the measure of the universe. Thus we get from the *Ethics* such definitions as these: "Friendship is thought properly to consist in loving rather than in being loved"; and "in the intercourse of friends who are unequal, to him who advantages another in respect of money or goodness, that other should repay honour, making requital according to his power, because friendship requires what is possible, not what is strictly due." "Justice is the moral state in virtue of which the just man is said to have the aptitude for practising the Just in the way of moral choice, and for making division between himself and another, or between two other men, not so as to give himself the greater and his neighbour the less share of what is choice-worthy, and contrariwise of what is hurtful, but what is proportionably equal, and in like manner when adjudging the rights of two other men." "The unjust is excess or defect of what is good or hurtful respectively, in violation of the proportionate." Virtues such as these are at once consistent with a sound system of ethics and sound

economics. The truer the system, the nearer we approach a harmony of relations.

Plato answers this test as well as Aristotle. "In the acquisition of wealth there is a principle of order and harmony which one will observe; he will not allow himself to be dazzled by the foolish applause of the world, and heap up riches to his own infinite harm. He will look at the city which is within him, and take heed that no disorder occur in it, such as might arise either from superfluity or from want; and upon this principle he will regulate his property, and gain or spend according to his means. At the same time, he will gladly accept and enjoy such honours as he deems likely to make him a better man; but those, whether private or public, which are likely to disorder his life, he will avoid."

The idea of harmony in the city within and the city without, and a relation between them, is of perpetual recurrence in the history of thought, and meets us in most unexpected quarters. Nor for our immediate purpose could it be better summed up than in these lines of a German writer of the sixteenth century—

"Hatten wir alle einen Glauben,
Gott und Gerechtigkeit vor Augen,
Ein Gewicht, Mass, Munn, und Geld,
Dann stunde es besser in dieser Welt."

It is a condition of a sound system of social ethics, not only that we should know our neighbours and ourselves, but that we should have a just apprehen-

sion of human unity. True cosmopolitanism is the recognition of the unity of humanity, a unity, as we are told, of nature, not of origin. It is not a denial of the distinctness of the individual or of the nation, but it involves an endeavour to realise in our conduct as individuals and as citizens the harmony of our relations. Military imperialism yields us a unity which, being outward, is quite alien to the attainment of such a harmony. "A unity so produced," says Professor Flint of the Empire of Alexander, "could not be other than most imperfect; one essentially negative and abstract, empty and unreal. Men took refuge in the thought of citizenship of the world, because actual citizenship had everywhere lost its worth and dignity. Their sense of brotherhood was the result of common misfortunes, disgraces, and disillusionings, and was merely a consciousness of there being in every man a something akin to every other underlying and independent of all that is outward and public in life, accompanied by a feeling of the utter hopelessness of realising this unity in actual existence, in social and political practice."

The consciousness of unity must be actual. It must be realised in conduct, in the fulfilment of principles and laws which go to the forming of right manners, for mankind cannot be unified where the life of the individual is not unified through the consciousness that we are members one of another.

We do not rank any form of society above that of human fellowship, and recognising this we are able to assign to less fully developed phases of fraternity

their due importance. The doctrine of brotherhood does not mean the dissolution of all inferior relationships, nor is the freest recognition of those inferior relationships equal to the sense of brotherhood. Before the doctrine of brotherhood can be realised in a practical way, there must be some means of bringing into harmony all the forms of society under which the faculties of human nature find their proper scope. This is recognised as necessary by men of many schools which are sometimes regarded as antagonistic. "The largest altruism," says one, "is, after all, but a struggle for one's own ethical life." "A spiritual or self-conscious being," says another, "is one who can find himself, nay, who can find himself only, in the life of others; and when he does so find himself, there is no natural desire which, for itself, he needs to renounce as impure; no natural desire which may not become the expression of the better self—which is *ego* and *alter ego* in one." "The key to effective life," says a third, "is unity of life, and unity of life means as much as anything else the unity of our human relations. Our identity does by no means consist in historic continuity of tissues, but in an organic coherency of relations. It is this which alone, if we consider the passing shortness of our days, makes life a whole, instead of a parcel of thrums bound together by an accident."

The point, however, upon which a true ethical doctrine must particularly insist with respect to all forms of society is this, that those forms of society are personal relationships, the maintenance of which

demands the paramountcy of conscience. When conscience is recognised as supreme, the highest calling is found to be not incompatible with the satisfaction of our humblest needs. As Butler admirably said long ago: "Conscience and self-love, if we understand our true happiness, always lead us the same way. Duty and interest are perfectly coincident; for the most part, in this world, but entirely and in every instance, if we take in the future, and the whole: this being implied in the notion of a good and perfect administration of things."

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