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SOCIALISM

BY

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Works by the same Author

HISTORICAL PHILOSOPHY IN FRANCE
AND FRENCH BELGIUM AND
SWITZERLAND, 1894.

VICO (Blackwood's Philosophical Classics),
1884.

THEISM (Baird Lectures for 1876), 8th edition,
1893.

ANTI-THEISTIC THEORIES (Baird Lec-
tures for 1877), 5th edition, 1894.

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PREFACE

THE first eight chapters of the following work are an enlarged and otherwise considerably altered form of a series of eight papers on Socialism contributed to *Good Words* in 1890-1.

The series itself originated in, and partly reproduced, a course of lectures delivered in Edinburgh a few winters previously before an audience chiefly of working men.

More than half of the work, however, is new ; and has been written at intervals during the last two summers.

A book thus composed must necessarily have defects from which one written only with a view to publication in book form would have been free.

The author has been prevented by more urgent demands on his time from adding to it two chapters for which he had prepared notes, one

on "Socialism and Art," and another on "Socialism and Science."

He trusts that, notwithstanding these and other defects, its publication may not be considered wholly unwarranted.

JOHNSTONE LODGE, CRAIGMILLAR PARK,
EDINBURGH.

December, 1894.

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CHAPTER I.

WHAT IS SOCIALISM?

SOCIALISM is undoubtedly spreading. It is, therefore, right and expedient that its teachings, its claims, its tendencies, its accusations and promises, should be honestly and seriously examined. There may, indeed, be persons who think that to treat of it at all is unwise, and will only help to propagate it. Such is not my opinion. It seems to me that there are good and true elements in Socialism; and these I wish to see spread, and hope that discussion will contribute to their diffusion. There are also, in my judgment, bad and false elements in Socialism; and I have not so poor an opinion of human nature as to believe that the more these are scrutinised the more will they be admired.

I propose to discuss Socialism in a way that will be intelligible to working men. It appeals specially to them. It is above all their cause that its advocates undertake to plead, and their sympathies that they seek to gain. It is on the ground that it alone satisfies the claims of justice in relation to the labouring classes that Socialists urge the acceptance

of their system. I cast no doubt on the sincerity of their professions or the purity of their motives in this respect. I believe that Socialism has its deepest and strongest root in a desire for the welfare of the masses who toil hard and gain little. I grant freely that it has had among its adherents many men of the stuff of which heroes and martyrs are made: men who have given up all to which ordinary men cling most tenaciously, and who have welcomed obloquy and persecution, poverty and death itself, for what they deemed the cause of righteousness and brotherhood. But the best-intentioned men are sometimes greatly mistaken; and Socialism might prove the reverse of a blessing to working men, although those who are pressing it on them may mean them well. At all events, those who are so directly appealed to regarding it seem specially called to try to form as correct a judgment on it as they can, and to hear what can be said both against it and for it.

This is all the more necessary because of what Socialism aims at and undertakes to do. It is not a system merely of amendment, improvement, reform. On the contrary, it distinctly pronounces every system of that sort to be inadequate, and seeks to produce an entire renovation of society, to effect a revolution of momentous magnitude. It does not propose simply to remedy defects in the existing condition of our industrial and social life. It holds that condition to be essentially wrong, radically unjust: and, therefore, demands that its whole character be changed; that society organise itself

on entirely different principles from those on which it has hitherto rested; and that it proceed on quite new lines and in quite another direction. Now, any very busy man may, perhaps, with some fair measure of reason, excuse himself from coming to any decision at all on so radical and ambitious, so vast and sweeping a scheme; but certainly any person inclined to entertain it should very seriously discuss it before committing himself to it; and any one asked to accept it should think oftener than twice before he assents.

We have no right, it is true, to assume that the existing order of society will not pass away, or that the new order which Socialism recommends will not displace it. All history is a process of incessant change, and so a continuous protest against the conservatism which would seek to perpetuate any present. But neither is it a series of revolutions. Rather is it a process of evolution in which revolution is rare and exceptional. It is doubtful if any of the violent revolutions of history might not have been averted, with advantage to mankind, by timely and gradual reforms. There is certainly a legitimate presumption against readily believing in the necessity or desirableness of social revolution.

The term "Socialism" is not yet sixty years old. It is a disputed point whether it first arose in the school of Owen; or was invented by Pierre Leroux, the author of a system known as "Humanitarianism;" or had for author Louis Reybaud, a well known publicist and a severe critic of Socialism.

J. S. Mill, in his "Political Economy," says "the

word originated among the English Communists,"* but he adduces no evidence for the statement, and does not assign a date to the alleged origination. Mr. Kirkup, in his "History of Socialism," tells us that it was "coined in England in 1835."† In proof he merely refers to the following statement in Mr. Holyoake's "History of Co-operation" (vol. i. p. 210, ed. 1875): "The term Socialism was first introduced on the formation of the Society of All Classes of All Nations, the members of which came to be known as socialists." But the statement is self-contradictory. If the members of the Society referred to only "*came to be known as socialists*" the term Socialism was certainly not "*first introduced on the formation of the Society,*" but *after the Society had been formed.* How long after? That Mr. Holyoake has not told us; nor has he supported his statement by any confirmatory quotations or references. The term Socialism may, perhaps, have originated in England; may even, perhaps, have been coined there in 1835; but, so far as I am aware, no evidence has been adduced that such was the case, nor any information afforded as to how the term was employed by those who are said to have first used it in England. The matter will no doubt be cleared up in due time either by some private inquirer or in the great English Dictionary edited by Dr. Murray.

* Book II. ch. i. sec. 2.

† P. 1.

‡ From October 1836 onwards the terms "Socialist" and "Socialism," are of frequent occurrence in "The New Moral World," conducted by Robert Owen and his disciples.

M. Leroux claimed* to have originated the word with the design of opposing it to "Individualism," a term which came somewhat earlier into use; and there is nothing improbable in the claim. But M. Reybaud certainly preceded him in the employment of the word in print. He first made use of it in August 1836, when he began a series of articles on "Modern Socialists" in the *Revue des Deux Mondes*. He employed it as a general term for the same group of systems which had been previously designated "Industrialism" by D'Eckstein and some other French writers.†

The word rapidly gained currency, because it was generally felt to be required in order to denote the schemes of social organisation which had been cropping up in France from the beginning of the century, and which, between 1836 and 1848, appeared, as De Tocqueville said, "almost every morning like mushrooms that had grown up during the night." Thus we have got the word, and we are not likely to lose it from want of occasions of hearing it or of opportunities of using it.

A definition of Socialism may be demanded, and one which will satisfy both Socialists and their opponents. I not only do not pretend to give any such definition, but consider it unreasonable to ask for it. If Socialists and anti-Socialists could agree at starting they would not fall out by the way. The whole controversy between them has for end to

* In the "Journal des Économistes," July 1878.

† In Littré's dictionary we find no information as to the history of either the term *Socialisme* or *Individualisme*.

determine whether the relevant facts—the doctrines, proposals, and practices of what avows itself to be, and is generally called, Socialism—warrant its being defined as something essentially good or as something essentially bad. The adherents and the opponents of Socialism must necessarily define it in contrary ways; and no further agreement can reasonably be expected from them at the outset than agreement so to define it as to express their respective views of its nature, and then to proceed to examine honestly whether the facts testify for or against their respective definitions.

Were it only because it is important to see clearly the vanity of expecting as much from definitions of Socialism as is generally done, it seems desirable to refer to some of those which have been proposed. The great French dictionary—the dictionary of the Academy—thus defines it: “The doctrine of men who pretend to change the State, and to reform it, on an altogether new plan.” This definition makes nothing clear except that the Academicians were not Socialists. There is nothing necessarily socialist in pretending to change the state of society and to reform it; nothing precise in saying “on an altogether new plan,” unless the character of the plan be indicated, for it might be new and yet not socialist, but anti-socialist; and no warrant even for representing socialist plans as “altogether new,” they being in reality, for the most part, very old. The French Academy’s definition of Socialism is, in fact, very like the medical student’s famed definition of the lobster, as

“a red fish which moves backwards”—the creature not being a fish, or red, or moving backwards.

Littre in his dictionary often succeeded where the Academicians failed, but not when he gave the following as a definition of Socialism: “A system which, regarding political reforms as of subordinate importance, offers a plan of social reform.” This is, if possible, worse. It is to identify Socialism with social reform, than which nothing can be more inaccurate. Socialism generally claims to be social revolution, and not merely social reform. It is by no means a characteristic of Socialism to subordinate the political to the social. The most advanced Socialism seeks to revolutionise society by political means, by the power of the State; no class of men believe more than Socialists do in the possibility of making men good and happy by Acts of Parliament—are more under the influence of what Herbert Spencer calls “the great political superstition.”

Passing over many other definitions let us come at once to those used by Mr. Hyndman and Mr. Bradlaugh in their debate at St. James’s Hall, April 17th, 1884, on the question, “Will Socialism benefit the English people?” Mr. Hyndman’s was, “Socialism is an endeavour to substitute for the anarchical struggle or fight for existence an organised co-operation for existence.” Well, Socialism may be that; yet that cannot be an accurate and adequate definition of Socialism. Few will deny that men ought to substitute organisation for anarchy, and co-operation for struggling or fighting, whenever

they can do so consistently with their independence and freedom. But there is the point. Socialists have no monopoly of appreciation of organised co-operation. It is not in this respect that the great majority of people differ from them: it is that they are unwilling to be organised at the cost of their liberty; that they wish to be free to determine on what conditions they are to co-operate; that they do not see how the organised co-operation suggested is to be realised except through a despotism to which they are not prepared to submit.

Mr. Bradlaugh succeeded much better, and, indeed, as against Mr. Hyndman, perfectly. "Socialism," he said, "denies individual private property and affirms that society organised as the State should own all wealth, direct all labour, and compel the equal distribution of all produce." This is a good definition of the Socialism of the Social Democratic Federation. It is a good definition, one may perhaps even say, of all self-consistent political Socialism which is likely to be of much political significance. But there are many forms of Socialism which are not self-consistent, and many more which are never likely to have any political influence. There is a Socialism which limits its dislike to "individual private property," as property in land. There is a Socialism which deems that the State should appropriate the wealth of individuals only when their wealth is beyond a certain amount. There is a Socialism, as Leroy-Beaulieu observes, which would allow the mistress of a household to be the proprietress of a sewing-needle but by no means

of a sewing-machine. And there is much Socialism which would not go the length of Communism and "compel the equal distribution of all produce." So that Mr. Bradlaugh's definition although a good working definition for the occasion, and not logically assailable by his opponent, is not co-extensive with, or applicable to, all forms of the thing sought to be defined.

Perhaps M. Leroux, who professed to have invented the word Socialism, came as near as any one has done towards correctly defining it. He was what most people would call a Socialist, but he did not deem himself such, and did not use the term to denote a true system. He opposed it, as he said, to Individualism, and so he defined it as "a political organisation in which the individual is sacrificed to society." The definition may be improved by the omission of the word "political," for the obvious reason that there may be, and has been, a Socialism not political but religious. The most thoroughgoing Socialism has generally been of a religious kind. Where the entire sacrifice of the will and interests of the individual to the ends of a community are demanded, as in Communism, the only motive sufficiently strong to secure it for any considerable length of time, even in a small society, is the religious motive.

Socialism, then, as I understand it, is any theory of social organisation which sacrifices the legitimate liberties of individuals to the will or interests of the community. I do not think we can get much farther in the way of definition. The thing to be defined is

of its very nature vague, and to present what is vague as definite is to misrepresent it. No definition of Socialism at once true and precise has ever been given, or ever will be given. For Socialism is essentially, indefinite, indeterminate. It is a tendency and movement towards an extreme. It may be very great or very small; it may manifest itself in the most diverse social and historical connections; it may assume, and has assumed, a multitude of forms. It may show itself merely in slight interferences with the liberties of very small classes of individuals; or it may demand that no individual shall be allowed to be a capitalist or a proprietor, a drawer of interest or a taker of rent; or be entitled even to have a wife or children to himself. It is the opposite of Individualism, which is similarly variable and indeterminate in its nature, so that it may manifest itself merely by rather too much dread of over-legislation, or may go so far as seek the suppression of all government and legislation. Socialism is the exaggeration of the rights and claims of society, just as Individualism is the exaggeration of the rights and claims of individuals. The latter system rests on excessive or exclusive faith in individual independence; the former system rests on excessive or exclusive faith in social authority. Both systems are one-sided and sectarian—as most “isms” are.

According to this view, there may be much truth in Socialism, as there may be much truth in Individualism, but there cannot be either a true Socialism or a true Individualism. The truth lies between them, yet is larger than either. The true doctrine

of society must include the truth, while excluding the error, both of Individualism and of Socialism. It must be a doctrine which, while fully recognising all the just claims of society, fully acknowledges also all the rights of the individuals composing society. The Socialist, of course, supposes his Socialism to be just such a doctrine, and he may claim or attempt so to define it. But obviously the most extreme Individualist must believe the same of his Individualism, and has as good a right to define it as if it were the whole doctrine, and the only true doctrine, of society. The Individualist no more wishes to destroy society than the Socialist to suppress liberty: they agree in desiring to be just both to society and the individual. But notwithstanding this agreement, they differ; and when we seek to distinguish them, and to define their systems, it is not with the mere general purpose or aim which they share in common, but with the specific characteristic in regard to which they differ, that we are concerned. Now, wherein they differ is, that the Socialist, while he may not mean to rob the individual of any portion of his rightful liberty, insists on assigning to society powers incompatible with due individual liberty; and that the Individualist, while he may be anxious that society should be organised in the way most advantageous to all, deems individuals entitled to a freedom which would dissolve and destroy society. Neither Socialism nor Individualism can, with any propriety, be accepted as the true form of social organisation, or its doctrine identified with Sociology or the science of society.

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All definitions of Socialism which characterise it by any feature not essential and peculiar are necessarily futile and misleading. The following is a specimen of the class: "Socialism is a theory of social evolution, based on a new principle of economic organisation, according to which industry should be carried on by co-operative workers jointly controlling the means of production."* Here Socialism is identified with industrial partnership, which is certainly not "a new principle of economic organisation;" and in which there is, properly speaking, nothing whatever of a socialistic nature.

J. S. Mill's definition may seem to resemble the preceding, but is in reality essentially different: "Socialism is any system which requires that the land and the instruments of production should be the property, not of individuals, but of communities or associations, or of the Government."† This definition is defective, inasmuch as it does not apply, as Mr. Mill himself admitted, to Communism, which is the most thorough-going Socialism, the entire abolition of private property. It is, however, a good and honest definition so far as it extends, or was meant to extend. It expressly states that Socialism not merely favours industrial partnership, but recognises no other form of economic organisation as legitimate, and accordingly demands the suppression of all individual property in the means of production.

The mode in which I understand, and in which I

* Kirkup's "Inquiry into Socialism," p. 125.

† "Political Economy," p. 125. People's edition.

mean to employ the term Socialism, will not, I am aware, commend itself to those who call themselves Socialists. I do not ask or expect any Socialist who may read this and the following chapter to assent to the view or definition of Socialism which I have here given. I ask and expect him merely to note in what sense I purpose using the word, namely, to denote only social doctrines, or proposals which I think I may safely undertake to prove require such a sacrifice of the individual to society as society is not entitled to exact. I claim the right to define Socialism frankly and avowedly from my own point of view—the non-socialistic.

But I fully admit that there is a duty corresponding to the right. It is the duty of not attempting to reason from my definition as if it were an absolute truth, or as if it were one to which Socialists assent. Such a definition is merely an affirmation which the opponent of Socialism must undertake to show holds good of any system which he condemns as Socialism, and which an advocate of Socialism must undertake to show does not hold good of the system which he himself recommends.

Any one not a Socialist must, as I have said, define Socialism in a way which will imply that it necessarily involves injustice to individuals. The Socialist will be apt to say that in doing so one starts with the assumption that Socialism is false and wrong, in order, by means of the assumption, to condemn it as such. And the charge will be justified if one really judges of the character of any so-called socialistic system by his definition of Socialism.

But this is what no reasonable and fair-minded man will do. Such a man will examine any system on its own merits, and decide by an unbiassed examination of it as it is in itself whether or not it does justice to individuals; and all that he will do with his definition will be to determine whether, when compared with it, the system in question is to be called socialistic or not. There is nothing unfair or unreasonable in this. It is not judging of Socialism by an unfavourable definition of it; but only deciding, after an investigation which may be, and should be, uninfluenced by the definition, whether the definition be applicable or not.

What has been said as to the nature of Socialism may, however, indicate what ought to be the answer to a question which has been much debated, namely—Is it a merely temporary phase of historical development, or its inevitable issue? Is it a troublesome dream which must soon pass away; or a fatal disease the germs of which the social constitution bears in it from the first and under which it must at last succumb; or the glorious goal to which humanity is gradually moving? On the view of its nature here adopted, it is not exactly any of these things. It is neither merely accidental nor purely essential. It arises from principles inherent in the life and necessary to the welfare of society; but it does not spring from them inevitably, and is the one-sided exaggeration of them. Inasmuch, however, as truth underlies and originates it, and the exaggeration of that truth is always easy, and sometimes most difficult to avoid, without being

strictly necessary it is extremely natural; and society can never be sure that it will ever on earth get free of it, while it may be certain that it will have to pass through crises and conjunctures in which it will find Socialism a very grave matter to deal with. Society has always the Scylla and Charybdis of Socialism and Individualism on its right hand and its left, and it is never without danger from the one or the other. It is sometimes, of course, in much more danger from the one than from the other.

SUPPLEMENTARY NOTE.

It may not be without use to lay before the reader a few more definitions of Socialism. It is very desirable that we should realise how vague and ambiguous the term is, and how indispensable it is to ascertain on all occasions what those who use it mean by it.

When Proudhon, on examination before a magistrate after the days of June in 1848, was asked, What is Socialism? he replied, "Every aspiration towards the amelioration of society." "In that case," said the magistrate, "we are all Socialists." "That is precisely what I think," said Proudhon. It is to be regretted that he was not further asked, What, then, was the use of the definition?

Mr. Kaufman's definition reminds us of Proudhon's. After making the entirely erroneous statement that "the very name" of Socialism means nothing else but "the betterment of society," he tells us that he himself includes under it "Communism, Collectivism, and every systematic effort under whatever name, to improve society according to some theory more or less explicitly defined." See "Subjects of the Day," No. 2, p. 1.

Litré, in a discussion on Socialism contained in his "Paroles de Philosophie Positive," somewhat similarly says, "Socialism is a tendency to modify the present state, under the impulse of an idea of economic amelioration, and by the discussion and intervention of the labouring classes," p. 394. He had already, in

another discussion to be found in the same volume, given a far more extraordinary definition: "Socialism is a word felicitously devised (*heureusement trouvé*) to designate a whole of sentiments, without implying any doctrine," p. 376.

I have not been able to find that Karl Marx has given any formal definition of Socialism. Mr. Holyoake states that he defines the "Socialistic ideal as nothing else than the material world reflected by the human mind, and translated into powers of thought," and remarks that "it would require an insurrection to get the idea into the heads of any considerable number of persons" ("Subjects of the Day," No. 2, p. 96). This is a very curious mistake. The words of Marx are: "With me *the ideal* is nothing else than the material world reflected by the human mind and translated into forms of thought." See pref. to 2nd ed. of "Capital."

Bebel's definition is very pretentious and unreasonable: "Socialism is science applied with clear consciousness and full knowledge to every sphere of human activity" ("Die Frau," p. 376, 13th ed., 1892).

According to Adolf Held, "We can only call Socialism every tendency which demands any kind of subordination of the individual will to the community" ("Sozialismus, Sozialdemokratie, und Sozialpolitik," p. 29). Were this so, all but thorough Anarchists—Anarchists more thorough than any who have yet appeared—would be Socialists.

Dr. Barry, in his admirable "Lectures on Christianity and Socialism," while professedly admitting Held's definition to be satisfactory, gives as its equivalent what is really a much better one: "Socialism must, I take it, properly mean the emphasising and cultivating to a predominant power all the socialising forces—all the forces, that is, which represent man's social nature and assert the sovereignty of human society; just as Individualism is the similar emphasis and cultivation of the energy, the freedom, the rights of each man as individual" (p. 22). What, however, do these words precisely imply? If a theory of society do justice alike to the claims of the individual and of the community, or if a man sacrifice neither the individualising energies of his nature to its socialising forces, nor the latter to the former, but duly cultivate both, there is no more reason, even

according to the definitions given, for describing that man or that theory as socialistic than as individualistic, or as individualistic than as socialistic, and if you either describe them as both, or apply the terms to them indiscriminately, the words Socialism and Individualism cease to have any distinctive meaning. It is only when in theory or in life the emphasising of the social forces is carried to excess relatively to the individual energies, or *vice versâ*, that either Socialism or Individualism emerges. But if so, Dr. Barry should define them just as I do, and recognise as of the very essence of both a departure from truth, a disregard of order and proportion.

Bishop Westcott, in a paper read at the Church Congress, Hull, Oct. 1st, 1890,* treated of Socialism in a way which justly attracted much attention. He identified Socialism with an ideal of life very elevated and true, and recommended that ideal in words of great power and beauty. I can cordially admire his noble pleading for a grand ideal. I am only unable to perceive that the term Socialism should be identified with that ideal. He says: "The term Socialism has been discredited by its connection with many extravagant and revolutionary schemes, but it is a term which needs to be claimed for nobler uses. It has no necessary affinity with any forms of violence, or confiscation, or class selfishness, or financial arrangement. I shall therefore venture to employ it apart from its historical associations as describing a theory of life, and not only a theory of economics. In this sense Socialism is the opposite of Individualism, and it is by contrast with Individualism that the true character of Socialism can best be discerned. Individualism and Socialism correspond with opposite views of humanity. Individualism regards humanity as made up of disconnected or warring atoms; Socialism regards it as an organic whole, a vital unity formed by the combination of contributory members mutually inter-dependent. It follows that Socialism differs from Individualism both in method and in aim. The method of Socialism is co-operation, the method of Individualism is competition. The one regards man as working with man for a common end, the other regards man as working

* Now republished in the volume entitled "The Incarnation and Common Life."

against man for private gain. The aim of Socialism is the fulfilment of service, the aim of Individualism is the attainment of some personal advantage, riches, or place, or fame. Socialism seeks such an organisation of life as shall secure for every one the most complete development of his powers. Individualism seeks primarily the satisfaction of the particular wants of each one in the hope that the pursuit of private interest will in the end secure public welfare" ("Socialism," pp. 3-4).

Now, it seems to me that to dissociate the term Socialism from the forms in which Socialism has manifested itself in history, and to claim it for nobler uses than to express what is distinctive of them, is too generous. What we really need the term for is to designate a species of actual scheme: and to define it aright we must understand by it what is characteristic of all schemes of that species. If nothing but good be admitted into the definition of the term, while the chief or only historical schemes which have an unquestioned right to the name are essentially evil, these schemes must derive from the name and its definition a credit and advantage to which they are not entitled. And if we are thus generous to Socialism we must be less than just to Individualism. Conceiving of it as the opposite of a system wholly good, we must regard it as a system wholly evil. An Individualism which views individuals as entirely unconnected and independent, which excludes co-operation, which deems the good of one as important as the good of many or all, is one which I cannot find to have existed. A Socialism which really regards humanity as an organic whole will also be difficult to discover. In its two great forms of Communism and Collectivism, Socialism is of all economic and political systems the one which most manifestly treats humanity as merely a mass or sum of individuals. The "society" to which it sacrifices individuals is just the majority of individuals. What it aims at is not the realisation of that true ideal of society which Bishop Westcott calls Socialism; it is not the attainment of the highest good of the whole and of every one in relation to the whole, but the attainment of the equal good of all, however much sacrifice of the exceptional and higher good of any may be required for that purpose. Socialism as an historical reality demands the equality of individuals in regard to means, opportunities, labour, and enjoyment. It directly

appeals to the egoism and selfishness of the great majority of individuals. In the words of Mr. Bosanquet, "the basis of Socialism is as yet individualistic, the State being regarded, not as a society organic to good life, but as a machine subservient to the individual's needs *quod* individual." But, it may be said, does that not of itself justify the employment of the term to signify the true theory of society? It seems to me that it does not, and for two reasons: first, because it is not in itself desirable to designate the true theory of society an *ism*; and second, because those who maintain an erroneous theory of society are in actual possession of the name Socialists, and will not forego their right to retain it. Therefore, I think, we ought to restrict the term Socialism as much as we can to their creed. That the term is already far too widely and vaguely used needs no other proof than the number of men recognised as eminently wise who have been befooled by it to such an extent as to tell us that "we are all Socialists now."

The following definitions may be added:—"We call Socialism every doctrine which affirms that it is the office of the State to correct the inequality of wealth which exists among men, and to re-establish by law equilibrium, by taking from those who have too much in order to give to those who have not enough, and that in a permanent manner, and not in such and such a particular case, a famine, for instance, or a public catastrophe, &c." (P. Janet, "Les Origines du Socialisme Contemporain," p. 67).—"In the first place, every Socialistic doctrine aims at introducing greater equality into social conditions; and secondly, it tries to realise these reforms by the action of the law or the State" (E. Laveleye, "Socialism of To-day," p. xv).—"The word Socialism has but one signification: it denotes a doctrine which demands the suppression of the proletariat and the complete remission of wealth and power into the hands of the community (*collectivité*)." (T. De Wyzewa, "Le Mouvement Socialiste," p. 111).—"Socialism is the economic philosophy of the suffering classes." (H. v. Scheel in "Schönberg's Handb. der pol. Oekonomie," Bd. i. 107)

Standard definition of Socialism is the doctrine which affirms that it is the office of the State to correct the inequality of wealth which exists among men, and to re-establish by law equilibrium, by taking from those who have too much in order to give to those who have not enough, and that in a permanent manner, and not in such and such a particular case, a famine, for instance, or a public catastrophe, &c.

CHAPTER II.

HISTORY OF SOCIALISM.

IF we desire to form an intelligent estimate of Socialism we should not fail to take due account of its history. Here I can only make a few, seemingly indispensable, remarks on that history.*

We have of late years heard much about Primitive Socialism. I object to the designation whenever it is used to imply that Socialism was the primitive condition of man. We do not know what the primitive condition of man was. Recent science and research have enabled us to see much farther back into the past than our forefathers could, but they have not yet reached results which entitle us either to affirm or deny that history began with Socialism.

Two views of Primitive Socialism are prevalent, and they are essentially different, delineating two distinct social states, one of which only can have

* OF histories of Socialism, Malon's "Histoire du Socialisme," a five-volumed work, is the fullest of information. In English, Rae's "Contemporary Socialism," Laveleye's "Socialism of To-day" (translated), Graham's "Socialism New and Old," and Kirkup's "History of Socialism," are all valuable. Rudolph Meyer's "Emancipationskampf des Vierten Standes," 2 vols., is a laborious compilation of facts, and rich in documentary sources. Reybaud, Stein, Thonissen, Franck, Janet, Jäger, Adler, and many others have done good work as historians of the socialistic movement.

been primitive, while both might be secondary, the one as a stage of degradation and the other as a stage of improvement. According to McLennan, Lubbock, and a host of other scientists, humanity was cradled in a coarse and brutal Communism. In their view, the earliest human societies knew neither a separate family life nor private property, being ignorant of any other laws than those of inclination and force. If this representation of man's first estate be correct we have only to congratulate ourselves that Primitive Socialism lies so far behind us, for it was not only man's earliest but his lowest and least human condition.

What is most generally meant by Primitive Socialism, however, is a much higher state, one comparatively moral and civilised. Greek and Roman poets sang of a golden age, when poverty and avarice were unknown, when there was no violence or fraud, and when all things were in abundance and in common. It is now claimed that modern historical investigation has discovered this golden age of ancient tradition, and that it is the true Primitive Socialism. Maurer, Maine, and many others, have exhibited a vast amount of evidence, tending to prove that in the history of every country inhabited by any division of the Aryan race, and of not a few countries lying beyond the Aryan area, there was a time when the soil was distributed among groups of self-styled kinsmen, and when private property in land was scarcely known or was non-existent. A very attractive and popular view of the evidence for this conclusion has

been given by M. Laveleye in his well-known work on "Primitive Property." In a general way this historical theory seems legitimately and satisfactorily established. But closer study is revealing that it has been presented too absolutely, and accepted without due criticism and limitation. Much which Laveleye calls *collective property* might more properly be called *collective tenancy*; and much which he calls primitive is probably not very old, and owed its existence largely to the fact that in turbulent times kings and chiefs could have got nothing out of isolated individuals; that only communities could cultivate land and pay taxes or yield services. There is no evidence that the land of the world was ever distributed among peaceful agricultural communities, entirely independent of lords and masters, within or without the community.* On the other hand, the theory which represented private property in land to have been always and everywhere recognised and in force is now entirely discredited. Property in movables naturally preceded property in land; and the collective tenure of land generally preceded, perhaps, its individual tenure.

The stage of society in which land was occupied by communities, not individuals, was one in which men scarcely existed as individuals. The law and the religion which corresponded to it knew next to

* In the latest (fourth) edition of his "De la Propriété et de ses Formes Primitives," 1891, M. Laveleye replied carefully, and at considerable length, to the objections of Fustel de Coulanges, Denman Ross, and other critics of his theory; but not, I think, conclusively.

nothing of individuals; they were concerned with families and groups, in which no one felt with any distinctness that he had rights and duties simply as a man. When the claims of private judgment and of independent action were thus not so much denied and rejected as undiscovered and unimagined, what is called "Primitive Socialism" may have been not only the natural and appropriate form of organisation of human societies, but the only one which they could assume. It is simply just to look back to it with due recognition of its merits; it must be foolish to dream of recalling or restoring it. In every progressive society it has been long outgrown. Where it still lingers it must disappear as freedom and energy increase. The natural childhood of nations as of individuals lies behind them and can never be recalled; the only childhood which the future can have in store for them is an unnatural childhood, that second childhood of decadence which is the sure forerunner of dissolution. When men have once awakened to a sense of their rights and duties as individuals, they can never again be content to think and act merely as members of a community. When the persons who compose society have each become conscious of a properly personal life and destiny, the unconscious kind of Socialism is henceforth impossible. The Socialism which alone seriously concerns us is of a very different character. It is a conscious Socialism, which knows itself and knows its enemy; which is the asserter of one class of claims and rights and the denier of another; which is the vigilant, active combatant, sometimes

defeated, sometimes victorious, but never entirely suppressed, and never completely successful, of individuality and Individualism.*

In the nations of antiquity the individual was sacrificed to the State; but State-absolutism, although clearly related to, is not to be identified with Socialism. The sacrifices which it demands may be political, not social; sacrifices to the governing power, not to the common interest. But what makes the history of nations like Greece and Rome of vast practical importance to a student of Socialism is not so much any socialistic legislation to which these nations had recourse, or any socialistic theories to be found in some of their writers, as the examples which they have left us of cultured and powerful peoples ruined by failure to solve aright "the social question." The direct and immediate cause of the ruin of the Greek cities was neither the falsity of their religion nor the prevalence of slavery. The poor had political rights and political power and they used them against the

* Roscher has shown (see his "Political Economy," book i., ch. v., sec. 78) that the idea of a community of goods, and schemes of a socialistic character, have found favour especially in times when the following conditions have met:—(A) A well-defined confrontation of rich and poor, without any gradual and continuous passing of one class into another; (B) a high degree of the division of labour, by which, on the one hand, the mutual dependence of men grows ever greater, but by which, at the same time, the eye of the uncultivated man becomes less and less able to perceive the connection existing between merit and reward, or service and remuneration; (C) a violent shaking or perplexing of public opinion as regards the sense of right, by revolutions, particularly when they follow rapidly on one another, and take opposite directions; (D) a democratic constitution of society, and the pretensions and feelings which it implies or generates; and (E) a general decay of religion and morals, and the spread of atheistic and materialistic beliefs.

rich to obtain equality of wealth, sometimes imposing all the taxes upon them, sometimes confiscating their goods, sometimes condemning them to death or exile, sometimes abolishing debts, sometimes equally dividing property. The rich resisted by all means in their power, by violence and fraud, conspiracy and treason. Each Greek city thus included, as it were, two hostile peoples, and civil wars were incessant, the object in every war being, as Polybius says, "to displace fortunes." This ruined the Greek cities. Fifty years' agitation of the social question in the same manner would be found sufficient to ruin the strongest nations of modern Europe, notwithstanding their freedom from slavery and their profession of Christianity. Rome suffered and died from the same malady as Greece. Before the close of the Republic she had twice experienced a social revolution of the most sanguinary nature. She sought a refuge and remedy in the Empire, and at the expense of industry it fed and pampered an idle population. This solution secured rest for a time, but naturally ended in utter exhaustion and ruin.*

The series of socialistic ideals or Utopias which have appeared in the world can be traced back to that of Phileas of Chalcedon, about six centuries before Christ.† Attempts to realise socialistic aspira-

* Prof. Pöhlmann of Erlangen has published the first volume of a contemplated elaborate "Geschichte des antiken Kommunismus und Sozialismus," 1893.

† See the volume "Ideal Commonwealths," in Morley's *Universal Library*, the Rev. M. Kaufman's "Utopias: Schemes of Social Improvement from Sir Thos. More to Karl Marx," 1879; and Fr. Kleinwächter's "Die Staatromane. Ein Beitrag zur Lehre vom Communismus und Sozialismus," 1891.

tions and claims have been made in many lands and ages, and in many forms and ways. Socialism is, therefore, no new thing. It has, however, entered on a new period of its history, and one which may be very prolonged and very momentous.

The socialistic theories which appeared in France even before the Revolution* were merely antecedents or preludes of the Socialism which at present prevails. Saint-Simon, who died in 1825, and Fourier, who died in 1837, were its true founders. Both of these extraordinary men left behind them disciples strongly convinced that the reorganisation of society on new principles, by the establishment of new arrangements and institutions, and with a steady view to the amelioration of the class the most numerous and poor, was the most important and urgent of all problems. Louis Blanc convinced a multitude of his countrymen that the national organisation of labour was one of the chief duties of a Government. Proudhon, although a capricious and unequal thinker on economic subjects, has, perhaps, not been surpassed in critical keenness and argumentative ingenuity by any later Socialist. These and other French writers made Socialism in its new phase known to all Europe, but for a considerable time it remained almost confined to France. It is no longer so. France is now far from being the country most threatened by Socialism. Agrarian Socialism has little chance of success in France, owing to the relatively large number of its land-

* The theories referred to are those of Meslier, Morelly, Mably, Rousseau, and Babeuf.

owners. Anti-capitalist Socialism has no attraction for the *bourgeoisie*, and can only move the masses in the manufacturing towns in France, and these are comparatively few in number. Socialism has, however, numerous adherents, sincere and effective advocates, and skilful literary representatives in France. French Socialism was no more slain on the barricades of 1871 than on those of 1848.*

Every country of Europe has now been more or less invaded by Socialism; and, of course, all these countries supply the United States of America with advocates of it.†

In Spain and Italy it has taken a strong hold of the peasantry, who are in many districts grievously oppressed by excessive rent and taxation, and the result has been seen in various local insurrections. In Switzerland it has been extensively advocated by political refugees of various

* I have had occasion to treat at considerable length of Saint-Simon, Fourier, Louis Blanc, Proudhon, Auguste Comte, and other French Socialists, in my "Historical Philosophy in France and French Belgium and Switzerland." Of contemporary French Socialism, MM. Guesde and Lafargue are typical representatives. A politician like M. Naquet, and an economist like M. Gide, do not seem to me to be Socialists properly so-called.

† On the earlier history of American Socialism, Noyes' "History of American Socialisms," 1870, gives most information. Of its later history, the best account is A. Sartorius von Walterhausen's "Der Moderne Socialismus in den Vereinigten Staaten von Amerika," 1870. See also R. T. Ely's "Labour Movement in America," 1886, Ed. and E. Marx-Aveling's "Labour Movement in America," 1888, and N. P. Gillman's "Socialism and the American Spirit," 1893. America has in Henry George, Laurence Gronland, and Edward Bellamy, three exceptionally interesting literary representatives of Socialism. Contemporary American Socialism has been chiefly derived from Germany. Most of its journals are in the German language. Of the eight "Chicago Martyrs," five were

nationalities, but with little effect on the native inhabitants. In Belgium, which has a dense agricultural and manufacturing population, and where labour is very poorly remunerated, socialistic doctrines and schemes are probably more prevalent than in any other country.

Russia has given birth to a very strange system, which one always finds classed as Socialism, and which does not in general protest against being so regarded—the system called Anarchism or Nihilism. It is, however, in reality, rather the extreme and extravagance of Individualism than a form of Socialism; and it is only just not to hold Socialism responsible either for its principles or its practices. It is an expression of the intense hatred to authority which unlimited despotism has engendered in deeply impressionable minds. It will hear of no authority in heaven or earth, of no subordination of man to man, or of man to any recognised moral or spiritual law. It says: Use all your strength and energy to level down the whole edifice of society which has been built up by the labour of ages; sweep away all extant institutions so as to produce “perfect amorphism,” for if any of them be spared they will become the germs out of which the old social iniquities will spring up again; break up the nation and the family, and get rid of the bondage which they involve; destroy all States and Churches, with all their regulations and offices, all their obligations

born in Germany, and a sixth, although born in the States, was of German parentage and education. Only one was a genuine American.

and sanctions; work towards confusion and chaos, in the faith that out of them will emerge a future in which all will breathe with absolute freedom; yet take no anxious thought as to the organisation of the future, for all such thought is evil, as it hinders destruction pure and simple, and impedes the progress of the revolution. Such was the creed of Bakunin, the apostle of Nihilism, a creed which he was able to spread not only over Russia, but throughout southern and western Europe, and for which many men and women have shown themselves willing to die and ready to murder.

It may, perhaps, seem to be merely the uttermost extreme of Individualism, and to have nothing socialistic in it. But extremes meet. When liberty degenerates into license, that license is found to be slavery. So when individuality generates anarchy, what it first and most assuredly destroys is its own self. The primary function of government is to coerce and suppress crime. Abolish government and crime will govern; the murderer and the thief will take the place of the magistrate and the policeman; every individuality will count only as a force, not as a being entitled to rights. Even the Nihilist cannot quite fail to see this; cannot altogether refuse to recognise that except as a stage of transition, a society without government would be in a more deplorable state than if under the harshest despotism. Hence he lives in hope that out of the anarchy which he will produce, organised societies will spontaneously emerge, in the form of small agricultural communities, each of which will be self-

governing and self-sufficing, contentedly cultivating its bit of land, and fairly sharing the produce among its members.

But he fails to give reasons for his hope. He does not show that societies ever have been, or are ever likely to be, organised *spontaneously*, or otherwise than through the exercise of authority and the discipline of law. He does not explain how, were society overthrown and reduced to chaos, the result of the interaction of conflicting individual forces would be the springing up over all the earth of peaceful self-governing communities. He does not prove, and cannot prove, that if Europe were to become somewhat like what Russia would be if it had only its *mir*s, and if the Czar, the Germans and the Jews, the nobility and the clergy, the soldiers and police, the fortresses and prisons were swept away, its condition would be preferable to what it is at present. He does not indicate how he purposes to prevent the social world of his hope and admiration from again lapsing and passing through all those phases of civilisation which he detests; how he would arrest the growth of the individuality, that is to say, of the independence of character, the originality of mind, the personal energy, and the special acquirements and special skill, which would gradually but surely destroy it, just as they have destroyed what was like it in the past, just as they are now destroying the Russian *mir*.

The ideal of the Nihilist seems to be a very poor one in itself; and yet there appears to be no way of realising it except by Nihilists annihilating all

who do not agree with them. Any scheme which can only be realised by men wading through the blood of their fellow-men should need no discussion.

I have said thus much about Nihilism, because it is generally regarded as Socialism; but I shall say no more about it in these pages. And for two reasons: first, it is, on the whole, not Socialism; and secondly, it is more of a disease than an error, and should be treated rather by moral remedies than by arguments. Its educated advocates are men and women who have been maddened by the sight of the effects of despotic and selfish government; and its ignorant believers are largely composed of those whom hunger, bad usage, and despair, have rendered incapable of weighing reasons. It cannot be satisfactorily dealt with by logic, and still less by steel and shot; but only by better social arrangements, juster laws, a sounder education, a purer and more energetic morality, a truer and more beneficent religion.*

* The theory of Anarchism is advocated with an eloquence worthy of a better cause in the following pamphlets, all procurable in an English form: M. Bakunin's "God and the State;" Elisée Reclus' "Evolution and Revolution;" and P. Krapotkin's "Law and Authority," "Expropriation," "Place of Anarchism in Socialistic Evolution," "War," and "Appeal to the Young." I may quote the words with which Prince Krapotkin closes his "Law and Authority," inasmuch as they convey the general practical outcome of Anarchism:—"In the next revolution we hope that this cry will go forth: 'Burn the guillotines; demolish the prisons; drive away the judges, policemen, and informers—the impurest race upon the face of the earth; treat as a brother the man who has been led by passion to do ill to his fellow; above all, take from the ignoble products of middle-class idleness the possibility of displaying their vices in attractive colours; and be sure that but few crimes will mar our society.' The main supports of crime are idleness, law, and authority; laws about property, laws about

Socialism has nowhere made more remarkable progress than in Germany. Previous to 1840 it had scarcely any existence in that country. The organisation of the German social democratic party took shape under the hands of Marx and Engels in 1847. The political agitations of 1848 were, on the whole, favourable to it. The conflict of labour and capital, which was at its keenest about 1860, was still more so, and is what chiefly explains the extraordinary success of the socialistic campaign so brilliantly conducted by Lassalle from 1863 to 1865. The Socialism of Germany has had more skilful leaders, and a better organisation, than Socialism elsewhere. At present it is a power which neither Church nor State can afford to despise. It would seem as if every eighth voter were a Socialist. Socialism is also indebted to German thinkers—Rodbertus, Winkelblech, Marx, Lassalle, Schäffle, and others—for its elaboration into a form which allows it to put forth with plausibility the claim to have become scientific, and which really entitles it

government, laws about penalties and misdemeanours; and authority, which takes upon itself to manufacture these laws and to apply them. No more laws! No more judges! Liberty, equality, and practical human sympathy are the only effectual barriers we can oppose to the anti-social instincts of certain amongst us." Among the most instructive works as to Anarchism and Socialism in Russia are Thun's "Geschichte der Revolutionären Bewegungen in Russland," the most complete work, so far as it goes, but ending with 1883; Anatole Leroy-Beaulieu's "Empire des Tsars"; Stepniak's "Underground Russia"; and J. Bourdeau's "Le Socialisme Allemand et le Nihilisme Russe," 1892. On anarchism in general, see Adler's article "Anarchismus" in Lexis, "Handw. d. Staatsw.," vol. i., and on so-called "Scientific Anarchism," a paper by H. L. Osgood in the *Political Science Quarterly*, March 1889.

to expect that it will no longer be judged of by the schemes propounded at the earlier stages of its history.

There is prevalent, however, a very exaggerated conception of the success of German Socialism. It is by many supposed to have effected a revolution in the thinking of German economists, and to have converted the most of them to its creed. It is very generally believed that the German professors of Political Economy have gone largely over to the socialist camp, and that what are called "Socialists of the Chair," or "Professorial Socialists," are true Socialists. This is a mistaken view. Socialism, in the proper sense of the term, has gained scarcely any proselytes from among the professors of political economy in Germany.

The doctrines of free trade, of unlimited competition, of the non-intervention of the State, were, it must be remembered, never so popular among German as among English political economists; and during the last forty years far the largest school of political economy in Germany, the historical school, has been bearing a continuous protest against what is called Smithianism and Manchesterdom, and English political economy, as insular and narrow, too negative, too abstract and deductive, and blindly hopeful of national salvation from leaving every man to look after himself. German political economists, in passing from that to their present so-called socialistic position, have moved neither so rapidly nor so far as many of our Liberals who have passed into Radicals, and from being advocates of

freedom and non-interference have become enthusiasts for fair rents, State-aid, and State-intervention.

The so-called Professorial Socialists of Germany have not got farther than our own governmental politicians. There is a large section of them whose alleged Socialism is simply the protectionism of paternal government, the protectionism of Prince Bismarck, but which that astute statesman naturally preferred to call his Socialism when he appealed to socialistic working-men. There is another large section of them whose so-called Socialism consists in adopting a programme of political reforms similar to that which Mr. Chamberlain propounded in this country in 1885. It may be questioned, however, if there be one true Socialist among them. They are simply State-interventionists of either a Conservative or a Radical type. In calling themselves, or allowing themselves to be called, Socialists, they are sailing under false colours. Their views as to property, labour, capital, profit, interest, &c., are essentially different from those of real Socialists.*

* The history of Socialism in Germany is treated of in the works mentioned in the note on p. 28. It is right, however, to mention in addition as exceptionally thorough and valuable studies, W. H. Dawson's "German Socialism and Ferdinand Lassalle" and "Bismarck and State Socialism." The best general view of the German schools of political economy is still, so far as I am aware, an Italian work published eighteen years ago, Professor Cusumano's "Scuole Economiche della Germania." The term "Kathedersocialist," Socialist of the Chair, or Professorial Socialist, was first employed as a nickname, and then accepted by those to whom it was applied, in the hope that they would thereby secure that Socialism would not be identified with the sort of doctrine taught by Marx, Lassalle, &c. M. Léon Say treats of State-Socialism in Germany, as well as in England and Italy in his "Socialisme d'Etat," 1890. The progress of Socialism in

It is only in recent years that Socialism has made any considerable progress in Britain. The socialistic doctrine of Owen was very vague and nebulous. The "Christian Socialism" of Maurice and Kingsley, Ludlow, Hughes, and Neale, was thoroughly Christian, but not at all socialistic. The oldest socialistic association at present existing in England is the Social Democratic Federation, which was founded in 1881, but which did not put forth its socialistic programme until 1883. Its offshoot, the Socialistic League, was formed in 1884. The Fabian Society and the Guild of St. Matthew are smaller socialistic bodies. There are numerous branch associations throughout the land. The creed of Socialism is propagated by *To-day*, *Justice*, *The Commonwealth*, *The Socialist*, *Freedom*, *The Church Reformer*, *The Christian Socialist*, and other periodicals.* The names of Hyndman, Champion, Joynes, John Burns, Miss Helen Taylor, Morris, Bax, Dr. and Mrs. Aveling, Mrs. Besant, Bernard Shaw, and the Rev. Stewart Headlam, are widely known as those of leaders of the various sections of English Socialists. There are, so far as I am aware, no

Germany from 1871 to 1893 is strikingly manifest in the increase in the number of deputies which the party has become able to return to the Reichstag. The numbers were in 1871 two, in 1874 nine, in 1877 twelve, in 1878 nine, in 1881 twelve, in 1884 twenty-five, in 1887 eleven, in 1890 thirty-six, and in 1893 forty-four. The Social Democratic vote at the Reichstag elections was in 1871, 101,927; in 1874, 351,670; in 1877, 493,447; in 1878, 437,458; in 1881, 311,961; in 1884, 549,000; in 1887, 774,128; in 1890, 1,342,000; and in 1893, 1,800,000. On this subject see Dawson's "German Socialism and Ferdinand Lassalle," ch. xiv., and the valuable report of Mr. Geoffrey Drage on Conditions of Labour in Germany—"Royal Commission of Labour," Foreign Reports, vol. v., 1893.

* See Supplementary Note to the present chapter.

reliable statistics as to the number of Socialists in Britain. In the years of commercial and industrial depression through which the country has recently passed, when multitudes were thrown out of employment and brought to the verge of starvation, the socialistic propaganda had a kind of success which filled the minds of many who favoured it with exaggerated hopes, and those of many who disliked it with equally exaggerated fears. They fancied that the working classes were about to be won over as a body to the new faith, and that the social revolution which had been predicted was at hand. They overlooked the fact that the movement advanced with exceptional rapidity only among the unemployed, and those most affected by the causes by which that class was so largely increased; and that Socialism must, from its very nature, be far more likely to spread among those who have nothing to lose than among those who have, and in bad times than in good. When honest, sober, industrious men cannot get work to do and bread to eat, it is not wonderful that they should turn Socialists; and if they do so sympathy is the chief feeling with which they must be regarded. Men who are not employed because of their lack of honesty and sobriety, ought to be otherwise viewed and dealt with, but they are none the less likely to be easily persuaded to approve of Socialism either in the form of Communism or Collectivism.

There is no evidence that British working-men have to any very great extent gone over to Socialism strictly so called. There are no signs of

Socialism having made much progress in this country during the last three or four years.* But our comparative immunity in the past is no guarantee that there will be immunity in the future. And certainly no country in the world would have so desperate a task devolved upon it as our own, were Socialism to become either the creed or the ideal of masses of our population.

No other country has the bulk of its land owned by so few persons. In no other country is industry so dependent on the enterprise of large capitalists. No other country has in anything like so small a space above one hundred towns each with above 100,000 inhabitants.

The more highly developed, the more elaborately organised national life becomes, the less fitted, the less capable, does it become to pass through a social revolution. Let Britain become, like Athens, the scene of a struggle between the rich and the poor, the former striving to keep and the latter to seize the wealth of the nation; or let the poorer classes of Britain become like those of Rome, after they had gained their enfranchisement, weary of the production of wealth, and resolved on such a distribution of it as will give them maintenance and amusement without labour; and it will need no foreign enemy to lay this mighty empire prostrate. In such a case there could only be in store for us an alternation of revolutions, a restless tossing between anarchy and

* This statement, it must be noted, refers to the years before 1899. I am inclined to believe that it has made much more progress during the years which have since elapsed.

despotism. In such a state the barbarians would not require to come from afar for our overthrow; the barbarians would be here.

There is much to favour the spread of Socialism amongst us. Many rich persons make a deplorable use of their riches—a frivolous, selfish, wasteful, corrupting use of them. Masses of the people are in a state of misery and degradation disgraceful to the nation, and which, if unremedied, must be fruitful of mischief. Our population is so dense, and our industrial economy so elaborate that a slight cause may easily produce great disaster and wide discontent. The pressure of competition is often very hard, and many human beings have to labour to an excess which may well explain the revolt of their hearts against the arrangements under which they suffer. The foundations of religious faith have been so sapped and shaken by various forces, that there are thousands on thousands in the land devoid of the strength and steadfastness to be derived from trust in God and the hope of a world to come. In consequence of the wide prevalence of practical materialism, many have no clear recognition of moral law, of right as right, of the majesty of simple duty. The balance of political power is now unquestionably on the side of the majority; and although it is just that it should be so, it does not follow that the majority may not do unjustly, may not act quite as selfishly as the minority did when dominant; while it is evident that there will be more ready to seek to gain their favour by false and unmanly ways.

Yet there is nothing to warrant a pessimistic view of the course of coming events, or despair as to the future. The resources for good which providence has placed in the hands of the British people are immense, and, if faithfully used, they are amply adequate to avert every danger. Although the extremes of poverty and wealth in this country be at an enormous distance from each other, the whole interval is filled up by classes which pass into one another by insensible gradations, and which collectively so outnumber either the very rich or the very poor that at present the chance of success of any socialistic revolution must be pronounced infinitesimally small. The workmen of Great Britain have never, like the citizens of Greece and Rome, sought to get free of work, but only to be better paid for their work. A feeling of the honourableness of labour is on the increase. Socialism itself is a testimony to the growth of the sense of brotherhood. Faith in God and faith in duty may have been here and there shaken, but they have not been uprooted, and are even widely and vigorously displaying their vitality. Individuality of character and the love of personal independence will not be easily vanquished in Britain. It has never been the character of the nation to adopt vague and revolutionary proposals without criticism of them and consideration of their cost. We may be less exposed to the dangers of Individualism, and more to those of Socialism, than we were twenty years ago, but to be afraid of the speedy and decisive triumph of Socialism is to be foolishly alarmed.

SUPPLEMENTARY NOTE—BRITISH SOCIALISM.

During the last two years Socialism has continued to be energetically propagated in this country. In London especially the activity displayed has been extraordinary. The media of propagandism have been lectures in public halls, open-air meetings, demonstrations, conferences, pamphlets, periodicals, &c. That Socialism has during this period made considerable progress cannot reasonably be doubted. How much progress it has made cannot apparently be determined. Socialists are not only very zealous, but very careful to keep themselves *en evidence*, and apt to claim to have accomplished more than they have really effected. At the same time their influence, I believe, is really great in proportion to their numbers. They have enthusiasm, an ideal, and popular and devoted leaders.

What makes it impossible to determine accurately the numbers or strength of British Socialism is that it exists to a far greater extent in combination with other modes or systems of thought, than in a separate or pure form. Thus it has amalgamated to such an extent with Secularism that we now have comparatively little of the latter in a pure form. We are not, therefore, to suppose that there are fewer Secularists in reality. There are only fewer in name.* In like manner, Socialism has, although to a much less extent, entered into unions with Philanthropy, Spiritualism, and Christianity, from which have arisen small socialistic sects, with which the main socialistic body has little sympathy, yet which help to increase the number of real, and especially of nominal socialists.

It owes far more of its success, however, to having appropriated, under the guise of "proximate demands," "measures

* In *The National Reformer* of March 12th, 1893, the following communication appears:—"At the weekly meeting of the Social Democratic Federation (North Kensington Branch), on Sunday, 19th ult., Mr. St. John (National Secular Society) delivered an anti-Christian lecture, calling attention to the danger to advanced movements from persons of the 'Christian-Socialist' type. In the course of the discussion which followed, each speaker declared himself an Atheist, and supported the lecturer's contention, urging that the time had arrived to endeavour to purge the Socialist movement of all who retained the slightest suspicion of superstition."

called for to palliate the evils of existing society," "means of transition to the socialistic state," and the like, the schemes and proposals of the Liberalism or Radicalism which it professes to despise. All these it claims as socialistic, and presents as if they were original discoveries of its own. It has thus put so-called Liberalism and Radicalism to a serious disadvantage, and greatly benefited itself. The result is not yet so apparent in the disorganisation and weakening of Liberalism or Radicalism in Britain as in Germany, but it can hardly fail to manifest itself. In its real spirit and nature, of course, Socialism is more akin to Protectionism of the Paternal State type than to Liberalism. Hence there are various shades and degrees of what is known as State Socialism.

Finally, British Socialism owes most of the strength it possesses to its connection with the cause of Labour. We are not therefore to suppose, however, that it has thereby secured to itself the full strength of the Labour Movement. Socialism for the reason just indicated naturally seems large and strong. But for the same reason it may be much smaller and weaker than it seems. Many who profess to be Socialists would probably disown Socialism just when it began to be properly socialistic, *i.e.*, to expropriate, collectivise, and compulsorily organise. Our British Socialism is quite possibly not unlike "the great image" of Nebuchadnezzar's dream; of which, we are told, "the brightness was excellent," "the form terrible," and the materials "gold, silver, brass, and iron"; yet which, because it rested on feet partly of clay, became, when struck, "like the chaff of the summer threshing-floor." May not real Socialism be only the clay in the feet of "the great image," nominal Socialism?

Within the last two years various changes have taken place in the socialistic periodical press.

Anarchism has, so far as I am aware, no periodical organ in England at present. *Freedom* has, I think, ceased to appear, but I am not sure of this; it has often shown itself alive after being supposed to be dead. *The Commonwealth*, once the organ of the Socialist League, has not been published since May 1892, when its editor was condemned to imprisonment on the charge of writing an article inciting to the murder of Mr. Justice Hawkins. The Anarchist party is universally admitted to be a very small

one; and we may congratulate ourselves that it is so, notwithstanding that Mr. Sidney Webb assures us that the Anarchist is a man "whose main defect may be characterised as being "too good for this world" ("Socialism in England," p. 55).

The following socialistic periodicals are in circulation at the present time (June 1893):—*Justice*, *The Workman's Times*, *The Clarion*, and *The Christian Weekly*—all weekly publications; and *The Labour Elector*, *The Labour Prophet*, *The Labour Leader*, *Land and Labour*, *Brotherhood*, *The Church Reformer*, and *The Positivist Review*—all monthly publications.

Justice is the oldest organ of pure Socialism in the United Kingdom, and at present the only organ of the Social Democratic Federation. It may fairly claim to have "for the past ten years fearlessly and honestly advocated the cause of Socialism." It has avoided every kind of compromising concession, and rather repelled than sought partial sympathisers. The number of subscribers to this consistent and ably conducted paper would, perhaps, be about the clearest indication procurable as to the extent of the belief in Socialism pure and simple. It is admitted that the number has never been large. H. M. Hyndman, H. Queleh, E. Belfort Bax, W. Uttley, and S. Stepniak are among its chief contributors.

The Workman's Times is in the third year of its existence. Its contents are of a somewhat miscellaneous nature. Its principles are decidedly Marxian. Messrs. Champion and Barry accuse it of attempting to exploit the Independent Labour Party for business purposes. Its chief merit is the amount of information which it gives regarding Continental Socialism. Of its contributors may be named Eleanor and Ed. Marx-Aveling, H. Halliday Sparling, Miss Conway, and H. Russell Smart, &c.

The Clarion is published at Manchester, and edited by "Nunquam" (R. Blatchford). Some of the contributions of the editor show reading and reflection, but no praise can be honestly given to three-fourths of the contents of each number. Until I saw this publication I believed it impossible that Socialists, men professing to have a great cause and mission at heart, could be on a level either as regards intelligence or taste with the readers of *Sloper*.

The Christian Weekly is a new periodical, a sequel to *Religious Bits*. It aims at promoting a reformation which "will result in

the abolition of the monopolies of land and capital, which create the extremes of poverty and riches; of the vested interests which maintain the drink traffic; of the want and luxury which propagate sexual immorality; and of the legal violence which compels one man to do the will of another." It has on its staff a practised expositor of Socialism in J. C. Kenworthy.

We pass to the monthlies. *The Labour Elector* has appeared monthly instead of weekly since May, owing to the illness of its chief conductor, Mr. H. H. Champion, a man of strong individuality who has long taken an active part in socialistic and labour movements. It is exceptionally free, for a socialistic publication, from visionariness; shows no prejudice in favour of popular politicians; and is candid to excess, perhaps, in pointing out the weaknesses and faults of the "friends of Labour." Its claim to "treat of all important Labour questions from an absolutely independent point of view" is not likely to be challenged by any one; but it may, perhaps, be thought that it also treats of all Labour leaders, except Mr. Champion, too much *de haut en bas*. It does not expend much of its strength in direct socialistic propagandism.

The Labour Prophet, the organ of the Labour Church, is edited by John Trevor, and published at Manchester. *The Labour Leader* is edited by Keir Hardie, M.P., and published at Dumfries. *Land and Labour* is the organ of the Land Nationalisation Society.

Brotherhood, a Magazine of Social Progress, is in its seventh year. It is owing to the self-sacrifice of its editor, Mr. J. Bruce Wallace, M.A., of Brotherhood Church, that it has attained this age. In May of the present year there was incorporated with it *The Nationalization News: the Journal of the Nationalization of Labour Society, established to Promote the System Proposed in "Looking Backward."* *The Christian Socialist* had been previously amalgamated with it. It aims at propagating the principles of Universal Brotherhood and Industrial Co-operation upon a national and religious basis, and demands of those who reject Socialism to show them "some more fraternal social system, some fuller practical recognition of what is associated in the Divine All-Fatherhood." The group of Socialists represented by *Brotherhood* is characterised by faith in Mr. Bellamy and in home co-operative colonies.

The Church Reformer, edited by the Rev. Stewart D. Headlam, is (only in part) the organ of the Guild of St. Matthew. This Guild, founded by Mr. Headlam, has for objects:—"1. To get rid, by every possible means, of the existing prejudices, especially on the part of 'secularists,' against the Church, her Sacraments and Doctrines; and to endeavour 'to justify God to the people.' 2. To promote frequent and reverent worship in the Holy Communion, and a better observance of the teaching of the Church of England as set forth in the Book of Common Prayer. 3. To promote the study of Social and Political Questions in the light of the Incarnation." If the views of the members of the Guild are even in general accordance with those of the editor and chief contributors to *The Church Reformer* there can be no more reasonable doubt of the genuineness of their Socialism than of their Sacerdotalism. Mr. Headlam and his friends are naturally much occupied at present with the question of Disestablishment. They oppose the Disestablishment policy of the Liberationists, not only on the ground of its selfishness and unspirituality, but also of its inadequacy and incompleteness. What they themselves demand is a liberation of the Church from Mammon and Caste; that the Church shall be treated as a universal brotherhood of equals, a spiritual democracy, in which all baptised are entitled to a share in the election of their bishops and clergy; that patronage in all forms shall be abolished; and that all endowments and property shall be nationalised without any distinction between Church or other property, or between the property of one Church and another. Landowners they would get rid of by taxation which is to rise by degrees till it reaches 20s. in the pound. "As for compensation," says Mr. Headlam, "from the point of view of the highest Christian morality, it is the landlords who should compensate the people, not the people the landlords. But practically, if you carry out this reform by taxation, no compensation would be necessary or even possible" ("Christian Socialism," p. 14).

Positivism claims to be the truest and completest form of Socialism; and so I may here mention *The Positivist Review*, published since the beginning of the present year, and containing in each number a contribution by Frederic Harrison, by Dr. Bridges, and by its editor, Professor Beesly.

There is a quarterly periodical, *Seed-Time*, which is mildly and vaguely socialistic. It is the organ of the New Fellowship, a society which has arisen from the personal and literary influence of Mr. Edward Carpenter, author of "Towards Democracy," "England's Ideal," &c. The general aim of the New Fellowship is one with which few men will fail to sympathise; it is truly to socialise the world by truly humanising it. Its central thought can hardly be better expressed than in the following sentence of Mr. Maurice Adams: "The greatest aid we can render towards the abolition of despotism, and the establishment of a true democracy, both in the home and in the State, is to allow the New Spirit of Solidarity and Fellowship to have full possession of our being, so that it may, as Walter Besant has so happily expressed it, 'destroy respect and build up reverence,' to allow free play to our sympathy with every human being, that the thought of his subjection or degradation may be as intolerable to us as that of our own; to give our full allegiance to the great truth that only in mutual service and comradeship can we ever realise life's deepest joy." The members of the New Fellowship are obviously good, cultured, high-minded men and women, deeply imbued with the sentiments and ideas which are the inspiration and essence of the writings of Ruskin, Thoreau, and Tolstoi, of Wordsworth, Browning, and Tennyson. *Seed-Time*, like *Brotherhood*, has advocated the formation of industrial villages for the able-bodied poor.

The Social Outlook is an occasional magazine, edited by the Rev. Herbert V. Mills, Honorary Secretary of the Home Colonisation Society. The attempt made at Starthwaite, under the direction of Mr. Mills, ended in May last in forced evictions.

The socialistic periodicals mentioned above are all those known to me, but there may quite possibly be others. There are certainly not a few newspapers and journals which show a bias towards Socialism.

The Fabian Society, founded in 1883, does not maintain an official journal, but it is active in issuing tracts. Its leading members, although nebulous thinkers, are fluent speakers and expert writers, and well known as popular lecturers and essayists.

The strength of Socialism in Britain lies mainly in London.

Socialism does not appear to be flourishing in Scotland. There are, however, socialist societies in Edinburgh, Glasgow, Aberdeen, and Dundee. In Ireland Socialism has hardly yet made itself felt. This is, of course, because in Ireland only the Land Question has been of late agitated. When the Labour Question emerges Socialism will appear, probably in a very bad form.

British Socialism has an extraordinary number of officers relatively to privates. Many of them are able, and some of them are distinguished men; but no general or commander, no man of great organising and guiding genius has yet appeared among them.

The best account of the development of Socialism in this country is Sidney Webb's "Socialism in England," 1890. Mr. Webb is a prominent member of the Fabian Society.*

* The foregoing note was written in June 1893, and the author holds himself responsible only for its correctness at that date. There is probably no portion of the periodical press in which comparatively so many changes occur as the socialistic. *The Commonweal* has reappeared, and *The Labour Leader* is now published in London and Glasgow.

The German socialistic periodicals are much more numerous than the British, and the French still more numerous than the German. German anarchist journals have been for the most part published in London and in the United States. The *Arbeiterfreund* (printed in Hebrew characters), the *Autonomie, anarchisches, kommunistisches Organ*, and the *Freiheit, internationales Organ der Anarchisten deutscher Sprache*, are among those which have been printed in London.

The French anarchist journals are numerous, and generally of the most mischievous character. Among those which have appeared during the last ten or twelve years are *L'Affirmé, L'Alarme, L'Audace, La Bataille, Ça ira, Le Dési, Le Drapeau Noir, Le Drapeau Rouge, Le Droit anarchique, L'Émeute, Le Forçat du Travail, L'Hydre anarchiste, L'Internatalanarchiste, La Lutte sociale, La Revolté, Le Revolté, La Revue anarchiste, La Revue Antipatriotique, and La Vengeance anarchiste.*

During the last few years Socialism has been making rapid progress in France. Whereas in the elections of 1889 the Socialist votes amounted to only 90,000, in 1893 they numbered 500,000, of which 226,000 were from Paris alone. The Socialists in the Chamber of Deputies are consequently now able to play as preponderating a rôle as do the Irish Nationalists in our own House of Commons.

CHAPTER III.

COMMUNISM, COLLECTIVISM, AND STATE INTERVENTION.

THE two chief forms of Socialism are Communism and Collectivism. Both are clearly included in Socialism, and they are easily distinguishable. It is unnecessary to say much regarding the first. The second is the only kind of Socialism which is very formidable, and, consequently, the only kind which urgently requires to be discussed.

Communism is related to Socialism as a species to its genus. All Communists are Socialists, but all Socialists are not Communists. Perhaps all Socialism tends to Communism. Socialism revolts against the inequalities of condition which result from the exercise of liberty. But why should it stop short, or where, in opposing them, can it stop short, of the complete equality of conditions in which Communism consists? Only when property is left undivided, when it is held and enjoyed by the members of a society in common, is there equality of condition.

It is often said that Communism is impracticable. In reality it is the form of Socialism which is far the most easily, and has been far the most frequently, practised. Communistic societies have existed

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in nearly every land, and have appeared in almost all ages of the world. It would be easy to collect from the last two thousand years of history many hundreds, and, from the present century, many dozens, of examples of such societies. The family has from its very nature somewhat of a communistic character. The aggregation of families originated those so-called primitive communities still extant in various countries, which held land in common, and in which there very probably was at first proprietary equality among all the families of each group. But such natural or naturally evolved forms of society as families and village communities have never been found to be exclusively communistic, or without considerable distinctions and inequalities of condition existing between their members. Many societies more properly designated communistic have had their origin and end in religion, as, for example, that of the early Christians in Apostolic times, those among the Gnostic sects, the monastic brotherhoods of the Catholic Church, the pantheistic brotherhoods of mediæval heretics, &c., down to the associations of Shakers and Rappists in the United States. Religious Communism has in some cases flourished and conferred great services on humanity, owing to the religious abnegation and zeal which have originated and inspired it, but it has certainly cast no light on how the bulk of mankind may acquire a sufficiency of the means of material well-being.

It is, perhaps, only in the present century that communistic societies have been formed as solutions

of the industrial and social problem. The great field for experiments of the kind has been the United States. These experiments have not been un instructive or useless; and no reasonable person will regret that they have been made, or desire to see the liberty of repeating and varying them restricted. It may be unwise in a man to surrender his individual rights or personal property in order to become a member of a communistic society, but if he does so freely, and can quit the society should he get tired of it, he ought to be allowed to have his own way. The fullest freedom of combination, of co-operation, and of association cannot be justly withheld so long as the primary laws of morality are not violated.

Already, however, it is clear enough that no communistic experiments carried on in the backwoods of America will yield much light as to how the economic and social evils which endanger countries in advanced stages of development, are to be removed or remedied. A large number of experiments made have entirely failed, ending in a forsaken saw-pit and an empty larder. Others have had considerable success. In the United States there are at the present time between seventy and eighty communistic societies, a goodly proportion of which are not of recent origin, while a few of them are about a century old. It has been estimated that their collective or aggregate wealth if equally divided among their members would amount to about £800 for each, which far exceeds the average wealth of the population even of the richest countries. But the slightest investi-

gation of the causes of the prosperity of the more flourishing of these societies shows that they are of a kind which must necessarily prevent Communism from being any generally applicable solution of the social problem.

Communistic associations have had advantages in America which could not have been obtained in Europe. They have got land for little or nothing, and timber for the mere trouble of cutting it down. They have lived under the protection of a powerful government, and, through means of communication provided by a wealth not their own, within reach of large markets. They have, for the most part, had capital to start with, and been composed of select and energetic individuals.

But what is still more important to be remarked is, that wherever communistic associations have not proved failures as industrial or economical experiments, their success has been dependent on two conditions—namely, a small membership and a strict discipline; the one of which proves that Communism cannot be applied to nations, and the other of which shows that it is not in harmony with the temper of a democratic age. It is only when a communistic society is small that each member can see it to be for his own advantage to labour diligently and energetically. The more the number of associates is increased the more is the interest of each to work for the increase of the collective wealth diminished, and the greater become the temptations of each to idleness. If a man be one of 400 persons engaged in any industrial undertaking, the whole produce or gain of

which is to be equally divided among the co-operators, the inducement to exertion presented to his mind in the form of self-interest, will probably be stronger than that which acts on the majority of men who work for wages. Not so, however, if he be one in 4000; and if he be only one in 40,000, it will be hopelessly weak. But were nations like Britain, France, and Germany placed under a communistic system, each man would be only one in thirty, forty, or more millions of co-operators, all entitled to share alike. In this case the stimulus of self-interest to exertion would be practically nil; and the temptations to indolence and unfaithfulness would be enormous.

The difficulty thus presented to the realisation of Communism is at once so formidable and so obvious, that a number of those who see in it the only just system of social organisation and the only true solution of the social problem, have felt themselves compelled to propose that each of the nations of Europe should be dismembered into thousands of small, separate, independent communes. Such was the scheme of the leaders of the socialistic insurrectionists in Italy and Spain. Clearly, even if it were carried into execution, although the individuals within each commune might be levelled into equality, the communes themselves could not fail to be unequal in their advantages, and thus occasions for lusts and envyings, wars and fightings among them would abound, while they would be at the mercy of any nation which had been wise enough to retain its unity. It would be a waste of time to refute so

monstrous a proposal; yet the dismemberment of nations which it recommends is an indispensable condition to the general application of communistic principles.

Moreover, the societies which practise Communism must, in order to succeed, be characterised by submissiveness to law and authority. The love of their members for equality or for a common cause must be so strong that they will be content to renounce for them independence of judgment and action. The Icarian societies founded by Cabet signally failed because they consisted of men who imagined that communistic equality could be combined with democratic freedom. The societies of Shakers founded by Ann Lee have flourished because their members implicitly obey the rules dictated by those whom they suppose to be the channels of the *Christ-spirit*.

It is simply comical to hear Communism preached by revolutionists and anarchists. But they may learn not a little by attempting to practise what they preach. Let even fifty of them join together and endeavour to act on communistic principles, and they will soon discover that the new order of things which they have been recommending can no more be carried on without a great deal of government than could the old order of things which they denounce; that if government were needed to prevent people from attempting to retain more than they have honestly gained, still more will it be needed to make them submit to a system based on equal distribution, however unequal may be production—or, in other words, on the denial of the

labourer's right to seek a remuneration proportioned to the value of his labour. Should they succeed in living and working together harmoniously and prosperously, without any servile surrender of their individual wills to a governing will or common law, the sight of so great a miracle will do far more to convert the world to their views than argumentation or eloquence, insurrection or martyrdom. The world has not hitherto beheld anything of the kind. Probably it never will. To establish a democratic Communism is likely to prove as unmanageable a problem as to square the circle.

Communism, however, is now generally regarded as an effete and undeveloped form of Socialism. The kind of Socialism most in repute at present is one which cannot be carried into practice by the voluntary action of individuals, or illustrated by experiments on a small scale. It is the Socialism which can only be realised through the State, and which must have a whole nation as a subject on which to operate. It is the government of all by all and for all, with private property largely or wholly abolished, landowners got rid of, capital rendered collective, industrial armies formed under the control of the State on co-operative principles, and work assigned to every individual and its value determined for him.

Speaking of this form of Socialism, Schaffle says:

"Critically, dogmatically, and practically, the cardinal thesis stands out—collective instead of private ownership of all instruments of production (land, factories, machines, tools, &c.);

'organisation of labour by society,' instead of the distracting competition of private capitalists; that is to say, corporate organisation and management of the process of production in the place of private businesses; public organisation of the labour of all on the basis of collective ownership of all the working materials of social labour; and finally, distribution of the collective output of all kinds of manufacture in proportion to the value and amount of the work done by each worker. The producers would still be, individually, no more than workmen, as there would no longer be any private property in the instruments of production, and all would, in fact, be working with the instruments of production belonging to all—*i.e.*, *collective* capital. But they would not be working as private manufacturers and their workmen, but would all be on an equal footing as professional workers, directly organised, and paid their salary, by society as a whole. Consequently, there would no longer exist in future the present fundamental division of private income into *profits* (or in some cases the creditor's share, by way of interest, in the profit of the debtor) and *wages*, but all incomes would equally represent a share in the national produce, allotted directly by the community in proportion to the work done—that is, exclusive returns to labour. Those who yielded services of general utility as judges, administrative officials, teachers, artists, scientific investigators, instead of producing material commodities—*i.e.*, all not immediately productive workers, all not employed in the social circulation of material, would receive a share in the commodities produced by the national labour, proportioned to the time spent by them in work useful to the community."*

The Socialism thus described has come to be commonly designated Collectivism, and the name is convenient and appropriate. It is the only kind of Socialism greatly in repute at present, or really formidable; and, consequently, it is the form of it which especially requires to be examined. It is the

* "The Quintessence of Socialism" (Engl. tr.), pp. 7-9.

Socialism which I shall henceforth have chiefly in view.

Collectivism will appear to most men obviously to involve an excessive intervention of the State—one which deprives individuals of their fundamental rights and liberties. It is Society organised as the State intervening in all the industrial and economic arrangements of life, possessing almost everything, and so controlling and directing its members that private and personal enterprises and interests are absorbed in those which are public and collective. Most people will ask for no proof that such Socialism as this would be incompatible with the freedom of individuals; and would be a degrading and ruinous species of social despotism. They will consider this self-evident, and deem that those who do not perceive that Collectivism will be utterly subversive of liberty, and that its establishment would be the enthronement of a fearful tyranny, must be blind to the distinction between liberty and tyranny.

Now, that Collectivism must inevitably and to a most pernicious extent sacrifice the rights and liberties of individuals to the will and authority of Society, or the State, I fully believe; but I admit that I must prove this, and not assume it. The whole question as to the truth or falsity of Collectivism turns on whether it necessarily does so or not, and, therefore, nothing should be assumed on the point. I shall endeavour to meet the obligation of proving Collectivism to be a system which would be destructive of liberty by discussing the chief positions maintained, and the principal

proposals advocated, by Collectivists. But in what remains of this chapter I must be content to indicate the ground from which I shall thus examine the claims of Collectivism, and of Socialism generally.

Individualism is an excess as well as Socialism, and one excess while it so far tends to counteract, also so far tends to evoke, another. When Hobbes, for example, inculcated a theory of selfishness, a system of ethics which made self-love the universal principle of conduct, he was speedily followed by Cumberland, who maintained the negative in terms of the directest antithesis, and taught that the only principle of right conduct is benevolence. The most ready and forcible mode of denying an obnoxious theory is by positively affirming and defending its contrary. It is, therefore, only what was to have been expected that the prevalence of Socialism should drive many of those who see its dangers into Individualism; that a consequence of one class of social theorists assigning to the State far more power than it ought to possess should be the ascribing to it by another class of far less power than it is desirable to allow to it; that a belief in State omnipotence should generate a belief in administrative nihilism. In this we are willing to recognise a natural necessity, or even a providential arrangement. Humanity very probably requires to learn impartiality through experience of the contradictions and exaggerations of many parties and partisans. Yet none the less is every man bound to try to be as impartial, as free from excess on any side, from all narrowness, exaggeration, and par-

tisanship as he can. And, therefore, while desiring fully to acknowledge alike the truths in Socialism itself and the importance of the services rendered by those who oppose the errors of Socialism from individualistic standpoints, I must, for my own part, endeavour to deal with Socialism without making use of the principles or maxims of what I regard as Individualism.

The Individualist assumes that the limits of State action should be unvarying, and may consequently be indicated in some simple rigid formula. It would plainly be very convenient for indolent politicians if the assumption were true, but it does not seem to be so. The sphere of State power has not been the same in any two nations, nor in any one nation at any two stages of its development. And there is no good reason for thinking it should have been otherwise. Nay, a man who does not see that the measure of State control and direction to be exercised ought to have varied according to the characteristics, antecedents, circumstances, education, enterprise, dangers, and tasks of those who were to be controlled and directed, must be a man to whom history is a sealed book, and who is consequently incapable of forming a rational theory of the sphere and functions of the State. The slightest survey of history should suffice to convince us that an enormous amount of mischief has been caused by over-legislation, and that human progress has largely consisted in widening the range of individual liberty and narrowing that of public interference; but it must make equally manifest that nations have

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generally owed their very existence to having been subjected in their youth to a system of discipline and government which they justly rejected in their maturity as despotic. We may well be suspicious, therefore, of formulæ which profess to convey to us in a few words the absolute and unvarying truth concerning what is essentially relative and ever varying. When examined they will always be found to be very inadequate, and often, notwithstanding a specious appearance of clearness, obscure or even unintelligible.

J. S. Mill's Essay on "Liberty" is a noble and admirable production, but there is very little light or help indeed to be got from what its author considered its "one simple principle, entitled to govern absolutely the dealing of society with the individual in the way of compulsion and control"—namely, the principle "that the sole end for which mankind are warranted, individually or collectively, in interfering with the liberty of action of any of their number is self-protection; that the sole purpose for which power can be rightfully exercised over any member of a civilised community, against his will, is to prevent harm to others."

The proof of this principle will be sought for in the Essay in vain. The distinction between effecting good and preventing harm cannot be consistently and thoroughly carried through in such a connection. Soldiers are no more maintained to repel foreign enemies, and policemen to apprehend thieves and murderers, merely in order to prevent harm, without any view to doing good to the community,

than physicians are called in to free individuals of sickness, but not to help them to get well. In all the functions of government the production of good and the prevention of evil are inseparable, and they are equally legitimate aims of action.

Further, the so-called "principle" while seemingly definite, is in reality utterly vague. All vices inevitably injure not only those who indulge in them, but cause suffering to those who do not. There are few, if any, actions which are purely self-regarding. It is just because of the amount of harm which drunkenness produces that a class of social reformers desire to put an end to all liberty to make use of strong drinks. Mr. Mill of course opposed their proposals, but it was certainly not by adhering to his "one simple principle." That principle can be no effective barrier to encroachments on individual liberty, to over-legislation, to social despotism.

At present Mr. Spencer is generally regarded by Individualists as a safer and more consistent guide than was Mr. Mill. And his "Man *versus* The State" is undoubtedly a most vigorous and opportune assault on excessive State intervention. While I regard it as one-sided and exaggerated in some of its charges, and seriously at fault on certain points, I admire it in the main as not only a valuable book but a brave and excellent action.

I cannot perceive, however, that in it or any other of his works Mr. Spencer has established any self-consistent or practical system of Individualism. Mr. Auberon Herbert and the Party of Individual

Liberty believe that they find at least the firm foundation-stone of such a system in his formula, "the Liberty of each, limited alone by the like Liberty of all." But is it so? To me these words seem to be vague and ambiguous. They tell neither what is the liberty of "each" nor of "all," and, therefore, nothing as to how, or how far, the liberty of each is to be limited by that of all.

"Like liberty!" Like to what? Like to a liberty which has no other limit than the limit of others? Then the formula means that each individual may do to any other what he pleases, provided all other individuals may do to him what they please. But that is simply saying that there should be no society, no government, no law whatever; that man is made for anarchy and lawlessness; that his ideal condition is what Hobbes supposed to be his primitive condition—"bellum omnium contra omnes."

If the formula does not mean this it must mean, what it unfortunately, however, does not state, that if men are to live as social beings the liberty of each man, and of all men, should be limited by a like law, the common law. This is quite true. If I become a member of any society I must agree to obey the laws of the society. I cannot be a citizen of any country unless I consent to have my liberty limited by its common and constitutional law. I may seek the improvement of the law in a constitutional way, but if I go further I renounce my citizenship and must become an alien or an enemy. In every society the liberty of each and of all its

members is limited by the common and constitutional law of the society, and must be so limited, otherwise the society will dissolve. It is social law which must limit and render like the liberty of each and of all the members of the society; not the limitation of the liberty of each by the like liberty of all which determines what is the proper constitution of society.

Liberty is limited by law, justly limited only when limited by just law; law and justice are not constituted by liberty, or mere equality of liberty. In fact, the phrase, "the Liberty of each, limited alone by the like Liberty of all," is destitute of meaning apart from knowledge of a law which limits liberty—apart from knowledge of the very law which it is supposed to reveal.

The theory that the State has for its sole aim to protect life, liberty, and property, or, in other words, to repel invasion and punish crime, is definite and intelligible. But it is also arbitrary and inadequate. Those who object to pay taxes for anything except defence from fraud and violence might, in consistency, object to taxation even for that. There may be men who seek from the State no protection, and who are prepared to endure wrong without appealing to it for reparation. There may be many who consider it a greater hardship to be compelled to contribute to the maintenance of an army in a distant dependency than to the support of a school in their own neighbourhood. To me it seems that no member of a nation has reason to complain of being required, so long as he profits by the various

real and precious advantages of good government, to bear his share of its necessary expenses; that, on the contrary, to refuse to do so would be selfish, unreasonable, and unjust. The State, in my view, has a variety of functions through the right exercise of which all its members are greatly benefited, and for the exercise of which, therefore, they may be fairly required collectively to provide. The political Individualism which denies to the State the right to intervene in any measure or in any circumstances for the positive development of industry, intelligence, science, morality, art, is as erroneous, and, could it be consistently and completely carried out, which happily it cannot, would be almost as pernicious as fully developed Socialism.

Does it follow that one who thus discards individualistic theories of the limits of the State must needs accept some socialistic theory thereof, or can at least have no firm standing ground from which to oppose Socialism, or definite and sound criteria by which to test it? By no means. It is true that he has not a theory which he can sum up in a sentence like either the Socialist or the Individualist. It is not so easy to formulate a theory which will apply to all the relevant facts with all their complications and variations, as to formulate one which is a mere ideal of the reason or imagination, and calmly or boldly indifferent to all troublesome and antagonistic realities. But though neither an Individualist nor a Socialist, a man need not be—and if he undertake to discuss political subjects

ought not to be—without some theory as to the proper limits of State action; and however conscious he may be that his theory can be only an approximation to the full truth, he may be confident of having in it means sufficient to enable him to test such a theory as Socialism. I should gladly, if time and space enough were at my command, discuss the question of the limits of State intervention, as there are few questions more worthy of careful consideration. I can only here and now, however, indicate in a few sentences that, apart from such a discussion, we may without arrogance undertake to form and express a judgment on socialistic conclusions and proposals.

First, then, there are *simple, definite, and well-ascertained moral laws* which ought to condition and regulate the actions both of States and of individuals. We may fairly demand that all theories alike of State intervention and of personal conduct shall recognise these laws. It is obvious how this applies to our subject. Certain unfriendly critics of the doctrine of *laissez-faire* have understood it to mean that the State should not restrict commercial competition within even the limits of veracity and honesty. This was certainly not what Adam Smith or any eminent economist belonging to his school meant by it. Adam Smith formulated the doctrine of *laissez-faire*, or natural liberty, thus: "Every man, *as long as he does not violate the laws of justice*, is left perfectly free to pursue his own interests his own way, and to bring both his industry and capital into competition with those of

any other man or orders of men."* There may have been some theorists—it is difficult to disprove a negative—who omitted from his teaching of the doctrine the condition expressed by Adam Smith in

* "Wealth of Nations," Bk. IV. ch. ix. p. 286 (Nicholson's ed.). In the "Introductory Essay" prefixed to his edition Prof. Nicholson has made some remarks on Adam Smith which I cannot deny myself the pleasure of reproducing: "The author of the 'Theory of Moral Sentiments,' the keystone of which is sympathy, the man who at his death left a much smaller fortune than was anticipated, owing to his constant expenditure in deeds of unostentatious charity, the man who was especially distinguished amongst his contemporaries by his geniality and kindness, is popularly supposed to be the father of the dismal dogmas which amongst the vulgar (if the term may be still used in its older signification) pass current for Political Economy. The most cursory perusal of the 'Wealth of Nations,' however, will convince the reader that the spirit in which it is written is essentially human, and the most careful scrutiny will bring to light no passage in which the doctrine of 'selfishness' is inculcated. The 'economic man,' the supposed incarnation of selfishness, is no creation of Adam Smith; all the characters of the 'Wealth of Nations' are real—Englishmen, Dutchmen, Chinese. The 'economic man' of ultra-Ricardians is no more to be found in Adam Smith than is the 'socialistic man,' the incarnation of unselfishness, the man who loves all men more than himself on the arithmetical ground that all men are more than one. Adam Smith was unacquainted with any society composed mainly of either species. Of the 'socialistic man' he writes: 'I have never known much good done by those who affected to trade for the public good. It is an affectation indeed not very common among merchants, and very few words need be employed in dissuading them from it.' But the most severe passages in Smith's work are those in which he condemns the various 'mean and malignant expedients' of the mercantile system, and satirises the 'economic' merchants who, actuated only by the 'passionate confidence of interested falsehood,' in order to promote 'the little interest of one little order of men in one country hurt the interest of all other orders of men in that country, and of all other men in all other countries.' Adam Smith treats of actual societies, and considers the normal conduct of average individuals" (pp. 13, 14). The present writer, in the article "Buckle," published about twenty years ago in the "Encyclopædia Britannica," indicated how little foundation there was for the opinion that in the "Theory of Moral Sentiments" man was represented as purely benevolent and in the "Wealth of Nations" as purely selfish. Comparatively recently Dr. Richard Zeyss, in his "Adam Smith und der Eigennutz," 1889, has dealt with the same question more fully and quite conclusively.

the words italicised; there can be no doubt that a great many people have not given due heed to it in their practice; but, of course, the doctrine when so misrepresented and mutilated is not merely a false but a disgraceful doctrine. The Individualism which should teach the doctrine in such a form must be at once condemned. Socialism is to be tested by a like criterion. If any of its proposals directly or indirectly imply a violation of the laws of justice, it is so far a theory of State action to be repudiated.

Secondly, there are *certain fundamental human liberties* essential to the true nature and dignity of man, but which have been only slowly and painfully realised through ages of struggle. Bodily freedom, enfranchisement of women, industrial freedom, intellectual, moral, and religious freedom, political freedom, with freedom of speech and association, are such liberties. They are all amply justified both by a true philosophy of man's nature and relationships and a correct interpretation of his history. Any system which implies that they are to be contracted or suppressed may be reasonably suspected to be erroneous, likely to be fatal to human progress and welfare if successful, but really doomed to failure. The whole history of the world has shown that, although the arrest and repression of the movement towards liberty have been attempted by force, fraud, and seduction of all kinds and in all ways, it has been without avail. I see no liberty yet gained by humanity which ought to be sacrificed or even lessened.

Thirdly, there are *economic laws*—natural laws of

national wealth—which cannot be neglected or violated with impunity. Systems of social construction not conformed to them ought not to be adopted. There is a science which professes to exhibit these laws—political economy. Not many years ago its teaching was generally received with a too unquestioning trust. At present it is widely viewed with unwarranted suspicion, or foolishly assumed that it may be safely disregarded. The laws of political economy have not, indeed, either the perfect exactitude or the entire certainty of mathematic or dynamical laws. The natural sciences have reached few truths which answer to a strict definition of law; the social sciences have probably reached still fewer. But short of absolutely exact and indubitably demonstrated laws there are many more or less satisfactorily ascertained relations and regularities of causation, of dependence and sequence, which may fairly be viewed as laws, and which it may be very desirable to know. Political economists have brought to light many such truths. They have also laboriously collected and carefully classified masses of economic data, subtly analysed all important economic ideas, and exhaustively discussed a multitude of economic questions and theories. They have thus made large additions to the knowledge and thought indispensable to enlightened statesmanship.

I am not, and never was, an adherent of what was not long ago considered economic orthodoxy in England. Thirty years ago it became my professional duty to teach political economy, and from the

first I endeavoured to show that the distinctive tenets of the dominant Ricardian creed in regard to value, rent, and wages, were erroneous, and reached by a one-sided method which was largely biased by personal and national prejudice. The fact that these tenets are the very pillars on which Marx and Lassalle reared their whole economic structure certainly shows that economic error can be powerful for evil; but it also shows the necessity for the refutation of such error, and that economic truth must be fruitful of good. The attempts which have been made during the last twenty years to subvert and discredit political economy have only increasingly convinced me of the soundness and value of its teaching as a whole and in essentials. Those who set it at nought in their social schemes will, I am persuaded, lead grievously astray those who take them as guides. Economical expediency or the reverse to a nation in its organic entirety is an indication of the legitimacy or illegitimacy of State intervention; and those who endeavour to ascertain by carefully conducted studies this limit between wise and foolish State intervention must be more likely to discover it than other men.

Fourthly, *what the State can and cannot do, may do well or must do ill*, is determinable by adequate reflection, enlightened by history and experience. The State can only act through an official machinery, and the working and effects of such machinery can be approximately calculated. It is only owing to our own ignorance or insufficient consideration if we do not perceive that many things which the State

might, perhaps, legitimately do if it could do them greatly better than private persons and voluntary associations, ought not to be undertaken by it because it is sure to do them worse. The Radicals of thirty years ago were disinclined to allow the State to do anything which individuals could possibly do, however well the State, and however badly individuals, might be able to do it. The Socialists of to-day, on the other hand, are disposed to entrust to the State whatever it is capable of, even when individuals, separately or in combination, are more competent to do it. The Radical owing to his bias erred, but not more than the Socialist errs from the contrary bias.

The implied formulae of the Radical and of the Socialist are equally crude and insufficient, although they originate in contrary motives; in exaggerated fear in the one case, and in excessive faith in the other. We ought obviously to keep free alike from all unwarranted suspicion of the State and from all blind idolatry of it. And if we do so, we shall certainly not judge of the propriety or impropriety of its intervention in any instance by either of the formulae mentioned; or by any doctrinaire formula whatever, such as both of them manifestly are; but we shall, in each particular instance where intervention is suggested, carefully and impartially examine what, with the resources and appliances at its disposal, and in all the circumstances of the case, the effects of the intervention will necessarily or naturally be, and decide accordingly.

Unfortunately at the present time many of our political advisers are so enamoured of State intervention that what weighs most with them in favour of any form of its intervention is just what ought to have no weight in their judgment at all, namely, the mere fact that it is its intervention. Curiously enough, by the irony of fate, and perhaps their own want of humour, a considerable section of these advisers in this country call themselves "Fabians," from, I suppose, the famous old Roman general whose grand characteristic was prudence, and whose great merit was the clearness with which he saw that in the circumstances in which Rome was placed, safety and victory were only to be secured to her through a masterly inactivity, the observance of *laissez-faire*. Fabius had "Fabians" of the modern kind in his camp; they were those who chafed under his command, and desired a bolder policy, such as he saw would lead to disaster.

Fifthly, whenever the intervention of the State tends to diminish self-help and individual energy, or to encourage classes or portions of the community to expect the State to do for them with public money what they can do for themselves with their own resources, it is thereby sufficiently indicated to be excessive and unwise. "If," says Mr. Goschen, in one of his Edinburgh addresses, "we have learned anything from history, we are able to affirm that the confidence of the individual in himself and the respect of the State for natural liberty are the necessary conditions of the power of States,

of the prosperity of societies, and of the greatness of peoples." "If," says Prof. Pulszky, "the State undertakes a task too arduous, and taxes the strength of its citizens to a greater extent than is necessary for the attainment of its proper aim, that portion of activity which it superfluously exacts from its members, yields a much scantier return than if it had been left to subserve individual initiative, which can, after all, alone supply the motive cause of all social progress. It follows, accordingly, that if the State assumes the management of affairs which the citizens would have been able to carry on without its aid, the effect will be, that the citizens lose both the disposition and the readiness for independent initiative, that their individuality becomes stunted, and that thus, as the factors of progress dwindle away, the State itself becomes enfeebled, and decays." *

The demand that the State should refrain from such intervention as tends to lessen the reliance of its members on their own powers, and to prevent the development of these powers by free and energetic exercise, by no means assumes, as the Radicals of a former generation were wont to assume, that there is a necessary and irreconcilable antagonism between the State and its members, so that whatever it gains they lose, and its strength is their weakness. It may be, and ought to be, rested on the very different ground that the State cannot be truly strong if the individuals and

* "The Theory of Law and Civil Society," p. 307.

societies which compose it are lacking in personal and moral energy; cannot, as an organic whole, be vigorous and healthy if its constituent cells and component members have their strength absorbed, and scope for their appropriate activity denied them, by the foolish and tyrannical meddlingness of its head, its Government.

When we speak of the intervention of the State what we really and necessarily mean is the intervention of the Government through which alone the State acts. And every Government is under temptation to interfere both too little and too much; both to neglect its duties and to occupy itself with what it ought to let alone. There are, indeed, fanatical admirers of Democracy who seem to believe that in democratic countries the danger of Governments interfering too much needs not to be taken into account; that when the people at large elect their governors Governments will cease to be encroaching and unjust. The optimism of such persons is of the shallowest conceivable kind. There is nothing either in the nature or in the history of Democracy to warrant it. Democracies are always ruled by parties; their governors are always the leaders of parties; and parties and their leaders are naturally ambitious, selfish, and grasping; or, in other words, prone to aggrandise themselves at the expense of their adversaries and of the commonwealth. Democratic Governments are, consequently, in no wise exempt from temptations to the intervention which unduly restricts the liberties, undermines the independence, and saps the vigour of individuals

and classes, of institutions, associations, and communities.

Finally, in judging of proposals for the extension of governmental action, account must be taken of *the state of public opinion* in relation to them. What a Government may be justified in undertaking or enacting with the universal approval of its subjects, it may be very wrong for it to undertake or enact against the convictions and consciences of even a minority of them. The common division of the functions of the State into *necessary and facultative* is of significance in this connection. The former are those which all admit rightfully to belong to the State. That the Government of a nation should repel invasion, maintain internal order, prevent injustice, and punish crime, is universally acknowledged. No man's reason or conscience is offended by its doing these things. It is recognised by every one that only by the full discharge of these duties does it justify its existence, and that, whatever else it may undertake, it ought not to undertake what is incompatible with their efficient performance. As to its facultative functions it is otherwise. When a Government takes upon itself obligations which are not naturally imperative but optional, opinions will differ as to the wisdom and propriety of its procedure, and the difference may be such as of itself to suffice to determine whether the procedure is wise and proper or the reverse. It is not enough that a Government should be itself convinced of the justice and expediency of its intervention; it is also important that the justice and

expediency thereof should be perceived by the nation at large. Governments must beware of coming rashly into conflict with the reasons and consciences of even small minorities of honest men. Otherwise they will have either to make exceptional laws for these men or to treat them as criminals; and the adoption of either alternative must, it is obvious, very seriously discredit and weaken their authority. Socialists demand that the State shall do many things to the doing of which there is this insuperable objection:—that, even were these things right and reasonable in themselves, there are so many persons who firmly believe them to be unjust and tyrannical, that they can only be carried into effect by a vast and incalculable amount of persecution. But persecution does not lose its wickedness when it ceases to refer to religion.

Any very simple or rigid solution of the problem as to the limits of State intervention must, I believe, be an erroneous one. The limits in question are relative and varying. To trace them aright through the changes and complications of social and civil life will require all the science and insight of the genuine statesman. The truth in regard to them cannot be reached by mere abstraction or speculation, and cannot be expressed in a general proposition.

SUPPLEMENTARY NOTE.

I. COMMUNISM.—^HJ. W. Noyes, the founder of the Oneida Community, and author of a "History of American Socialisms," considers Communism to be the practical recognition of unity of life. "Our view," he says, "is, that *unity of life* is the basis of

Communism. Property belongs to life, and so far as you and I have consciously one life, we must hold our goods in common. If there be no such thing as unity of life between a plurality of persons, then there is no basis for Communism. The Communism which we find in families is certainly based on the assumption, right or wrong, that there is actual unity of life between husband and wife, and between parents and children. The common law of England, and of most other countries, recognises only a unit in the male and female head of each family. The Bible declares man and wife to be 'one flesh.' Sexual intercourse is generally supposed to be a symbol of more complete unity in the interior life; and children are supposed to be branches of the one life of their parents. This theory is evidently the basis of family Communism. So also the basis of Bible Communism is the theory that in Christ believers become spiritually one; and the law 'Thou shalt love thy neighbour as thyself' is founded on the assumption that 'thy neighbour' is, or should be, a part of 'thyself.' Practically, Communism is a thing of degrees. With a small amount of vital unity, Communism is possible only in the limited sphere of familism. With more unity, public institutions of harmony and benevolence make their appearance. With another degree of unity, Communism of external property becomes possible, as among the Shakers. With still higher degrees, Communism may be introduced into the sexual and propagative relations."*

The view set forth in these words is worthy of being noted, inasmuch as it is undoubtedly one on which various communistic societies have been actually based. It explains why such societies have been characterised by their deplorable combination of spiritualistic folly with carnal immorality.

Noyes is by no means singular in representing the family as a stage of Communism. In reality, however, the family is an exemplification of the true social community, which is incompatible with Communism; the best type, in its normal state, of the organic social unity which Communism would destroy. In the family individualities are not suppressed, but supplemented; personal relations are not confused, but harmonised; authority

* "History of American Socialisms," pp. 197-8.

and subordination are maintained; differences of duty are recognised; and even more rights are acquired than are sacrificed. Communism has always, and very naturally, shown itself hostile to the family. In what Noyes represents as the highest degree of Communism the family is abolished.

Similarly, the third degree of his Communism annuls the second. The doing away with private property must overthrow the "public institutions of harmony and benevolence supported by it." His last two degrees are, in fact, alone properly communistic; and they are so just because they contradict and violate the truths in the two first.

In Professor Wagner's opinion, "the only scientific acceptance of the term Communism is 'Gemeinwirthschaft,' common economy, or, let us say, quite aware of the looseness of the rendering, common management. "Every other 'sense' of the word," he adds, is "nonsense." Then he proceeds to illustrate his definition by informing us that the State in its administration of the public finances is an example of Communism; and that the post office, telegraphic and railway systems, &c., when under State direction, are equally instances of it.*

Such a view is confused and misleading. Communists have always meant by Communism, not merely common management in general, any sort of common management of property with a view to production and advantage, but definitely the management of the property of a community by the community itself, and with all its members on terms of equality. They have never conceived of it as management by departmental officials under the control of a king or parliament. They have never imagined anything so absurd as that they could vindicate their claim to be called Communists by forming themselves into little States and handing their property over to be managed by a ruling individual or class. Communism, properly so-called—"common management" in the communistic sense—is almost as inconsistent with State management as with private management.

Having fallen into the error indicated, it was natural that Professor Wagner should regard Communism, in the ordinary and proper acceptance of the term, as a phenomenon on which

* "Lehrbuch der Politischen Oekonomie," p. 171. cf. 172.

not a word need be spent ("über dem kein Wort zu verlieren ist"). But this is a great mistake. The history of Communism is rich in instruction, not only for students of human nature, but even of economics. It may be doubted if other Socialists have any economic doctrines which they have not derived in some measure from the Communists. All truly socialistic systems logically gravitate towards Communism. While communistic experiments have failed to attain their more ambitious aims, they have been fairly fruitful of lessons. They have even sufficiently shown that, under certain conditions, communistic societies can acquire a considerable amount of wealth.

The chief conditions are the two already specified (pp. 58-61), namely, a small membership and a strict discipline. But there are others—*e.g.*, religion, restriction of population, and capable leadership. Communistic societies have never long enjoyed much material success except when animated by some kind of religious zeal. In America only the religious communities—such as those of Beizel, Rapp, the Shakers, the Snowbergers, Zoar, Ebenezer, and Janson—have grown rich. Another feature distinctive of the communities which have materially prospered is that their members have been either celibates or "practical Malthusians." The family as it exists in ordinary Christian society is an effective barrier to the success of Communism, rendering impossible that separation from general society and those sacrifices which it demands. The influence of leadership on the prosperity of communistic bodies is easily traceable. The death of their founders has been in a large proportion of cases followed by the cessation or decline of their temporary success.

The prosperity of communistic societies has been almost exclusively of a material kind. They have given to the world no eminent men. They have done nothing for learning, science, or art. Their separation of themselves from the society around them has rendered them incapable of benefiting it. The opposition between their interests and those of healthy family life is equivalent to their being essentially anti-social. "The communistic spirit, as distinguished from the socialistic, is indifferent to the good of the family, or hostile to it, and makes use of the power of society for its own protection, without doing anything for society in return. If a whole nation were divided up into

communities, the national strength and the family tie both would be weakened. A State so constituted would resemble, in important respects, one consisting of small brotherhoods, or *gens*, or *septs*, but with much less of the family tie than is found in the latter when general society is as yet undeveloped." *

Communism is, of course, not to be confounded with schemes for the equal division of property. It aims at the abolition of private property, not at the multiplication of private properties. It can thus repel the objection that it implies the necessity for a constantly recurring division of properties in order to keep them equal. It cannot escape, however, the necessity of implying a continuous division of the common wealth and labour of each communistic society among its individual members according to some conception of equality or equity. "Common" can only mean what is common to individuals, and, therefore, not what is indivisible among them, but what they are individually entitled to share. Common property is simply property to which all the individuals of a community have an equal or proportional right. It differs from individual property merely in that each individual interested in it is not free in dealing with it to act according to his own views of what is for his advantage, but is dependent on the wishes and conduct of all the other individuals composing the community. The production of wealth cannot be otherwise "common" than as the production of a number of combined and co-operating individuals, each of whom must bear his own burden of toil. The product of common capital and labour can only be consumed or enjoyed by individuals. There can be, in fact, no production, possession, or enjoyment, which is not ultimately individual, even under the most communistic arrangements. Hence, as the wealth of a communistic society continually varies in amount as a whole, it, practically, continually divides itself among the individual members of the society, and that in a way which may be as disastrous to them as would a continuous equalisation of properties to the individual citizens of a commonwealth.

Communism can only be consistent and complete when it

* President Woolsey in Herzog-Schaff's "Encyclopaedia," vol. iii. p. 2204.

affirms the equal right of all to the use of the means of production, the equal obligation of all to labour in industrial work, and the equal claim of all to share in every species of social enjoyment. It does not, of course, contemplate a general scramble for spades and ploughs, hats and coats, but it legitimates it when the supply of such articles is deficient. Thus Communism, while the extreme of Socialism, touches on Anarchism, the extreme of Individualism.

The Fourierist societies should not be described as communistic. Fourierism was a system of complex Associationism in essential respects antithetic to Communism, although marked by some of its features.*

Whether the fraternal love of the primitive Church of Jerusalem did or did not express itself in the entire renunciation of private property, a complete community of goods, is a question on which the most eminent exegetes of the Acts of the Apostles are far from agreed. A community of goods has seemed to some Christian teachers, brotherhoods, and sects, the social ideal of Christianity. The want or weakness of Christian love has seemed to them the chief or sole obstacle to its realisation. There are, however, two others, far from inconsiderable: common sense, discernment of the manifest evils which its general acceptance as a rule of life would infallibly inflict on society; and a sense of justice, a sense of the responsibilities and obligations which the renunciation of private property would leave men incapable of meeting. M. Joly, in his "Socialisme Chrétien," 1892, has learnedly and impartially shown how exaggerated is the view held by many Socialists as to the teaching of the founders, fathers, and doctors of the Christian Church regarding private property, wealth and poverty, &c.

II. COLLECTIVISM.—It is permissible and convenient to treat of Collectivism as a kind of Socialism co-ordinate with Communism. It is not, however, essentially distinct from it. Karl Marx, its founder, was content to call it Communism. And, in fact, it may

* The most instructive works on modern economic Communism are that of Noyes', already mentioned, and William Alfred Hind's "American Communities: Brief Sketches of Economy, Zoar, Bethel, Aurora, Amana, Icaria, Oneida, Wallingford, and the Brotherhood of the New Life." Oneida, 1878.

not unfairly be described as in one aspect a *universalised*, and in another aspect a *mitigated Communism*.

Collectivism is Communism pure and simple in so far as it declares unjust all private property in the means of production, distribution, and exchange; and it is this Communism universalised, inasmuch as it is not content to leave its realisation to the union in voluntarily constituted groups of those who believe in its justice and expediency, but seeks to "capture" Governments, and through them to impose itself legislatively on nations. It admits that it can only be definitely established in any single nation concurrently with its evolution in all other advanced nations. It claims to be the heir of all the ages, and the outcome of the whole development of civilisation; the stage into which capitalism is necessarily everywhere passing,—that in which, as Engels says, "the exploited and oppressed class will free itself from the exploiting and oppressing class, and at the same time free society as a whole from exploitation, oppression, and class conflicts for ever."

Collectivism is, on the other hand, mitigated Communism, inasmuch as it promises to allow of private property in objects destined merely for consumption. Whether it can consistently make this promise, or is likely to keep it, are questions which we shall not here discuss. It is sufficient to note that it makes the promise, and that it is, in consequence, so far differentiated from a strict or complete Communism.

The Belgian Socialist, Colins, began to advocate collectivist principles in a work published in 1835, and the French Socialist, Pecqueur, in a volume which appeared in 1836. It was not, however, until between twenty and thirty years later that these principles were so presented as to master the understandings and inflame the passions of a multitude of working-men; and that Collectivism made itself felt as a mighty and portentous reality. It appeared in Germany under the name and form of *Sozialdemokratie* (Social Democracy); and was from the first militant and threatening. Karl Marx was its theorist and strategist; Lassalle was its orator and agitator. Rodbertus had not the slightest direct influence upon it,—merely an indirect through Marx and Lassalle. It has now spread over the civilised world, but the spirit of Marx still inspires it; his schemes of organisa-

tion and of war are still acted on by it; and his "Das Kapital" is still its "Bible."

At this point I wish to give all due prominence to the central and ruling idea of Social Democracy. This can best be done, I think, by quoting the words in which that idea has found expression in the most authoritative documents of Social Democracy,—its chief manifestoes and programmes. A considerable subsidiary advantage will also thus be gained, as the reader will have brought under his observation the most important portions of a number of documents with which it is desirable that he should be to some extent acquainted.

The *Manifesto of the Communist Party*, drawn up by Marx and Engels in 1847 is the earliest and most celebrated of these documents—the first and most vigorous presentation of the general creed of the democratic Socialism of the present day. I quote from it these sentences:—

"When, in the course of development, the distinctions of classes have vanished, and when all production is concentrated in the hands of associated individuals, public authority loses its political character. Political power in the proper sense is the organised power of one class for the suppression of another. When the Proletariat, in its struggle against the middle class, unites itself perforce so as to form a class, constitutes itself by way of revolution the ruling class, and as the ruling class forcibly abolishes the former conditions of production, it abolishes therewith at the same time the very foundations of the opposition between classes, does away with classes altogether, and by that very fact with its own domination as a class. The place of the former bourgeois society, with its classes and class contrasts, is taken by an association of workers, in which the free development of each is the condition of the free development of all."

Next may be adduced the Fundamental Pact or Statutes of the International Workmen's Association, drawn up by Marx in September, 1864:—

Considering:—That the emancipation of the working classes must be carried out by the working classes themselves, and that the struggle for the emancipation of the working classes does not imply a struggle for class privileges and monopolies, but for equal rights and duties, and for the abolition of all class domination;

That the economic dependence of the working-man on the monopolist of the means of production, the sources of life, forms the basis of servi-

tude in every form, social misery, mental degradation, and political dependence;

That consequently the economic emancipation of the working classes is the great aim to which every political movement must be subordinated as a mere means to an end;

That all endeavours directed to this great aim have hitherto failed from want of union between the various departments of labour of each country and from the absence of a fraternal bond of union between the working classes of the various countries;

That the emancipation of labour is neither a local nor a national, but a social problem, which comprises all countries in which the modern state of society exists, and whose solution depends on the practical and theoretical co-operation of the most advanced countries;

That the present reawakening of the working classes of the industrial countries of Europe, while raising new hopes, contains a solemn warning against a return to old mistakes, and demands the close connection of the movements which are as yet separated;

For these reasons the first International Congress of Workmen declares that the International Workmen's Association and all societies and individuals connected with it acknowledge truth, justice, and morality as the basis of their behaviour among themselves and towards all their fellow-men without regard to colour, creed, or nationality. The Congress regards it the duty of a man to demand the rights of a man and a citizen, not only for himself, but also for every one who does his duty. No rights without duties, no duties without rights.

The properly socialistic portion of the *Eisenach Programme* (August, 1869) runs as follows:—

"The Social Democratic Workmen's Party strives for the establishment of a free State governed by the people.

"Every member of the Social Democratic Workmen's Party pledges himself to support with all his power the following principles:

- "1. The present political and social conditions are extremely unjust, and must therefore be attacked with the greatest energy.
- "2. The struggle for the emancipation of the working classes is not a struggle for class privileges and advantages, but for equal rights and equal duties, and for the abolition of all class domination.
- "3. The economical dependence of the labourer on the capitalist forms the basis of servitude in every form, and consequently the Social Democratic Party aims at abolishing the present system of production (wage system), and at securing for every worker the full result of his labour by means of co-operative production.
- "4. Political freedom is an indispensable condition for the economic

emancipation of the working classes. The social question is therefore inseparable from the political; its solution depends thereon, and is possible only in a democratic State.

- "5. Considering that the political and economical emancipation of the working class is only possible if the latter carries on the struggle in concert and in unison, the Social Democratic Workmen's Party offers a united organisation which, however, makes it possible for each to make his influence felt for the good of the whole.
- "6. Considering that the emancipation of labour is neither a local nor a national, but a social problem which comprises all countries in which the modern state of society exists, the Social Democratic Workmen's Party considers itself, as far as the laws of the society permit it, as a branch of the International Workmen's Association, and unites its endeavours therewith."

The corresponding portion of the *Gotha Programme* (May, 1875) reads as follows:—

"Labour is the source of all wealth and of all civilisation, and since productive labour as a whole is possible only through society, the whole produce of labour belongs to society—that is, to all its members—it being the duty of all to work, and all having equal rights in proportion to their reasonable requirements. In the present state of society the means of production are the monopoly of the capitalist class; the dependence of the working class resulting from this is the cause of misery and servitude in every form. The emancipation of labour requires the conversion of the means of production into the common property of society, and the social regulation of the labour of society, the product of labour being used for the common good and justly divided. The emancipation of labour must be the work of the working class, in relation to which all other classes are only a reactionary mass.

"Starting with these principles, the Socialist Workmen's Party of Germany uses all legal means to attain a free State and a socialistic condition of society, the destruction of the iron law of wages, the abolition of exploitation in every form, the removal of all social and political inequality. The Socialist Workmen's Party of Germany, though at present acting within national limits, is conscious of the international character of the workmen's movement, and is determined to fulfil every duty which it imposes on the workers, in order to realise the fraternity of all men.

"The Socialist Workmen's Party of Germany demands, for the purpose of preparing for the solution of the social question, the establishment of socialistic co-operative societies, supported by the State, under the democratic control of the working people. These co-operative societies must be instituted for industry and agriculture to such an extent as to cause the socialistic organisation of the labour of all to arise therefrom."

The *Erfurt Programme* (October, 1891) gives a fuller statement:—

"The economic development of *bourgeois* society necessarily leads to the ruin of the industry on a small scale which is founded on the private property of the workmen in his means of production. It separates the workmen from the means of production, and transforms him into a proletarian possessing nothing, owing to the means of production becoming the property of a relatively limited number of capitalists and of large landed proprietors.

"In proportion as the means of production are monopolised, large agglomerated industries displace small scattered: the tool is developed into the machine; the productivity of human labour is enormously increased. But all the advantages of this transformation are monopolised by the capitalists and large landed proprietors. For the proletariat and the intermediate layers on the slope of ruin—small tradesmen, peasants, &c.—this evolution means a continuous augmentation of insecurity of existence, of misery, of oppression, of slavery, of humiliation, of exploitation.

"Always greater becomes the number of the proletarians, always larger the army of superfluous workmen, always harsher the antagonism between exploiters and exploited, always more exasperated the war of classes between the bourgeoisie and the proletariat, which separates modern society into two hostile camps, and which is the common characteristic of all industrial countries.

"The abyss between those who possess and those who do not possess is still farther widened by the crises which arise from the very nature of the capitalist mode of production; they become always more extensive and disastrous, make general uncertainty the normal state of society, and prove that the productive forces of the society of to-day are too great, and that private property in the means of production is now incompatible with the orderly application of these forces and their full development.

"Private property in the means of labour, which was formerly property in the fruit of his labour to its producer, serves now to expropriate peasants, manual labourers, and small tradesmen, and to place those who do not labour—capitalists and large landowners—in possession of the product of the workers. Only the transformation of capitalist private property in the means of production—the soil, mines, raw materials, tools, machines, means of transport—into collective property, and the transformation of the production of commodities into production effected by and for society, can make our large manufacturing industry and proportionally increased power of collective labour, instead of sources of misery and oppression as regards the classes hitherto exploited, sources of the greatest happiness and of harmonious and universal improvement.

"This social transformation means the enfranchisement, not only of the labouring class, but of the whole of the human species which suffers

under present conditions. But this enfranchisement can only be the work of the labouring class, because all the other classes, notwithstanding the conflicting interests which divide them, rest on private property in the means of production, and have as their common aim the maintenance of the foundations of existing society.

"The battle of the working class against capitalist exploitation is necessarily a political battle. The labouring class cannot fight its economic battles and develop its economic organisation without political rights. It cannot bring about the transition of the means of production into collective property without having taken possession of political power.

"To give to this war of the working class unity and consciousness of the end aimed at, to show to workmen that this end is a necessity in the order of nature, such is the task of the Socialist Democratic Party.

"The interests of the working class are identical in all countries where the capitalist mode of production prevails. With the universal expansion of commerce, of production for the market of the world, the condition of the workmen of each country becomes always more dependent on the condition of the workmen in other countries. The enfranchisement of the working class is consequently a task in which the workmen of all civilised countries should equally take part. In this conviction the Socialist Democratic Party of Germany declares itself in unison with the workmen of all other countries who are true to their class.

"The Socialist Democratic Party of Germany fights therefore, not for new class privileges, but to abolish the domination of classes and classes themselves, and to establish equal rights and equal duties for all, without distinction of sex or descent. Starting with these ideas, it combats in existing society, not only the exploitation and oppression of those who work for wages, but every species of exploitation and oppression, whether it be directed against a class, a family, or a race."

I have not referred to those portions of the foregoing documents in which are formulated the demands of the Social Democracy for measures tending either to ameliorate or supplant the present *régime*. My next and last quotation gives an adequate conception of these demands, and clearly indicates what their place and purpose are in the collectivist scheme of doctrine and policy. It is that part of the latest manifesto of English Socialists—the *Manifesto of the Joint Committee of Socialist Bodies**—in which are summed up the conclusions arrived at by the representatives of the Social Democratic Federation, the Fabian Society, and the Hammersmith Socialist Society, as supplying a basis for united socialistic action :

* Published in pamphlet form in May 1893.

"It is opportune to remind the public once more of what Socialism means to those who are working for the transformation of our present unsocialist state into a collectivist republic, and who are entirely free from the illusion that the amelioration or 'moralisation' of the conditions of capitalist private property can do away with the necessity for abolishing it. Even those re-adjustments of industry and administration which are socialist in form will not be permanently useful unless the whole State is merged into an organised commonwealth. Municipalisation, for instance, can only be accepted as Socialism on the condition of its forming a part of national, and at last of international Socialism, in which the workers of all nations, while adopting within the borders of their own countries those methods which are rendered necessary by their historic development, can federate upon a common basis of the collective ownership of the great means and instruments of the creation and distribution of wealth, and thus break down national animosities by the solidarity of human interest throughout the civilised world.

"On this point all Socialists agree. Our aim, one and all, is to obtain for the whole community complete ownership and control of the means of transport, the means of manufacture, the mines, and the land. Thus we look to put an end for ever to the wage system, to sweep away all distinctions of class, and eventually to establish national and international Communism on a sound basis.

"To this end it is imperative on all members of the Socialist Party to gather together their forces in order to formulate a general policy and force on its general acceptance.

"But here we must repudiate both the doctrines and tactics of Anarchism. As Socialists, we believe that those doctrines, and the tactics necessarily resulting from them, though advocated as revolutionary by men who are honest and single-minded, are really reactionary, both in theory and practice, and tend to check the advance of our cause. Indeed, so far from hampering the freedom of the individual, as Anarchists hold it will, Socialism will foster that full freedom which Anarchism would inevitably destroy.

"As to the means for the attainment of our end, in the first place, we Socialists look for our success to the increasing and energetic promulgation of our views amongst the whole people, and, next, to the capture and transformation of the great social machinery. In any case the people have increasingly at hand the power of dominating and controlling the whole political, and through the political, the social forces of the empire.

"The first step towards transformation and reorganisation must necessarily be in the direction of the limitation of class robbery, and the consequent raising of the standard of life for the individual. In this direction certain measures have been brought within the scope of practical politics; and we name them as having been urged and supported originally and chiefly by Socialists, and advocated by them still, not, as

above said, as solutions of social wrongs, but as tending to lessen the evils of the existing *régime*; so that individuals of the useful classes, having more leisure and less anxiety, may be able to turn their attention to the only real remedy for their position of inferiority—to wit, the supplanting of the present state by a society of equality of condition. When this great change is completely carried out, the genuine liberty of all will be secured by the free play of social forces with much less coercive interference than the present system entails.

“The following are some of the measures spoken of above :

- “An Eight Hours Law.
- “Prohibition of Child Labour for Wages.
- “Free Maintenance of all Necessitous Children.
- “Equal Payment of Men and Women for Equal Work.
- “An Adequate Minimum Wage for all Adults Employed in the Government and Municipal Services, or in any Monopolies, such as Railways, enjoying State Privileges.
- “Suppression of all Sub-contracting and Sweating.
- “Universal Suffrage for all Adults, Men and Women alike.
- “Public Payment for all Public Service.

“The inevitable economic development points to the direct absorption by the State, as an organised democracy, of monopolies which have been granted to, or constituted by, companies, and their immediate conversion into public services. But the railway system is of all the monopolies that which could be most easily and conveniently so converted. It is certain that no attempt to reorganise industry on the land can be successful so long as the railways are in private hands, and excessive rates of carriage are charged. Recent events have hastened on the socialist solution of this particular question, and the disinclination of boards of directors to adopt improvements which would cheapen freight, prove that in this, as in other cases, English capitalists, far from being enlightened by competition, are blinded by it even to their own interests.

“In other directions the growth of combination, as with banks, shipping companies, and huge limited liability concerns, organised both for production and distribution, show that the time is ripe for socialist organisation. The economic development in this direction is already so far advanced that the socialisation of production and distribution on the economic side of things can easily and at once begin, when the people have made up their minds to overthrow privilege and monopoly. In order to effect the change from capitalism to co-operation, from unconscious revolt to conscious reorganisation, it is necessary that we Socialists should constitute ourselves into a distinct political party with definite aims, marching steadily along our own highway without reference to the convenience of political factions.

“We have thus stated the main principles and the broad strategy on which, as we believe, all Socialists may combine to act with vigour. The

opportunity for deliberate and determined action is now always with us and local autonomy in all local matters will still leave the fullest outlet for national and international Socialism. We therefore confidently appeal to all Socialists to sink their individual crutches in a business-like endeavour to realise in our own day that complete communisation of industry for which the economic forms are ready and the minds of the people are almost prepared.”

III. INDIVIDUALISM.—In speculative philosophy the term Individualism bears two acceptations. It has been applied to designate the theory which would explain the universe by the agency of a multitude of uncreated, individuated forces or wills. In this sense we hear of the Individualism of Leibniz, of Bahnsen, and others. More frequently, however, what is meant by Individualism in this sphere of thought is the theory which represents the individual consciousness as the ultimate ground of all knowledge and certitude. In this sense one speaks of the Individualism of Descartes or Rousseau, or of the individualistic character of the philosophy of the eighteenth century. Obviously in neither of these senses is the term Individualism the antithesis of Socialism.

It is otherwise in the spheres of religion, ethics, politics, and economics. Individualism, like Socialism, may be religious, ethical, political, or economical. And in all these spheres Individualism is, like Socialism, only partially realisable. There can be no complete Socialism, for society in entirely sacrificing the individual must annihilate itself. There can be no complete Individualism, for the individual is inseparable from society, lives, moves, and has his being in society. Both Individualism and Socialism can only exist as tendencies or approximations to unattainable and self-contradictory ideals created by irrational and excessive abstraction. Of course, the more individualistic a man is the more Socialism will he fancy that he sees, and the more socialistic he is the readier will he be to charge other men with Individualism. One who does justice to the rights both of the individual and of society will probably conclude that Individualists are not so numerous as they are often represented to be, and that many who call themselves Socialists do so without much reason.

There may be Individualism as well as Socialism in the sphere

of religion, although the history of religion clearly shows that socialistic have here been far more powerful than individualistic forces.

The teaching of Christ has been often represented as socialistic, and even as communistic. A well-known socialist writer, Mr. E. Belfort Bax, however, often insists on what he calls its "one-sided, introspective, and individualistic character." An impartial examination of it will lead, I think, to the conclusion that it was so comprehensive and harmonious as to be neither individualistic nor socialistic. While worthily estimating the value and dignity of the individual soul, it kept ever in view the claims both of brotherhood and of the kingdom of God.

The Mediæval Church exalted to the utmost social authority as embodied in the Church. The Reformers demanded that churchly authority should only be allowed in so far as it could justify itself to individual reason, to private judgment. This constitutes what is called "the individualism of Protestantism." Whether it ought to be so called or not should be decided by determining whether or not the demand was excessive. To me it seems that it was not nearly large enough; that every external authority is bound to prove its claims reasonable; and that there is no real Individualism in insisting that every external and social authority should do so.

There have been some religious teachers who have expressly claimed to be individualists,—for instance, William Maccall and the Dane S. Kierkegaard. In Martensen's "Christian Ethics" (vol. i. pp. 202-36) will be found a valuable study on the Individualism of the latter and of Alexander Vinet. Vinet, however, while insisting strongly on the importance of individuality, expressly disclaimed "Individualism."

Ethical Individualism has made itself visible in egoistic hedonism, the selfish theory, the utilitarianism of personal interest. It has assumed various phases. It was maintained both in the Cyrenaic and Epicurean schools of antiquity. In later times we find it represented by Hobbes, Mandeville, Paley, Helvetius, Max Stirner, &c. It makes duty identical with personal interest. It judges of actions solely by their consequences, and yet leaves out of account their effects on society. At the same time, by an instructive inconsistency, the ethical Individualist, while resolving virtue into a regard to personal interest,

is generally found attempting to justify it by its conduciveness to the interest of society. Although Mandeville went so far as to plead the cause of "private vices" it was on the ground that they were "public benefits." The frightful egoism of Max Stirner led him to socialistic conclusions which Marx and Lassalle re-advanced. Socialism, in like manner, not only may be, but largely is, ethically individualistic, a generalised egoism, by no means the altruistic system which it is often represented as being.*

* Various writers have already pointed out that there is a sense in which Socialism is an extremely individualistic theory. Some of them are mentioned in the following quotation from Mr. J. S. Mackenzie's admirable "Introduction to Social Philosophy" (p. 250): "It may be well to remark at this point that, in one sense, the contrast which is commonly drawn between Individualism and Socialism is not well founded. Socialism in many cases, as Schaffle has trenchantly pointed out (*Aussichtslosigkeit der Socialdemokratie*, p. 13), is little more than Individualism run mad. Lassalle, too (the most brilliant of the Socialists) recognised that Socialism is in reality individualistic. Cf. also Stirling's 'Philosophy of Law,' p. 59, and Rae's 'Contemporary Socialism,' p. 387. Indeed, the readiness with which extreme Radicalism passes into Socialism (unless it be regarded as merely an illustration of the principle that 'extremes meet') may be taken as a sufficient evidence that Socialism is not in reality opposed to Individualism. No doubt, Socialism is really opposed to a certain species of Individualism—viz., to the principle of individual liberty. But, in like manner, the principle of individual liberty is opposed to another species of Individualism—viz., to the principle of individual equality. The real antithesis to Individualism would be found rather in the ideal of an aristocratic polity, established with a view to the production of the best *State*, as distinguished from the production of the happiest condition of its individual members. The most celebrated instance of such an ideal (that sketched in the *Republic* of Plato) happens to be also to a large extent socialistic; but this is in the main an accident."

Adolf Held, in his "Sozialismus, &c.," 1878, was, so far as I am aware, the first adequately to emphasise the fact that the Socialism of "Social Democracy" was extreme Individualism, the natural and historical outgrowth of Liberalism, or, as Mr. Mackenzie says, Radicalism. It is one of the merits, however, of the Katheder-Socialisten as a class to have clearly seen that the last merit which can be assigned to the Collectivist Socialists is that of entertaining any truly organic idea of society. Individualism and Socialism are only antithetic in that Individualism sacrifices social right to individual licence, and Socialism sacrifices individual liberty to social arbitrariness. What Socialism means by

The antithesis of Individualism and Socialism is fundamental in politics and political history. The aim of true politics is to eliminate and reject what is erroneous and excessive both in Political Individualism and Political Socialism, and to accept, develop, and conciliate what is true in both. Each of them, it must be observed, not only does positive injustice to the truth which is in the other, but also necessarily imperfect justice to the truth which is in itself. Political Individualism robs society, but thereby impoverishes the individual. Political Socialism represses the liberty of the individual, but thereby saps the strength of the State. This is what is meant by those who have said that *Individualism* is the *true Socialism*, as well as by those who have pronounced *Socialism* to be the *true Individualism*. It is to be regretted that they could not find a less absurd mode of giving expression to so very sound and certain a thought. How political and general history has moved throughout the world, and from age to age, between the individualistic and socialistic extremes, has been shown in a masterly manner by the late Fr. Laurent, of Ghent, in the eighteen volumes of his "Études sur l'Histoire de l'Humanité." Laurent always uses the terms Individualism and Socialism in what seems to me a consistent way; and certainly no one has shown so clearly and fully the reasons which history supplies to warn nations to beware of both Political Individualism and Political Socialism. *

"society," is merely an aggregate or majority of individuals, assumed to be entitled to suppress individual liberty in order to obtain, as far as possible, equality of individual enjoyment. Ethically, Socialism is an individualistic equalitarian hedonism. In the sense in which Individualism and Socialism are opposite extremes they are extremes which meet in Anarchism, which, practically, regards every person as entitled to like to enjoy absolute liberty as an individual and to exercise the entire authority of society.

* There is also a profound discussion of both in the fourth book of Professor Carle's "Vita del Diritto." Mr. Wordsworth Donisthorpe has given us a professedly individualistic theory of politics in his able treatise "Individualism: A System of Politics," 1889. He effectively assails, however, "extreme Individualists"; and, perhaps, no economist not a Socialist accepts so fully the ordinary socialistic teaching regarding "the iron law" and the evil effects of the wage-system. He is vigorous and ingenious, especially in his criticism.

In the sphere of economics, Individualism has been differentiated from Socialism in several ways. According to M. Maurice Block, for example, the fundamental distinction between them is that the former recognises the right of private property, and the latter wholly or largely denies it. He admits, however, that he sees objections to thus employing the term Individualism, and that he does so because it is customary.* He does not indicate his objections; but one very obvious objection is that few of those who fully acknowledge the legitimacy of private property will consent to be classed as Individualists. The denial of that legitimacy all will admit to be a sure mark of Socialism; the recognition of it few will accept as an equally certain sign of Individualism.

Socialists generally mean by Economic Individualism the theory which affirms that individuals are entitled to exercise their energies in economic enterprises unimpeded by Governments so far as they do not contravene the rights of others, so far as they do not injure or wrong their fellows: in other words, they generally class as Individualists all economists who have acknowledged the substantial truth of what has been called "the system of natural liberty." But to justify this employment of the terms in question it would be necessary for them to show that the economists to whom they refer really did, as a class, ascribe more freedom to the individual and less authority to the State than were their due; and that their economic theory naturally led them to commit these errors. This Socialists have not done, although some of them have made a kind of show of doing it by representing the exceptional exaggerations of a few economic writers as the common and fundamental principles of "economic orthodoxy."

Cohn, Held, Wagner, and other Katheder-Socialisten, have represented Individualism and Socialism as complementary and equally legitimate principles, the one springing from a sense of what the individual is entitled to as a personal and free being, and the other from a perception of the obligation of the State to

* "Les Progrès de la Science Économique," t. i. p. 199. The chapter on "Individualism and Socialism" in this work is very learned and judicious.

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aim at the general good of society. They affirm that Individualism and Socialism are both essential to the development of the economic life, and that neither ever quite excludes the other, although they coexist in different degrees of strength at different times. Yet they profess to keep clear of Individualism and to teach Socialism; and describe their own so-called Socialism as "true Socialism" or "Socialism," and Communism and Collectivism as forms of a "false" or "extreme" Socialism, while they either treat Individualism as itself "an extreme," or identify with "extreme Individualism" the theory of natural economic liberty even when held by those who fully acknowledge that the rulers and also the individual members of a nation are morally bound to promote as far as they can the common welfare. The inconsistency of this procedure is obvious, but not its fairness.

CHAPTER IV.

SOCIALISM AND LABOUR.

SOCIALISM seeks to reconstruct and reorganise the whole social system, and to effect a vast improvement in every department of human life. But it aims primarily and especially at a thorough reorganisation of industry and property; at such an alteration of the conditions and arrangements as to the production, distribution, and enjoyment of wealth, as will abolish poverty and remove the discontent of the operative classes. While it contemplates a revolution in the intellectual, religious, moral, and political state of mankind, it acknowledges and affirms that this must be preceded and determined by a revolution in their economic state. It follows that while Socialists, in attempting to bring about the vast social revolution which they have in view, are bound to have a new theory as to the proper constitution of society as a whole, they are especially bound to have a new theory as to the proper economic constitution of society; to have other and more correct opinions as to the subjects and problems of which economic science treats than mere social reformers and ordinary economists; and, in a word, to have a political economy of their own. New doctrines as to labour, land, and capital, money and credit, wages, profits,

interest, rent, taxes, and the like, are needed to justify the new measures which are required to bring about the socialist revolution.

Socialists cannot be fairly charged with failing to recognise the necessity and obligation herein implied. They frankly claim to have a political economy of their own, entitled to displace that which has been prevalent; and they demand that their system should be judged of chiefly by that portion of its teaching which constitutes its political economy. Whatever merits they may assign to their philosophical, religious, and ethical theories, they hold them to have only a secondary and supplementary place in the socialist creed, and grant that it is not by their proof or disproof that Socialism can be either established or overthrown. They will admit no verdict on the character of Socialism to be relevant and decisive which has failed to recognise that its answers to economic problems, its proposals for the organisation of industry and the administration of wealth, are what is primary and fundamental in it.

Thus far they are, I think, perfectly right; and, therefore, I shall in the present work confine myself chiefly to the economics of Socialism. Of course, it is only possible to consider even the economic teaching of Socialism on a limited number of points; and naturally the selected portion of its teaching should be that which is most obviously crucial as regards the truth or falsity of the socialist system, and which is concerned with questions of the widest range of interest. What Socialism teaches on the subject

of labour certainly meets this requirement. To consideration of the socialist doctrine of labour let us now accordingly turn.

The importance of true and the danger of false teaching in regard to labour can hardly be exaggerated. The history of labour is one in many respects most painful to contemplate. For although it is a wonderful manifestation of the power, ingenuity, and perseverance of man, it is also a most deplorable exhibition of his selfishness, injustice, and cruelty. It is the history of secret or open war from the earliest times, and over the whole earth, between rich and poor, masters and servants, labour and capital. It shows us men not only gradually subduing nature, so as to render her forces obedient to their wills and subservient to their good, but constantly engaged in a keen and selfish struggle with one another, productive of enormous misery. Pride and envy, merciless oppression and mad revolt, wicked greed and wanton waste, have displayed themselves in it to a humiliating extent, and have left behind them in every land a heritage of woe, a direful legacy of mischievous prejudices and evil passions.

On no subject is it at present so easy to satisfy prejudice and to enflame passion. Religious animosities are now nearly extinct among all peoples in the first ranks of civilisation, and those who endeavour to revive them talk and strive without effect. Merely political distinctions are losing their sharpness and their power to divide, and political parties are finding that their old battle cries no longer evoke the old

enthusiasm, and that their principles have either been discredited or generally acknowledged and appropriated. But the labour question is in all lands agitated with passionate fierceness, and gives rise, in many instances, to violence, conspiracy, assassination, and insurrection. It is the distinctively burning question of the Europe of to-day, as the religious question was of the Europe of the Reformation period, or the political question of the Europe of the Revolution epoch. And it burns so intensely that the spokesmen and leaders of the labour party may easily, by the errors and excesses which spring from ignorance, recklessness, or ambition, as seriously dishonour and compromise their cause, and produce as terrible social disasters, as did the fanatics and intriguers who, under the plea of zeal for religious and civil liberty, brought disgrace on the Reformation and the Revolution.

If they do so they will be even more guilty than were their prototypes. The excesses of fanaticism are growing always less excusable, seeing that it is becoming always more obvious that they are unnecessary. It might well seem doubtful at the time of the Reformation whether the cause of religious freedom would triumph or not; but in the nineteenth century, and in countries where speech is free, where public opinion is of enormous influence, and political power is in the hands of the majority of the people, it surely ought to be manifest to all sane human beings that the just claims of labour will and must be acknowledged, and that none the less speedily or completely for being

unassociated or uncontaminated with unreasonableness and disorder.

Unfortunately many Socialists refuse to acquiesce in this view of the situation. They have come to the conclusion that the condition of the labouring classes is so bad that the first and chief duty of those who befriend them is to spread among them, as widely and deeply as possible, discontent with their lot. And, accordingly, they concentrate their efforts on the attainment of this end. By the selection only of what suits their purpose, by the omission of all facts, however certain and relevant, which would contravene it, and by lavishness in exaggeration, the past and present of the labouring classes are so delineated as to embitter their feelings and pervert their judgments, while their future is portrayed in the colours of fancy best adapted to deepen the effect produced by the falsification of history and the misrepresentation of actuality.

Further, assertions the most untrue, yet which are sure to be readily believed by many, and which cannot fail to produce discontent as widely as they are believed, are boldly and incessantly made in all ways and forms likely to gain for them acceptance. I refer to such assertions as these: that the labourers do all the work and are entitled to all the wealth of the world; that the only reason why they require to toil either long or hard is that they are plundered by privileged idlers to the extent of a half or three-fourths of what is due for their services; that capitalists are their enemies; that mechanical inventions have been of little, if any,

benefit to them ; that they are as a class constantly growing poorer, while their employers are constantly growing richer ; that as the recipients of wages they are slaves under "an iron law" which is ever pressing them down to a bare subsistence ; that industrial freedom, or competition, is essentially immoral and pernicious, while compulsory industrial organisation, or collectivist co-operation, would make society virtuous and happy ; and that by an act of simple justice—the expropriation of the wealthy and the nationalisation of land and all other means of production—manifold and immense material and moral advantages would at once and infallibly be obtained.

Vast discontent may be produced by such procedure and teaching, but it can only be a most dangerous and destructive discontent. It is a false discontent, because founded on falsehood. It is entirely different from the legitimate discontent which the labouring classes may justly feel, and may properly be taught to feel ; the discontent which is founded on avoidable hardships, on real wrongs, on a correct perception of the many weak points, the many grievous sores, the many deeply engrained vices of our industrial and social constitution. This latter sort of discontent is indispensable to the progress of the labouring classes ; but nothing save mischief can result either to them or others from a discontent which is engendered by error.

Socialism in its latest and most developed form, evolves its doctrine of labour from the notion unfortunately to some extent sanctioned by certain eco-

nomists of high standing, that labour is the sole source of wealth ; that an object has value only in so far as it is the result of human toil ; that every economic product is merely, as has been said, "a definite mass of congealed labour-time." It insists that the value of an object ought to be estimated entirely according to the quantity of labour it has cost, the quantity being measured by the average time which it takes to perform it. All commodities, it maintains, are so many "crystallisations of human activity" ; and all of them which require the same extent of time to produce them are of the same value. Any labour is equivalent to all other labour, because it equally represents the mean or average of social labour. From this view of the function of labour in the economic process Socialists draw the inference that as labourers alone produce all wealth they alone should enjoy it ; that the just wage of a workman is all that he produces or its full value ; that whatever a landlord or capitalist deducts from this is robbery ; and that such robbery is the great cause of poverty and its attendant evils.

This teaching seems to me a mass of congealed fallacies. Labour alone can produce nothing, can create no particle of wealth, can satisfy no economic want. All labour which is alone is pure waste. Labour, instead of being the source of all value, is itself only of value in so far as it results in removing discomfort or yielding gratification, and such labour is never alone, but always inseparably conjoined with natural agents, capital, and intelligence. We might use our arms and legs as vigorously and

as long as we pleased in empty space, but we could never become rich by thus spending our strength. Man does not create. He produces wealth only by modifying the materials and applying the forces of nature so as to serve his purposes and satisfy his desires. He can by his labour effect certain changes on natural things; he can change their condition and form, can transfer them from one place to another, from one time to another, from one person to another; but by his utmost energy and ingenuity he can do no more. Nature supplies to labour the materials of wealth, and to what extent labour can make wealth depends largely on the quantity and quality of the materials which it has to work upon. Labour of itself generates no wealth, but derives it from, and is dependent for it on, nature.

That nature supplies to labour the materials on which it has to operate, and that these materials are useful, are, of course, truths so obvious that they can be denied by no one; and we are not charging Socialists with denying them. What we charge them with is denying that what nature gives affects the relative worth of things, their cheapness or dearness, their value in exchange.

Karl Marx himself says: "The use-values, coat, linen, &c., *i.e.* the bodies of commodities, are combinations of two elements—matter and labour. If we take away the 'useful labour expended upon them, a material substratum is always left, which is furnished by nature without the help of man. The latter can work only as nature does, that is by changing the form of matter. Nay, more, in this

work of changing the form he is constantly helped by natural forces. We see, then, that labour is not the only source of material wealth, of use-values produced by labour. As William Petty puts it, labour is its father and the earth its mother."*

This would be quite satisfactory if Marx allowed that the matter of commodities counted for anything in the purchase or price of them; that the mother had a part as well as the father in the production of economic wealth. But this Marx denies. And his whole theory of the exploitation of labour rests on the denial. He represents labour as the sole source of the value of everything; the labour spent on anything as the alone just price of it.

What a preposterous notion! Are we to believe that sea-sand will be worth more than gold-dust if we only spend more labour on it? that the difference between the value of a diamond and an Elie ruby is exactly measurable by the difference in the amount of trouble which it takes to find them? Are we to deny that a fertile field or a seam of good coal cannot have a high exchange value, seeing that they are not products of labour? There is a class of goods the exchange value of which may be reasonably affirmed to be regulated by labour, but to say that labour is the sole source and only true measure of value, and that nature contributes nothing to value and differences of value, is an amazing absurdity.

How did Marx fall into it? Because the belief of

"Capital," vol. i. p. 10 (Engl. tr.).

(1) 2: 1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. 101. 102. 103. 104. 105. 106. 107. 108. 109. 110. 111. 112. 113. 114. 115. 116. 117. 118. 119. 120. 121. 122. 123. 124. 125. 126. 127. 128. 129. 130. 131. 132. 133. 134. 135. 136. 137. 138. 139. 140. 141. 142. 143. 144. 145. 146. 147. 148. 149. 150. 151. 152. 153. 154. 155. 156. 157. 158. 159. 160. 161. 162. 163. 164. 165. 166. 167. 168. 169. 170. 171. 172. 173. 174. 175. 176. 177. 178. 179. 180. 181. 182. 183. 184. 185. 186. 187. 188. 189. 190. 191. 192. 193. 194. 195. 196. 197. 198. 199. 200. 201. 202. 203. 204. 205. 206. 207. 208. 209. 210. 211. 212. 213. 214. 215. 216. 217. 218. 219. 220. 221. 222. 223. 224. 225. 226. 227. 228. 229. 230. 231. 232. 233. 234. 235. 236. 237. 238. 239. 240. 241. 242. 243. 244. 245. 246. 247. 248. 249. 250. 251. 252. 253. 254. 255. 256. 257. 258. 259. 260. 261. 262. 263. 264. 265. 266. 267. 268. 269. 270. 271. 272. 273. 274. 275. 276. 277. 278. 279. 280. 281. 282. 283. 284. 285. 286. 287. 288. 289. 290. 291. 292. 293. 294. 295. 296. 297. 298. 299. 300. 301. 302. 303. 304. 305. 306. 307. 308. 309. 310. 311. 312. 313. 314. 315. 316. 317. 318. 319. 320. 321. 322. 323. 324. 325. 326. 327. 328. 329. 330. 331. 332. 333. 334. 335. 336. 337. 338. 339. 340. 341. 342. 343. 344. 345. 346. 347. 348. 349. 350. 351. 352. 353. 354. 355. 356. 357. 358. 359. 360. 361. 362. 363. 364. 365. 366. 367. 368. 369. 370. 371. 372. 373. 374. 375. 376. 377. 378. 379. 380. 381. 382. 383. 384. 385. 386. 387. 388. 389. 390. 391. 392. 393. 394. 395. 396. 397. 398. 399. 400. 401. 402. 403. 404. 405. 406. 407. 408. 409. 410. 411. 412. 413. 414. 415. 416. 417. 418. 419. 420. 421. 422. 423. 424. 425. 426. 427. 428. 429. 430. 431. 432. 433. 434. 435. 436. 437. 438. 439. 440. 441. 442. 443. 444. 445. 446. 447. 448. 449. 450. 451. 452. 453. 454. 455. 456. 457. 458. 459. 460. 461. 462. 463. 464. 465. 466. 467. 468. 469. 470. 471. 472. 473. 474. 475. 476. 477. 478. 479. 480. 481. 482. 483. 484. 485. 486. 487. 488. 489. 490. 491. 492. 493. 494. 495. 496. 497. 498. 499. 500. 501. 502. 503. 504. 505. 506. 507. 508. 509. 510. 511. 512. 513. 514. 515. 516. 517. 518. 519. 520. 521. 522. 523. 524. 525. 526. 527. 528. 529. 530. 531. 532. 533. 534. 535. 536. 537. 538. 539. 540. 541. 542. 543. 544. 545. 546. 547. 548. 549. 550. 551. 552. 553. 554. 555. 556. 557. 558. 559. 560. 561. 562. 563. 564. 565. 566. 567. 568. 569. 570. 571. 572. 573. 574. 575. 576. 577. 578. 579. 580. 581. 582. 583. 584. 585. 586. 587. 588. 589. 590. 591. 592. 593. 594. 595. 596. 597. 598. 599. 600. 601. 602. 603. 604. 605. 606. 607. 608. 609. 610. 611. 612. 613. 614. 615. 616. 617. 618. 619. 620. 621. 622. 623. 624. 625. 626. 627. 628. 629. 630. 631. 632. 633. 634. 635. 636. 637. 638. 639. 640. 641. 642. 643. 644. 645. 646. 647. 648. 649. 650. 651. 652. 653. 654. 655. 656. 657. 658. 659. 660. 661. 662. 663. 664. 665. 666. 667. 668. 669. 670. 671. 672. 673. 674. 675. 676. 677. 678. 679. 680. 681. 682. 683. 684. 685. 686. 687. 688. 689. 690. 691. 692. 693. 694. 695. 696. 697. 698. 699. 700. 701. 702. 703. 704. 705. 706. 707. 708. 709. 710. 711. 712. 713. 714. 715. 716. 717. 718. 719. 720. 721. 722. 723. 724. 725. 726. 727. 728. 729. 730. 731. 732. 733. 734. 735. 736. 737. 738. 739. 740. 741. 742. 743. 744. 745. 746. 747. 748. 749. 750. 751. 752. 753. 754. 755. 756. 757. 758. 759. 760. 761. 762. 763. 764. 765. 766. 767. 768. 769. 770. 771. 772. 773. 774. 775. 776. 777. 778. 779. 780. 781. 782. 783. 784. 785. 786. 787. 788. 789. 790. 791. 792. 793. 794. 795. 796. 797. 798. 799. 800. 801. 802. 803. 804. 805. 806. 807. 808. 809. 810. 811. 812. 813. 814. 815. 816. 817. 818. 819. 820. 821. 822. 823. 824. 825. 826. 827. 828. 829. 830. 831. 832. 833. 834. 835. 836. 837. 838. 839. 840. 841. 842. 843. 844. 845. 846. 847. 848. 849. 850. 851. 852. 853. 854. 855. 856. 857. 858. 859. 860. 861. 862. 863. 864. 865. 866. 867. 868. 869. 870. 871. 872. 873. 874. 875. 876. 877. 878. 879. 880. 881. 882. 883. 884. 885. 886. 887. 888. 889. 890. 891. 892. 893. 894. 895. 896. 897. 898. 899. 900. 901. 902. 903. 904. 905. 906. 907. 908. 909. 910. 911. 912. 913. 914. 915. 916. 917. 918. 919. 920. 921. 922. 923. 924. 925. 926. 927. 928. 929. 930. 931. 932. 933. 934. 935. 936. 937. 938. 939. 940. 941. 942. 943. 944. 945. 946. 947. 948. 949. 950. 951. 952. 953. 954. 955. 956. 957. 958. 959. 960. 961. 962. 963. 964. 965. 966. 967. 968. 969. 970. 971. 972. 973. 974. 975. 976. 977. 978. 979. 980. 981. 982. 983. 984. 985. 986. 987. 988. 989. 990. 991. 992. 993. 994. 995. 996. 997. 998. 999. 1000.

it was necessary to him. It was indispensable to his convincing labourers that they were robbed that he should feel able to assure them that they produced all value, and that consequently they were entitled to possess collectively all wealth. People are very apt to believe what they wish to believe. Marx was no exception to the rule.

But, further, two celebrated economists, the two for whom Marx had most respect, Adam Smith and David Ricardo, had in some measure fallen into the same error. Ricardo, for instance, had gone so far as to write thus: "Gold and silver, like all other commodities, are valuable only in proportion to the quantity of labour necessary to produce them, and bring them to market. Gold is about fifteen times dearer than silver, not because there is a greater demand for it, nor because the supply of silver is fifteen times greater than that of gold, but solely because fifteen times the quantity of labour is necessary to procure a given quantity of it."* Surely these words, however, should have been of themselves enough to open the eyes of an attentive reader to the erroneousness of the hypothesis which they imply. What possible justification can there be for a statement so extravagant as that it takes fifteen times more labour to procure a given quantity of gold than the same quantity of silver. It does not take even double the quantity. It does not require more labour to extract or gather gold than to work in a coal or tin

* "Principles of Political Economy, &c.," p. 340 (Gonner's edition).

mine. Gold is not especially difficult, laborious, or costly to work. Its price relatively to silver depends obviously very much on its quantity relatively to that of silver, and very little on difference either in the quantity or quality of the labour employed on them.

Labour alone, labour independent of nature, can produce nothing. Labour alone, labour independent of nature, can confer value on nothing. It can no more absolutely create the value of commodities than it can create commodities themselves. Mother Nature helps always, but in infinitely varying degrees, to produce both economic commodities and their values.

Besides, in order that there may be labour there must be labourers. Labour without labourers is a nonsensical abstraction. But a labourer is the result of a great deal of saving, represents a large amount of capital, not his own. For years before he could do any productive labour his parents or other benefactors had to feed and clothe, lodge, tend, and educate him; and he may well feel bound to repay them in some measure for those sacrifices of theirs to which he owes his strength and power to labour. After he has acquired power to labour he must, if without capital of his own, contract and co-operate with someone who has it, in order that he may be provided with the necessaries of life and the means of production, so as to be free to work usefully and effectively; but he cannot reasonably expect that he will get the help of the capitalist without giving an equivalent. The manufacturer did not get the

buildings, machinery, materials, &c., which compose his capital for nothing; he paid for them, and is fully entitled to be paid for the use of them.

Further, the intelligence which foresees when, where, and how labour may be most profitably applied, which, by discoveries, inventions, shrewdness, and watchfulness, increases its effectiveness, saves it from waste, and secures good markets for its products—the intelligence which superintends and directs industrial enterprises—is as clearly entitled to be remunerated as is the exertion of muscular force in the execution of industrial operations. Great industries have never been created by the labours of workmen alone. They have in every instance been largely the result of the foresight and sagacity, of the powers of calculation and talent of organisation, of the patience and resourcefulness, of particular men. "There is no case on record," says Mr. Frederic Harrison, "of a body of workmen creating a new market, or founding an original enterprise."^{more of a state of things its end.}

To say, then, that labour alone is the source of wealth is as extreme and as absurd as to say that natural agents alone, or capital alone, or intelligence alone, is its source. Wealth is the result of labour, of natural agents, and of capital, intelligently combined and intelligently used. The amount of it produced in any given case depends not only on the amount of labour employed in its production, but also on the quantity of material to work on, the extent of capital engaged in the occupation, and the measure of executive and directive intelligence put forth.

Hence, where wealth is produced not only the labourer, but the supplier of material also, the owner of capital, and the managing intellect, have all a right to share in it, for they have all contributed to produce it.

There is a still more decisive objection to the notion that the value of commodities is conferred on them only by the labour expended on them. It is not labour which gives value to commodities; but it is the utility of commodities, the desirability of them, the demand for them, which gives value to labour. Unless things be felt to be useful, in the sense of being desirable or fitted to gratify some want, unless there be a demand for them no labour, will be spent in producing them, and for the obvious reason that the labour so spent would have no value, would neither receive nor deserve any remuneration. Labour simply as such, *i.e.*, labour viewed without reference to its end and usefulness, labour for which there is no desire or demand, is of no value, however painful or protracted it may be. The notion of resolving the value of things into the quantity of labour embodied in them, or of measuring their value by the length of time which it has taken to produce them, is thus a manifest error, and any doctrine of economic justice or scheme of social reorganisation founded upon it is condemned in advance to utter failure. To speak of a doctrine or scheme which rests on such a basis as "scientific" is an abuse of language. Any such doctrine or scheme must necessarily be utopian, a dream, a delusion.

If labour is not the sole source of wealth the

whole socialist doctrine as to labour is erroneous; and, in particular, the conclusion that all wealth ought to belong to the labourers is plainly unjust.

I must add, that even if labour were the source of all wealth, the conclusion that landlords, capitalists, and non-operatives should have no share in it would be very questionable. Bastiat fully admitted the premises yet entirely denied the conclusion, as he held that the wealth which consists in the rent and capital is as natural and legitimate a result of labour as that which consists in wages, and as justly owing to proprietors and capitalists as wages to workmen. I do not doubt that he could have victoriously maintained his position against any attack of Karl Marx.

Nay more, were the Collectivism of Karl Marx established, it could by no possibility confer on labourers what he taught them to look for as their due, the whole produce of their labours; but only such part of it as remains after deduction of an equivalent to rents, whatever it might be called, of the wealth necessary to maintain the collective capital, and of the expenses of government and administration. That a larger share of the produce would be left for the labourers than at present is easy to assume, but not easy to prove. I shall return, however, to this subject in a later chapter.

A superficial observer, and especially, perhaps, if he be an ordinary manual labourer, is apt to fall into the mistake of supposing that the labour directly and immediately spent on a thing is the only labour involved in that thing. The shoemaker when he has finished a pair of shoes may thoughtlessly

imagine that they are wholly his work, and that he is entitled to receive the whole value of them. But in this he deceives himself. He alone has not made the shoes; those who prepared his leather and formed his tools, whoever pays him a wage or lets him his shop, or finds customers for his shoes, and even the policeman, soldier, and sailor, the magistrate, the judge, and cabinet minister, who secure him from disturbance, violence, and fraud in the prosecution of his business, have all contributed to the production of the shoes, and to the worth of the shoes. It takes many more people than shoemakers to make shoes, and still more to make good markets for shoes. And so of all other things.*

Society is not even now, whatever Socialists may say to the contrary, essentially or mainly anarchy

* Mr. Frederic Harrison, in a lecture from which I have already quoted, well says:—"Unhappily, in the current language of Socialists, we too often miss important elements which enter into all products, material or intellectual, but which are usually completely left aside. The first is the enormous part played in every product by the society itself in which it is produced, the past workers, thinkers, and managers, and the social organism at present, which alone enables us to produce at all. An ocean steamship could not be built on the Victoria Nyanza, nor could factories be established on the banks of the Aruwhimi. No one in these discussions as to 'Rights of Labour' seems to allow a penny for government, civil population, industrial habits, inherited aptitudes, stored materials, mechanical inventions, and the thousand and one traditions of the past and appliances of civil organisation, without which no complex thing could be produced at all. And they entirely leave out of sight posterity. That is to say, socialist reasoners are apt to leave out of account society altogether. And society—that is, the social organism in the past plus the social organism of the moment—is something entirely distinct from the particular workmen of a given factory or pit, and indeed has interests and claims opposed to theirs. Thus society, which Socialists ought to be the very last to forget, is the indispensable antecedent, and very largely the creator, of every product." ("Moral and Religious Socialism," p. 15, 1891.)

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and confusion and strife. A remarkable and beneficent order, a marvellous natural organisation, is to be seen in it when we look a little below the surface. All classes composing it are wondrously bound together, intimately dependent on one another, and constantly co-operating even when they have no wish to do so, no consciousness that they are doing so; yea, co-operating often in and through their very competition.

The teaching in economics then, which leads any class of men to believe that they alone produce wealth, will not bear examination, and can only do harm. Whoever seeks, for example, to persuade workmen that it is their labour alone which has produced the wealth of the world, and that therefore for a capitalist or inventor to be rich while workmen are poor is an injustice, is labouring to mislead them. He is fully warranted, indeed, to advise them to look carefully to their own interests, and to be unitedly on the alert that capitalists and inventors do not get more than their fair share of the produce of labour; but if he goes farther, and denies that the capitalist and inventor have real claims, and large claims, to remuneration out of the produce of labour, he becomes a sower of tares, a breeder of mischief. But for capitalists and inventors workmen would be either much poorer or much fewer than they are. *He would be a sower of tares.*

Capitalists and inventors, of course, without the workmen would have been as helpless as the workmen without them. But as in war the fact that officers cannot do without soldiers any more than

soldiers without officers is no reason for representing officers as contributing nothing to victories, or for sowing dissension between officers and privates, so is it in industry with regard to employers and employed. A great general, although not striking a blow with his own hand, may do more to determine the success of a campaign than many thousands of the actual fighters; and, in like manner, a great capitalist endowed with commercial genius may count for more in the achievements of industry than multitudes of those who carry into effect what he devises and commands. The indebtedness of labour to capital is enormous; its indebtedness to science and invention is also enormous; and it is as wrong for labour to ignore this as for capital, science, and invention to ignore their enormous indebtedness to labour.

When Socialists fail to establish that labour alone originates and deserves wealth, they naturally proceed to argue that it at least produces more than is acknowledged, and is entitled to more than it receives. They insist that under the present reign of competition the distribution of the produce of industry is unjust; that the labourer gets too little and the capitalist too much; that too little goes to wages, too much to profits and rents. Competition, "anarchic individualist competition," is denounced with heartiest vehemence. It is represented as internecine war, as essentially inhuman and immoral, as the hateful process through which the iron law of wages operates, as the root of manifold evils and iniquities, and especially as the main cause of the

prevalence of starvation and misery alongside of luxury and waste.

Even this part of the plea for Socialism, however, is not made out, although the eloquence which has been expended on it will be readily granted to have been often generous in spirit and motive, and cannot be denied to have been popularly most effective. It is quite possible, and even quite common, for capital as well as labour to get too little remuneration. Labour may, and not infrequently does, ask more than capital can give. The griefs and losses of capital are not imaginary, or few, or light. At the same time it is perfectly true that labour in its conflict or co-operation with capital often gets too little, and is always in danger of getting too little. And it is most desirable that it should obtain all that is due to it, all that it possibly can consistently with that general industrial and social prosperity on which its own welfare depends. But even under the reign of competition it is far from powerless to obtain this. With adequate and correct knowledge of the labour market and of what may in each trade under actual circumstances be reasonably and safely demanded, and with organisation and energy to give effect to its demands and to defend its interests, it can hopefully hold its own in any controversy which it may have with capital; and under the reign of competition this knowledge, energy, and organisation it has acquired to a remarkable extent, and is constantly increasing and perfecting. Would it be able to struggle as effectively against the authoritative

and unified administration of capital under the reign of Collectivism?

It is further true that where there is competition there must be temptation to have recourse to ignoble and unfair means of success, to lying and cheating, to cruelty and injustice. Where competitors are numerous and competition keen, many will probably succumb to the temptation. But if this happen it will be their own fault. Daily experience amply testifies that, in spite of competition, merchants and operatives can be not only truthful and honest, but even generous and self-denying. The excesses to which competition may lead afford no reason for the suppression of competition; they afford a reason merely for restraining it within moral and rational limits, for preventing or punishing hurtful or wicked conduct prompted by greed of gain.

And this is a task which the State is clearly bound to undertake. Whatever else the State may be, it is society organised for the maintenance and realisation of justice. A State which does not hold the balance equal between conflicting interests and parties, which allows any one class of its citizens to oppress or plunder any other class, which does not prevent individuals from doing wrong or injury to the community, is a State which fails to justify its own existence. It manifestly does not perform its duty or fulfil its mission. The State is an essentially ethical organism and institute; and the laws of ethics ought to condition, permeate and, regulate the entire economic life. The more of industrial

freedom and general liberty the members of the State enjoy, not the less but the more scope and need are there for the ethical superintendence and intervention of the State. Those who suppose that an ample and practical recognition of the ethical character and functions of the State is a distinctive feature of Socialism, or is incompatible with approval of the competition inseparable from industrial freedom, are utterly mistaken.

Again, wherever competition prevails some must succeed and others fail, some will be at the front and others in the rear. This does not imply that those who fail or fall behind will be absolutely worse off than they would have been had no competition existed. There may be universal competition and yet universal improvement. After seventy years of industrial and capitalist competition in this country, pauperism is not found to have grown in proportion either to wealth or population; it is found to have greatly decreased relatively to both. Seventy years ago there were as many paupers in London as there are now, although it has more than tripled its population in the interval. During the last twenty-five years, "the machinery epoch," in which competition has been at its keenest, labour has been better remunerated relatively to capital than at any former epoch, and the general improvement in the condition of the labouring population has been most marked. Competition is not the direct or necessary cause of poverty, misery, or crime, and its suppression would not be their removal.

As under the reign of competition, however, these evils largely exist, and as in all our large centres of population many of the physically, intellectually, and morally weak or lethargic, and many who are unfavourably situated, break utterly down, and fall into the loathsome mass of pauperism and crime, which is the standing reproach and shame of our civilisation, society ought undoubtedly to occupy itself in earnest endeavour to prevent and suppress misery and vice. To abandon the fallen and unfortunate to their fate, to say "let the fittest survive," is unchristian and inhuman; it is even inexpedient, and sure to degrade, corrupt, and weaken a people. Mr. Spencer has done grievous injustice to his own theory of development in representing it as involving such a conclusion. The State, it seems to me, is clearly under the law of duty in relation to the destitute and helpless. If, indeed, their wants can be more wisely and efficiently relieved by individual charity or special organisations than by its own intervention, then, of course, it ought not to intervene; but if this be not the case it must act itself, and supplement private charity in so far as it is insufficient, taking due care neither to deaden the germs of self-help nor to dry up the sources of voluntary liberality. It is further its duty to watch over the institutions and administration of private charity lest they increase and confirm, as they so often do, the very evils which they are intended to diminish and remove.

And now, after these elucidations, I do not hesitate to give my entire assent to the principle

of industrial competition, and to reject the antagonistic principle of Socialism as altogether erroneous and pernicious. What really is the principle of industrial competition assailed? Nothing less, but, also nothing more, than the principle of industrial liberty; than the affirmation of a man's right to labour, and to live by his labour, as he judges to be best and most expedient, so long as he does not thereby wrong and injure his fellow-men. Whatever Socialists may say to the contrary, the principle of competition, or *laissez-faire*, has never been otherwise understood by economists; and thus understood, it is simply identical with liberty in the sphere of economics, and one form of that liberty which makes man a moral personality.

Is it, then, unchristian? If it be, so much the worse for Christianity. Any religion which denies man to be thus far free must be itself so far false. Is the principle immoral? On the contrary, it is the recognition of a moral right, the affirmation that man is a free moral being or law unto himself in regard to his own labour. Is it unjust? No, because it is limited by justice. Is it a warrant for selfishness, for unneighbourly or unbrotherly dealing, for disregarding the interest of the community at large? It may seem so at the first glance, and socialist writers continually assume that it must be so. But this view is most superficial, as Bishop Butler conclusively showed long ago.

Competition, as the term is used in economics, implies self-love, a regard of one's own interest; altruism is not the immediate source of any merely

business transaction. But he who confounds self-love with selfishness, or suppose that regard to one's own interest implies disregard of or aversion to the interests of others, or imagines that there is any natural or peculiar opposition between self-love and benevolence, is an inaccurate observer and thinker, and shows an ignorance of rudimentary mental and moral truths which one does not expect to find displayed by educated Englishmen, the countrymen of Bishop Butler. A really reasonable regard to a man's own interest has not an anti-social but a social tendency. Men cannot truly, or on the whole and in the long run, secure their own good by looking only to their own good. Every man in order to attain his own true good must work towards the good of others; and so every class of men, in order to promote their own true interest, must have in view also what is best for the community. Aiming at the higher end is the indispensable condition of gaining the lower end.

Then, we must not forget to ask, What is the principle which Socialism has to oppose to, and which it would substitute for, competition? Is it co-operation? Certainly not. If men are entitled to be free to compete, they are at the same time and to the same extent entitled to co-operate. If they would compete successfully they must also largely co-operate. With the utmost freedom of competition prevailing, the workmen of England have become more closely united, more practically fraternal, and more strongly and healthily organised, than those of countries fettered by so-called

protection. The real opposite of competition or liberty is compulsion or slavery, the authoritative assignment to each man of the work which he has to do. This is what genuine Socialism, what Collectivism, proffers us. This is its distinctive principle; it is also its decisive condemnation. It means robbing man of his true self, of what gives to his soul and conduct dignity and worth. It is treating man as a thing or a beast, not as a person. The organisation of labour, or of society, thus to be obtained would be dearly bought whatever might be the material advantages which it conferred. These advantages would probably be very few and slight, and the disadvantages numerous and enormous.

Socialists dwell on what they regard as the injustice of the rate of wages being fixed by competition according to the proportion of supply and demand. The truth is that if the rate were exactly fixed between real supply and demand, it would be quite justly fixed. Injustice comes in because it is often not so fixed. Absolute justice is difficult to obtain in this world. Who hopes to see a perfectly just income-tax? Is there any bargain, any at least not of the very simplest kind, in which one of the parties does not get more and the other less than is exactly right? I have no doubt that labourers have often the worst of it in their contracts with capitalists, and would approve whatever can aid them to get their proper share of the produce of industry. But to encourage them to quarrel with the law of supply and demand, instead of to study its opera-

tions and to act accordingly, is as absurd as it would be to attempt to enrage us against the law of gravitation. The law of gravitation will break our necks, if we do not take care. The law of supply and demand will leave us without a penny, if we do not take care. The lesson is, Take care; it is not, Set aside the law.

Socialists have failed to show that any other method of determining the rate of wages due to labour would be as just as the one which they condemn. Some have proposed as a substitute for it *an equal distribution of the produce*; they would pay every man alike. It is a very simple plan, but also a very unjust one. Men differ much in ability, and their labours differ much in quality and worth. To ignore these differences—to treat mere “botching” and genuine work, unskilled and skilled labour, carelessness and carefulness, stupidity and genius, as equal—would be essentially unjust, dishonouring to labour, discouraging to talent, energy, and conscientiousness, and hurtful to society.

Saint-Simon and others have said, *distribute in proportion to liability* give to every man according to his capacities. But even if it be granted that this shows a sense of justice, how is it to be acted on? How is society to ascertain and judge of men's abilities unless by letting them have free scope to show what they can do; or how can it estimate the worth of what they do except by finding out what value is assigned to it by those who set any value upon it?

Louis Blanc said, *distribute according to wants*;

take from men according to their abilities and give to them according to their needs. He did not explain what he meant by a want, or what wants he meant. But whatever he meant, we may be sure that if his formula were to be acted on in any society, abilities would decrease and wants increase in that society in a very remarkable manner.

Karl Marx, as I have previously mentioned, maintains that *the value of work should be estimated according to the quantity of socially necessary labour expended, or in equivalent terms, according to the time which must be on the average occupied in the work.* There is neither reasonableness nor justice in this view. Mere expenditure of labour does not produce any value, and is not entitled to any remuneration. A man may labour long and hard in producing something in which nobody can see use or beauty. If he do so he will get nothing for his labour, and he has no right to expect anything for it. He may expend ten hours' labour in producing what there is so little demand for that he will get merely the pay of one hour's work for it. If he say that this is not fair; that as it has cost him ten hours' work it is worth ten hours' work; he will be told that it is only worth that in his eyes, and because he has wasted nine hours' work upon it. It is impossible to eliminate from the determination of value the elements of use, demand, rarity, limitation, and to fix it exclusively by quantity or duration of labour.

Besides, the doctrine of Marx leaves out of account the infinite differences of quality in labour,

and implicitly reduces the labour of rare intelligence, of exquisite artistic taste, and supreme genius to the level of the mere muscular exertion which may be replaced with advantage, wherever possible, by the action of a machine or an animal. In a word, it is as dishonouring to human labour, as unjust and discouraging to talent and merit in human labour, as the doctrine of Communism itself. Yet this doctrine Marx regarded as the very cornerstone of his Collectivism. On it he rested entirely his hope of a just payment of labour employed in production within the collectivist community. Every suggestion which he has made, or which his followers have made, as to the administration of distribution in the collectivist world, is but an application of it. If it be not true, the "labour certificates" and "labour cheques," of which we have heard so much, can be no better than false bank-notes. That a system built on such a cornerstone should have obtained the confidence of so many persons shows how prevalent credulity still is.

So long as Socialists cannot give us better rules than those just indicated for the remuneration of labour, or for the distribution of the produce of industry among those concerned in production, we must keep to the method to which we are accustomed. It may not always work entirely to our satisfaction. Still it works with some considerable measure of justice and success on the whole, is not incapable of being improved, and does not prevent co-operation, industrial partnership, participation

in profits, or other like schemes, being tried. But socialist plans, so far as yet divulged, are so unjust or so vague that it is obvious they would not work at all.

Such being the state of the case, we should not hastily assent to certain sweeping charges often made by Socialists against the system under which we are living, and under which society will probably long require to continue. I shall only glance at two of these charges.

In the present state of economic discussion the allegation that the law of wages reduces the majority of labourers to the bare means of subsistence can only be regarded as a sign of ignorance or bias. No competent and impartial economist now fails to recognise that Ricardo's treatment of the law of wages was vitiated by the omission of important elements which should have been taken into account; and still less is any such economist unaware that Lassalle's exaggeration of Ricardo's conclusion is a gross caricature of the real law, devoid of theoretical justification, and decisively contradicted by the history of wages. The law of wages tends to press us down to bare subsistence no otherwise than water tends to drown us. Water tends to drown us, and will drown us, if we do not keep out of it, or cannot swim, or make no use of ship, boat, or saving apparatus. The law of wages tends to draw us down to bare subsistence, and will draw us to that level if we do not exercise self-restraint and temperance; if we are content to be unintelligent and unskilled in our work; if we

do not strive to develop our faculties and improve our condition; if we do not seek the best market for our labour; and if we are in other ways untrue to ourselves. Water, however, notwithstanding its tendency to drown us, drowns not one of us of itself, or apart from our occasional misfortunes, or want of skill, or want of prudence. And equally the law of wages, notwithstanding its tendency towards bare subsistence, drags not one of us down to that of itself, or apart from our exceptional ill-luck, or our insufficient intelligence or virtue, or our lack of skill or energy.

To represent wages as a badge of degradation and slavery is another common misrepresentation. Not only the obscure and irresponsible scribblers and the ignorant and reckless mob-orators of the socialist party, but its leading representatives (men like Engels, Marx, and Lassalle, Hyndman, Morris, and Henry George) have employed all the eloquence at their command in dilating on the debasement and enslavement involved in dependence on wages.

It might have easily been put to a better use. If there be such a thing as obligation in the world at all there must be to the same extent such dependence as that which the opponents of the wages-system denounce as slavery. Whoever enters into any kind of engagement or contract ceases to have the freedom of not fulfilling it; but if that suffice to make a slave of him it is not only the labourer for wages, but every man who feels bound to keep a promise, every respectable husband, every worthy

citizen, every honourable person, who is a slave. On other foundation than such so-called slavery, no society, or social institution, can be established or sustained.

And if to serve for wages be debasement and slavery, few indeed of those who have professed to regard it as such have not daily and deliberately consented to their own degradation by accepting what they denounce. In fact, even kings and presidents, prime ministers and lord-chancellors, official and professional persons of all classes, authors of all descriptions, and, in a word, men of all degrees, not merely manual labourers, receive wages under some name or another.

There is nothing servile or degrading in a wages-contract in itself. Wages imply in the very notion of them that the receiver of them is a moral and free being, with a right of property in himself. The slave and serf, as such, cannot be the recipient of wages, but only of the sustenance thought requisite to maintain their efficiency as instruments of labour, or a something more to stimulate their exertions. But neither sustenance itself nor a premium on labour is a wage, precisely because the latter implies that the faculties of him who receives it are his own, and that he is entitled to use them as his own. There is, therefore, in the receiving of wages nothing akin to slavery or serfdom. On the contrary, it is so essentially contrasted to them, so sharply separated from them, that where it is they cannot be, and where they are it cannot be. To earn wages a man must be a free man, must have

his faculties at his own disposal, and be entitled to employ them primarily for his own good. There is no more slavery or dishonour in the workman receiving wages than in the capitalist taking profits.

Further, the wages-contract has been assailed as unjust. It is represented by Socialists as always favourable to the employer and unfavourable to the employed. Workmen are asserted to be so weak and masters so strong that the former are never paid a fair day's wages for a fair day's work. The workman, it is affirmed, is entitled to the whole product of his labour, but never receives in the form of wages nearly so much as would enable him to purchase it. But, again, when we seek for proof it is not to be found. The wages-contract is as just as any other form of contract. What more injustice is there in purchasing labour-power than in purchasing commodities at market value? If it be no wrong to a peasant woman to buy from her eggs or butter at their current price, what wrong can there be in buying from her so many hours of work according to the same principle of remuneration?

It is manifestly contrary to fact that the wages-system is always favourable to employers, and unfavourable to the employed. In a multitude of cases it is just the reverse. Its great merit, indeed, is that it ensures that workmen get paid for their labour, although it be economically worthless or even wasteful. Let me illustrate this statement. In the west of Ireland there is to be seen the

channel of what was intended to be a canal connecting Loughs Corrib and Mask. It was cut at enormous expense through very porous limestone. When completed the water of Lough Mask was let into it, but, with the perversity ascribed to Irish pigs, it refused to take the course prepared for it, and ran straight towards the centre of the earth. The canal was simply a gigantic and costly blunder. What would the labourers employed have got for their toil if they had been working not for wages but for shares in the product of their labour or in the profits of the enterprise? Again, was it the capitalists who had an eye to profits, or the labourers who had the security of a wages-contract, who benefited by the construction of that unfinished edifice, intended to be a Hydropathic Establishment, which disfigures the town of Oban? Of enterprises started more than 20 per cent. fail, yet the workmen connected with them get the ordinary wages current in the trade at the time. A great number of industrial companies pay in the course of a year neither interest nor dividend; but they all pay wages.

Those who assert that workmen are always underpaid should be able to state what would be proper payment. But they have no certain and invariable criterion, rule, or law, enabling them to do so. All the varying conditions of the labour market must be taken into account. When they affirm that the workman is entitled to the whole product of his labour, they should explain what they mean thereby. There is a sense in which they may be right;

but it is one which would prove nothing against the justice of the wages-system. The sense, however, in which Socialists wish to get it credited is one which implies that if a working tailor makes a coat in the workshop of, and with the materials supplied by a master tailor, he is entitled to the whole value of the coat, and should be able to purchase it with the wages which he receives for the labour which he spent on it. That, of course, is sheer absurdity. Even if a tailor be both capitalist and workman, so as at once to pay for every element in the production of a coat and personally to execute the whole process of its production, he is only entitled to receive for it what buyers will give him; and if he part with it to one who sells ready-made clothes, he cannot expect to be able to repurchase it with what he received for it. In a word, it is just as difficult to prove that a workman who receives the wages current in his trade at the time does not receive the whole product of his labour as that he does not obtain a just wage.

I am far from maintaining that the wages-system is a perfect or final system; the best possible system; one which does not require to be supplemented, or which may not in the course of historical development be superseded by a system which will have greater advantages and fewer incidental evils. All that I maintain is that it is wrong to heap on it foolish and false accusations like those to which I have just referred; wrong to strive by unfair means and poisoned weapons to stir up the hatred of large masses of men against a system which obviously

secures to them most important advantages, and which must obviously continue to be the system under which they will live, until displaced either by a slow and vast process of moral and social evolution or by a violent and ruinous revolution which would be unspeakably disastrous even to themselves.

Would the compulsory labour-system of Collectivism be any improvement on the voluntary wages-system of Capitalism? It is sufficient, I think, to quote in answer a few words of truth and soberness uttered by Schaffle: "Democratic Collectivism promises the abolition of the wage-system and of all private service, which involves the continuous enslavement of the proletariat. 'Wage-slavery' is to be superseded by a system of universal service directly for the community: the whole of productive labour would be placed in the position of a paid official department of the Democratic Republic. There is no doubt that private service is in principle very irksome and oppressive to workmen of high self-respect and personal superiority. But it has not been proved that for the great mass of existing wage-labourers the position of private service could not be made tolerable by some other means, nor has it been demonstrated that the *élite* of the working classes cannot find within the limits of the capitalistic sphere of industry leading positions which are also suited to satisfy a high sense of self-respect. It is certain, on the other hand, that there is no possible organisation of society in which no one must obey,

and every one can rule, or in which all ruling would be mere idle pleasure and satisfaction. In the existing order of society the mass of officials who make up the administration, both central and local, although they have the great advantages of immediate and uninterrupted self-supporting labour, have it at the price of very strict obedience towards often the most insignificant and spiteful nominees of favoritism, and in the face of very great uncertainty as to impartial and fair advancement on the ladder of promotion. The freedom of the individual would lose in a degree which democracy would by no means tolerate. Popular government very easily degenerates into mob-rule, and this is always more favourable to the common and the insignificant than to the noble and distinguished. Hence Democratic Collectivism itself would be likely to wound in a high degree the most sensitive self-respect, without leaving as much freedom as does the present system of private service, in the choice of employment and employer, or of a place of abode. Its only equality would be that no one was in any wise independent, but all slaves of the majority, and on this point again Democratic Collectivism would come to grief, and utterly fail to keep the promises it makes to the better class of working men whose self-respect is injured by the existing state of things."*

* "The Impossibility of Social Democracy," pp. 94-6.

SUPPLEMENTARY NOTE.

Collectivist Socialism rests on economic doctrines propounded by Rodbertus and Marx. By designating these doctrines "new" (p. 43) I am not to be understood as attributing to them any other novelty than that of development and of application. They were mainly exaggerations of, or inferences from, doctrines of earlier economists; they were certainly not "new" *economic truths*. Neither Rodbertus nor Marx was successful in discovering such truths. They were both, however, learned, laborious, and able students of economic science; and, by their critical acumen, their dialectic vigour, and their ingenuity, they have, at least indirectly, greatly contributed to its progress. The views of the former on the distribution of wealth, and of the latter on the evolution of capitalist production, were of a kind admirably calculated to stimulate to fruitful economic investigation.

I can here only touch briefly on the chief features of Marx's teaching as to labour. That teaching was drawn mainly from English economists—Locke, Adam Smith, Ricardo, Bray, Thompson, Hall, &c. Without Ricardo there would have been no Marx. The essential content of the Marxian economics is the Ricardian economics. Marx received Ricardo's exposition of economics as generally correct, narrowed still further what was already too narrow in it, exaggerated what was excessive, and made applications of it which Ricardo had not foreseen.

Sismondi, the Saint-Simonians, and Proudhon were his precursors among French economists. His criticism of Capitalism owes, of course, a good deal to Fourier. His whole system presupposes the truth of the idea that there is a radical class distinction, an essential social antinomy within the present industrial regime, between *bourgeoisie* and *prolétariat*, or *peuple*. That idea was gradually evolved and popularised in France between 1830 and 1848 by various *littérateurs* of whom Louis Blanc was the most influential.

As regards the spirit of Marx's teaching, it was the spirit of the generation to which he belonged; the irreverent and revolutionary spirit of what was once known as Young Germany; the

spirit of a race of disillusionised men, without belief in God or unsensuous good; a hypercritical, cynical, and often scurrilous spirit. In passing into its latest or German stage Socialism gained intellectually but lost morally. Under the manipulation of Marx and Lassalle and their successors the spirit of justice and of humanity which characterised it as presented by French Socialists from Saint-Simon to Louis Blanc was expelled from it, and it is now everywhere a morally inferior thing to what it was in its earlier phases.

A fundamental part of the teaching of Marx is his theory of social development. The general thesis in which the theory may be summed up is stated by his friend Engels, thus: "The materialist conception of history starts from the proposition that the production of the means to support human life, and, next to production, the exchange of things produced, is the basis of all social structure; that in every society that has appeared in history, the manner in which wealth is distributed and society divided into classes or orders, is dependent upon what is produced, how it is produced, and how the products are exchanged. From this point of view the final causes of all social changes and political revolutions are to be sought, not in men's brains, not in man's better insight into eternal truth and justice, but in changes in the modes of production and exchange. They are to be sought, not in the *philosophy*, but in the *economics* of each particular epoch. The growing perception that existing social institutions are unreasonable and unjust, that reason has become unreason, and right wrong, is only proof that in the modes of production and exchange changes have silently taken place, with which the social order, adapted to earlier economic conditions, is no longer in keeping. From this it also follows that the means of getting rid of the incongruities that have been brought to light, must also be present, in a more or less developed condition, within the changed modes of production themselves. These means are not to be invented by deduction from fundamental principles, but are to be discovered in the stubborn facts of the existing system of production."*

What is true in this theory is that the economic factors of

* "Socialism, Utopian and Scientific," pp. 45-6.

history have at all times had a great influence on the general development of history; and that in all stages of the movement of human society there have been a correspondence and congruity between the character and organisation of industry and the character and organisation of law, politics, science, art, and religion. It is very important truth, but not truth which had been left to Marx to discover or even to do justice to. Many authors before him had indicated and illustrated it; and one, especially, Auguste Comte, the founder of Positivism, had exhibited the relations and significance of it with an insight and comprehensiveness to which there is nothing akin in the treatment of it by Marx. Where alone Marx did memorable work as an historical theorist, was in his analysis and interpretation of the capitalist era, and there he must be admitted to have rendered eminent service even by those who think his analysis more subtle than accurate, and his interpretation more ingenious than true. When he imagined that history could be completely accounted for by its economic factors—that modes of production and exchange generated hostile classes from whose antagonism and conflicts arose all the changes, institutions, and ideas of society—he greatly deceived himself, and ignored and rejected hosts of facts which testify against so narrow and exclusive a conception. The causes of his thus erring were two: an unproved assumption of the truth of materialism, and a desire to find some sort of philosophical and historical basis for his socialistic agitation. His relationship to Hegel determined the form the error assumed, and the method of its evolution into a philosophy. The historical philosophy of Marx was reached mainly by the rough and ready process of turning Hegel's upside down, and retaining the Hegelian dialectic to so slight an extent that it came to look to Marx as a dialectic of his own "fundamentally different from Hegel's, and even its direct opposite." The historical philosophy of Marx, as well as of other German Socialists, I shall require carefully to examine in a forthcoming work on *Historical Philosophy in Germany*.*

* There is a fairly good account and criticism of the Marxian historical hypothesis in Dr. Paul Barth's "Geschichtsphilosophie Hegel's und der Hegelianer bis auf Marx und Hartmann," 1890. The claim of Socialism to

The doctrine of Marx on labour rests on what is generally spoken of as a theory of value but which is properly only a theory of value in exchange or of price. In attempting to establish this theory Marx begins by distinguishing between value in use or utility and value in exchange or simply value, but soon concludes that the former must be abstracted or discarded in the economic estimation of things; that the utility of the goods or commodities which constitute the wealth of societies does not affect their relative values; that labour is the source of all economic value, the cause of all social wealth. He deserves credit for having tried to prove that such is the case. Various eminent economists had preceded him in affirming that labour produced all, or nearly all, value. But none of them had made an effort to prove what they affirmed. Marx is, therefore, not without merit in connection with the proposition in question. His attempt to prove it, however, is at once feeble and sophistical. The following quotation will give an adequate conception of his pretended demonstration:—

"The utility of a thing makes it a use-value. But this utility is not a thing of air. Being limited by the physical properties of the commodity, it has no existence apart from that commodity. A commodity, such as iron, corn, or a diamond, is therefore, so far as it is a material thing, a use-value, something useful. This property of a commodity is independent of the amount of labour required to appropriate its useful qualities. When treating of use-value, we always assume to be dealing with definite quantities, such as dozens of watches, yards of linen, or tons of iron. The use-values of commodities furnish the material for a special study, that of the commercial knowledge of commodities. Use-values become a reality only by use or consumption; they also constitute the substance of all wealth, whatever may be the social form of that wealth. In the form of society we are about to consider, they are, in addition, the material depositories of exchange value.

be founded on the theory of development set forth by Darwin and his followers has not been admitted by any biologists of eminence, and has been repudiated even by such resolutely free-thinking evolutionists as Oscar Schmidt and Ernst Hückel. What is presented as science and history in Fr. Engel's "Ursprung der Familie, des Privateigentums, und des Staats," and Bebel's "Frau," is notoriously superficial and uncritical. Some portion of the evidence for this statement will be found well exhibited in "Die Naturwissenschaft und die Socialdemokratische Theorie," 1894, of H. E. Ziegler, Prof. of Zoology in Freiburg i. B.

"Exchange value, at first sight, presents itself as a quantitative relation, as the proportion in which values in use of one sort are exchanged for those of another sort, a relation constantly changing with time and place. Hence exchange value appears to be something accidental and purely relative, and consequently an intrinsic value—*i.e.*, an exchange value that is inseparably connected with, inherent in, commodities seems a contradiction in terms. Let us consider the matter a little more closely.

"A given commodity—*e.g.*, a quarter of wheat—is exchanged for x blacking, y silk, or z gold, &c.; in short, for other commodities in the most different proportions. Instead of one exchange value, the wheat has, therefore, a great many. But since x blacking, y silk or z gold, &c., each represent the exchange value of one quarter of wheat, x blacking, y silk, z gold, &c., must, as exchange values, be replaceable by each other, or equal to each other. Therefore, first, the valid exchange values of a given commodity express something equal; secondly, exchange value, generally, is only the mode of expression, the phenomenal form of something contained in it, yet distinguishable from it.

"Let us take two commodities—*e.g.*, corn and iron. The proportions in which they are exchangeable, whatever those proportions may be, can always be represented by an equation in which a given quantity of corn is equated to some quantity of iron—*e.g.*, 1 quarter corn = x cwt. iron. What does this equation tell us? It tells us that in two different things—in 1 quarter of corn and in x cwt. of iron—there exists in equal quantities something common to both. The two things must therefore be equal to a third, which in itself is neither the one nor the other. Each of them, so far as it is exchange value, must therefore be reducible to this third.

"A simple geometrical illustration will make this clear. In order to calculate and compare the areas of rectilinear figures, we decompose them into triangles. But the area of the triangle itself is expressed by something totally different from its visible figure—namely, by half the product of the base into the altitude. In the same way the exchange values of commodities must be capable of being expressed in terms of something common to them all, of which thing they represent a greater or less quantity.

"This common 'something' cannot be either a geometrical, a chemical, or any other natural property of commodities. Such properties claim our attention only in so far as they affect the utility of those commodities, make them use-values. But the exchange of commodities is evidently an act characterised by a total abstraction from use-values. Then one use-value is just as good as another, provided only it be present in sufficient quantity. Or, as old Barbon says, 'one sort of wares are as good as another, if the values be equal. There is no difference or distinction in things of equal value. . . . An hundred pounds' worth of lead or iron, is of as great value as one hundred pounds' worth of silver or gold.' As use-values commodities are, above all, of different qualities, but as exchange-

values they are merely different quantities, and consequently do not contain an atom of use-value.

"If, then, we leave out of consideration the use-value of commodities they have only one common property left, that of being products of labour. But even the product of labour itself has undergone a change in our hands. If we make abstraction from its use-value, we make abstraction at the same time from the material elements and shapes that make the product a use-value; we see in it no longer a table, a house, yarn, or any other useful thing. Its existence as a material thing is put out of sight. Neither can it any longer be regarded as the product of the labour of the joiner, the mason, the spinner, or of any other definite kind of productive labour. Along with the useful qualities of the products themselves, we put out of sight both the useful character of the various kinds of labour embodied in them, and the concrete forms of that labour; there is nothing left but what is common to them all; all are reduced to one and the same sort of labour, human labour in the abstract.

"Let us now consider the residue of each of these products; it consists of the same unsubstantial reality in each, a mere congelation of homogeneous human labour, of labour-power expended without regard to the mode of its expenditure. All that these things now tell us is, that human labour-power is embodied in them. When looked at as crystals of this social substance, common to them all, they are—values.

"We have seen that when commodities are exchanged, their exchange value manifests itself as something totally independent of their use-value. But if we abstract from their use-value there remains their value as defined above. Therefore, the common substance that manifests itself in the exchange value of commodities, whenever they are exchanged, is their value."*

Such is the argument. Obviously it begins with the assumption of a developed system of exchange, an organised trade with common weights and measures, cwts., quarters, &c., and a host of exact and invariable equations of value recognised as existing between exchangeable objects. The assumption is unfair, and we can never hope to understand the nature of exchange if we examine it only at such a point. What we must commence by looking at is exchange in its roots and rudiments, the rudest and most elementary exchanges, those of the kind out of which all others must have grown. The simplest conceivable exchanges, such as necessarily take place between mere savages, presuppose no equations, no definite measures of weight or capacity, no

* "Capital," vol. I., pp. 2-5.

common standard of value. What is really implied when two individuals in what may be called the state of nature (meaning thereby one without culture or inventions) exchange, in the economic sense of the term, any two objects? Merely that each of these two individuals, considering the two objects from the point of view of his own present and prospective advantage, regards what he gets as *more desirable, more useful*, than what he gives; in other words, that each of these individuals forms two different judgments or estimates of the *value* of these objects. Such judgments or estimates are obviously founded only on a comparison of the use-values of the objects to the individuals who exchange them. Such judgments are all that is necessarily implied in the simplest economic exchanges; and they can never be eliminated from the most developed and complicated processes of exchange, although these processes widen the distance between the final use-values, make their influence less conspicuous, and render it easier for a fallacious reasoner to pretend that they have none.

Marx not only takes up the consideration of exchange value at a wrong stage, but also unwarrantably assumes that at that stage it remains unaltered, so that a quarter of grain not only is equivalent at a given moment but continues to be permanently equivalent to, constantly to equate, the same definite amounts of all other things. This assumption is utterly inconsistent with facts. The relative values of objects are incessantly changing. This of itself indicates that their values cannot be dependent on "a constant," on what is unchanging with respect to them all, equal to them all; in other words, it shows that "an intrinsic value in exchange," not merely "seems to be" but *is* "a contradiction in terms," a chimera which science and common sense must repudiate.

Marx proceeds with his argument at a very rapid pace; indeed in reckless haste. There is, he next tells us, a common "something" in commodities without which, whatever utility they might have, they would have no value; and that this "something" cannot be any property affecting their utility, inasmuch as "the exchange of commodities is evidently an act characterised by a total abstraction from use-value." We have a right to insist on this *evidently* being proved; we have a right to refuse to

accept either the mere assertion of Marx or a few irrelevant words from "old Barbon" in lieu of proof. That the desirability of commodities can ever be legitimately abstracted in the determination of their values is plainly in the utmost need of proof, and most unlikely to receive it. Without the former, use-value, there would be not an atom of the latter, exchange-value, and therefore to speak of the "total abstraction" of the former in exchange is absurd. To take no account of the degrees of desirability of commodities, and of the qualities and circumstances on which they depend, and in relation to which they vary, is to make all explanation of their values impossible. The resolution of Marx to "leave out of consideration the use-value of commodities," without any justification of the doing so, was very convenient but quite illegitimate.

He carries it into effect: and then he has only to draw an inference, and lo! the whole world of commodities which compose the wealth of societies is transformed as by the touch of a magic wand, so at least we are asked to believe, not indeed into a fairy scene, but into a fitting paradise for a German metaphysician, one filled with characterless and undifferentiated objects; with things which have no elements or qualities, bodies or shapes; with "products of human labour in the abstract;" with "crystals of the universal social substance, values." What rubbish! What poor dialectic jugglery! And *that* is what Socialists take for invincible logic.

In reality, notwithstanding the wave of the prestigiatory wand, the world of commodities, the realm of values remains unaffected. Among its contents there are not merely products of labour but also products of nature. Its objects have not exclusively the one property of having been originated by human exertion. They are equally objects of human desire in various degrees, objects of demand and supply, objects relatively rare or abundant. The mere "crystals" and "congelations" of homogeneous human labour into which Marx would resolve them, are the creations of an abstraction and imagination unguided by reason and regardless of facts.

So much for the doctrine of Marx as to the cause or principle of value. His doctrine as to the measure of value naturally follows from it. He states it thus:

"A use-value, or useful article, has value only because human labour in the abstract has been embodied or materialised in it. How, then, is the magnitude of this value to be measured? Plainly, by the quantity of the value-creating substance, the labour, contained in the article. The quantity of labour, however, is measured by its duration, and labour-time in its turn finds its standard in weeks, days, and hours.

"Some people might think that if the value of a commodity is determined by the quantity of labour spent on it, the more idle and unskilful the labourer, the more valuable would his commodity be, because more time would be required in its production. The labour, however, that forms the substance of value is homogeneous human labour, expenditure of one uniform labour-power. The total labour-power of society, which is embodied in the sum total of the values of all commodities produced by that society, counts here as one homogeneous mass of human labour-power, composed though it be of innumerable individual units. Each of these units is the same as any other, so far as it has the character of the average labour-power of society, and takes effect as such; that is, so far as it requires for producing a commodity no more time than is needful on an average, no more than is socially necessary. The labour-time socially necessary is that required to produce an article under the normal conditions of production, and with the average degree of skill and intensity prevalent at the time. The introduction of power-looms into England probably reduced by one-half the labour required to weave a given quantity of yarn into cloth. The hand-loom weavers, as a matter of fact, continued to require the same time as before; but for all that, the product of one hour of their labour represented after the change only half an hour's social labour, and consequently fell to one-half its former value.

"We see, then, that what determines the magnitude of the value of any article is the amount of labour socially necessary, or the labour-time socially necessary for its production. Each individual commodity, in this connection, is to be considered as an average sample of its class. Commodities, therefore, in which equal quantities of labour are embodied, or which can be produced in the same time, have the same value. The value of one commodity is to the value of any other, as the labour-time necessary for the production of the one is to that necessary for the production of the other. As values, all commodities are only definite masses of congealed labour-time."*

The validity of what Marx thus maintains is obviously and entirely dependent on the conclusiveness of the argument which we have already shown to be worthless. Had he made out labour to be the sole principle, the common and only substance, of value, we could not have reasonably refused to admit amount or quantity

* "Capital," vol. i., pp. 5-6.

of labour to be the only and the adequate measure of the magnitude and proportions of value. But as he has completely failed to prove labour the source of value, he has left his doctrine that it is the measure of value, hanging in the air, without any basis or support.

This is very unfortunate for it, especially as there is not only no natural probability in its favour, but intrinsic unreasonableness is plainly stamped upon it. Labour itself varies in value with the fluctuations of demand and supply. An hour of common manual toil may be worth a few pence per working day in India, a shilling in Ireland, three or four shillings in England, and six or seven shillings in certain districts of the United States. In all trades the value of labour is liable to rise and fall from one short period to another, sometimes from week to week, or even from day to day. And there are unfortunately times and places where it has no value, or almost no value at all. It varies from the action and interaction of a great number of causes and circumstances, many of which may be in themselves independent and unconnected. How can what thus varies be an unvarying measure? How can its duration be the sole, common, and exact measure of the magnitudes of all values? In fact, to pretend to have proved that it is so is as absurd as to claim to have discovered the philosopher's stone, or to have invented a machine with the property of perpetual motion.

To say that the same quantity or duration of labour always implies the same exertion, trouble, or sacrifice on the part of the labourers, and is therefore to be regarded as always of the same value, is a quite futile attempt at defence of the Marxian position. For, in the first place, what is alleged is not correct. Men differ amazingly as regards both their natural and acquired powers of labour, and consequently as regards the quantity and quality of what they can produce in a given time, and as regards the value of their labour in that time. In the second place, it has, fortunately for the welfare of mankind, not been exclusively left to labourers to determine the value of labour, to producers to assign what prices they please to their products, to sellers to impose their own terms on buyers; they must conform to what employers of labour, consumers of commodities, buyers are able and willing to give. The state of the market, the relation of

supply and demand, cannot be disregarded. Economic law cannot be set aside by arbitrary will, nor can it be made to operate only in the interest of one set of persons. It is neither capricious nor partial.

Labour has an influence on value. The labour expended in the production of commodities must be remunerated or it will not continue to be given, and the remuneration is a part of the cost of production which must be returned in the value of the products. Nothing which does not repay the cost of production will be permanently produced. But cost of production does not alone determine the value of products; and labour alone is not the only element of cost of production. The crops reaped by the farmer, the articles fabricated by the manufacturer, must repay, not merely their expenditure in wages but also in rent, machinery, materials, and all other drains on capital.

Marx ignores the influence of rent and capital on value. He reasons as if they had no existence; as if Socialism were already established, and had successfully abolished them. As they still undoubtedly exist, however, and undoubtedly affect cost and price, and consequently value, the theory which "abstracts" them, leaves them out of account, and represents labour alone as the measure of value, is plainly one reached by shutting the eyes to relevant but unwelcome facts. And rent and capital are facts which Socialism, even if established, could neither abolish nor prevent influencing value. The rent of land is just what is paid for its productive advantages; and agriculturists would be an intolerably favoured class in the community, if, under Collectivism, they did not continue to pay for these advantages. They would pay, indeed, to the State instead of to private landlords; but they would equally have to pay, and the new arrangements would as likely be disadvantageous to them as the reverse. Were the capital invested in manufacturing industries collectivised that capital *would not*, unless the collectivist State were bent on committing suicide, be handed over specially to the workmen in these industries; nor would the profits thereof be added to *their* wages; while the expenditure and consumption of it necessary to production *would* require to be returned out of the products, however much wages might have to be diminished in consequence.

When labour enters largely, in comparison with other factors, into the production of commodities for which there is a steady demand it will have a relatively decisive influence on their value. When there is no monopoly, no need for expensive machinery, and an abundant supply of cheap materials on which to operate, wages may be far the largest items in the cost of production, and the labour expended on commodities may nearly measure their value. But labour alone never really measures value, never being alone in determining the cost of production, and cost of production itself never alone determining the value of products. Labour itself must be supported with capital, requires tools, and cannot dispense with materials seldom, if ever, procurable for absolutely nothing. And, above all, value is not an absolute objective thing, a metaphysical substance, a *Ding-an-sich*, as Marx, with his sham science, virtually represents it to be, but an essentially variable, and, in the main, subjective relation, the relation between the wants of human beings and the objects fitted to supply these wants.

Marx falls into a still less excusable error. He was so engrossed with the desire to prove that the labour which he regards as the substance of value is "homogeneous human labour, expenditure of one uniform labour-power," that he could see no labour constitutive or originative of value except manual labour. He overlooks what scientific knowledge, what inventive genius, what commercial talent and enterprise, what powers of business management and organisation, have done for industry; he attributes to them no merits, allows them no rights to remuneration for what they have done, concedes to them no atom of claim to the possession of what they have produced. Not seeing how to measure the value of headwork by its duration, he chose not to see that it had any, and so was able to reason *as if hands alone had value and could dispense with heads*.

He could not, however, overlook the distinction between skilled and unskilled manual labour, that being obvious even to the bodily eye. What does he make of it? How does he explain such a fact as that while a hodman is paid, perhaps, two shillings for a day's work, a sculptor for the work of an equal day will be paid, say, two pounds? He gets over the difficulty as quickly as he can thus:—"Skilled labour counts only as simple labour

intensified, or rather, as multiplied simple labour, a given quantity of skilled labour being considered equal to a greater quantity of simple labour. Experience shows that this reduction is constantly being made. A commodity may be the product of the most skilled labour, but its value, by equating it to the product of simple unskilled labour, represents a definite quantity of the latter labour alone. The different proportions in which different sorts of labour are reduced to unskilled labour as their standard, are established by a social process that goes on behind the backs of the producers, and, consequently, appear to be fixed by custom. For simplicity's sake we shall henceforth account every kind of labour to be unskilled, simple labour.*

This is a very curious answer. The question to which it should be a response is one not about "counting" or "considering" or what is "constantly being done"; but about what is, and what is implied in Marx's doctrine that duration of labour is the measure of value. Our sculptor gets for one day's work twenty times as much as our hodman gets for the same length of labour, and labour as intense and much less pleasant. How does this happen if duration of labour be the measure of value? "O!" replies Marx, "I am willing to reckon the sculptor's day equal to twenty days of the hodman." But that is no answer. What alone would be an answer would be to show us that one day of the sculptor really is equal in duration to twenty days of the hodman. And when that is done it will be further necessary to show, how, if one day of labour may be twenty days of labour, or indeed any number of days, a day can have any definite duration, or the labour done in it any definite value; in a word, how duration of labour can have the characters of a measure at all.

Further, Marx takes "simple average labour," "simple unskilled labour," as his basis of reckoning and reasoning. He abstracts or disregards all that individualises and differentiates men as labourers or producers. He represents "average" as exchanged against "average," one hour's work of one man as in the abstract equivalent to one hour's work of another man, even although he is forced to reckon it as sometimes equivalent to twenty or even more hours' work of certain men. Surely this is

* "Capital," pp. 11-12.

exceedingly unreal and unreasonable. Is not all, or nearly all, economic labour simply *more or less unskilled*, and most of it that we call unskilled very far from really so? The "average" quantity of individual labour performed in a community may be a quantity which not one individual of the community exactly accomplishes. Every man of them may produce either more or less than the average so that there may be no average to exchange. In a given time almost any one individual produces more and another less than a special average, and hence cannot exchange on the footing of such an average without the one suffering an unfair loss and the other gaining an unfair advantage. Marx, in a word, has rested his theory not on reality, but on a fictitious abstraction. His units of measurement and calculation are arbitrary and inapplicable. His "simple average labour" is akin to "le moyen homme," "the economic man," and various other pseudo-scientific myths.

I only require to add that the theory of Marx which has been under review receives many contradictions from experience. As we have seen it supplies us with no measure for the economic appreciation of inventive mechanical genius, industrial and commercial enterprise, or talent for business management. Nor does it account for the value of specially skilled and artistic labour; nor for the value of rare, and still less of unique objects; nor for the value of natural advantages, or of the spontaneous products of nature; nor for the slight value of abnormally ill-paid labour. But this line of argument has been so often and so conclusively followed up both by the critics of Ricardo and the critics of Rodbertus and Marx that it may suffice merely to refer to it.

Let us now pass to the account which Marx gives of the relation of labour to capital. As regards this portion of his teaching, however, I shall here confine myself to mere exposition, reserving criticism for the next supplementary note. Marx conceives of capital in a peculiar way. It is, in his view, not simply wealth which is applied to the production of wealth, but wealth which is applied for the exploitation of labour. It consists of "the means of exploitation," of "the instruments of production which capitalists employ for the exploitation and enslavement of labourers." None of these

means and instruments are in themselves capital; they are not capital if personally used by their possessors; they are only capital when so employed as to extract profit, unpaid labour, from those who do not possess them. "Capital is dead labour, which, vampire-like, becomes animate only by sucking living labour, and the more labour it sucks the more it lives."

Capital is further "an historical category," and even a late historical category. "The circulation of commodities is the starting-point of capital. The production of commodities, their circulation, and that more developed form of their circulation called commerce, these form the historical groundwork from which it rises. The modern history of capital dates from the creation in the sixteenth century of a world-embracing commerce and a world-embracing market. If we abstract from the material substance of the circulation of commodities, that is, from the exchange of the various use-values, and consider only the economic forms produced by this process of circulation, we find its final result to be money: this final product of the circulation of commodities is the first form in which capital appears."

The capitalist causes his capital to circulate with a view to obtaining not commodities or use-values but profit, an excess over the value of his capital, surplus-value, *Mehrwert*. But the process of circulation or exchange, although necessary to the attainment of this end, does not itself secure it. It is merely a change of form of commodities, which does not, whether equivalents or non-equivalents are exchanged, effect a change in the magnitude of the value. Neither by regularly buying commodities under their value nor by regularly selling them over their value can the capitalist create the surplus-value which is the object of his desire. He can only do so by finding one commodity whose use-value possesses the peculiar faculty of being the source of exchange-value. This he finds in the capacity of labour, or labour-power. It is offered for sale under the two indispensable conditions, first, that its possessors are personally free, so that what they sell is not themselves but only their labour-power, and secondly, that they are destitute of the means of realising this labour-power in products or commodities which they could use or sell for their own advantage, and, consequently, are under the necessity of selling the power itself. This power the capitalist

buys, supplies with all that it requires to realise itself, and obtains in return for the price he pays for it all that it produces.

How does he from this source draw surplus-value? Thus, according to Marx, labour-power, the source of all value, itself possesses a value. What value? Like all commodities, the value of the social normal labour-time incorporated in it, or necessary to its reproduction; in this case, the value of the means of subsistence necessary to the maintenance of the labourer. If six hours of average social labour be sufficient to provide the labourer with the physically indispensable means of subsistence, and the value of these means be represented by three shillings, these three shillings correctly represent the value of the labour-power put forth by the labourer during a working-day of six hours. This sum the capitalist gives, and must give, to the labourer. There is, therefore, still no surplus-value. The capitalist has paid away just as much as he has received; the labourer has put into the product in which his work is incorporated no more than that work has cost.

This, of course, does not satisfy the capitalist. But he sees that the labourer can produce more than he costs: that he can labour twelve hours instead of six, yet maintain himself each day in working efficiency and renew his vital powers on three shillings, the equivalent of the value of six hours. Accordingly he compels the labourer to work for him twelve hours instead of six at the price of six, and appropriates the value created by the labourer during the six extra hours. *Capitalistic profit is simply the surplus-value obtained from unpaid labour.*

As we have now reached the very heart of Marx's doctrine we shall allow him to speak for himself. He writes:

"Let us examine the matter more closely. The value of a day's labour-power amounts to 3 shillings, because on our assumption half a day's labour is embodied in that quantity of labour-power--i.e., because the means of subsistence that are daily required for the production of labour-power, cost half a day's labour. But the past labour that is embodied in the labour-power, and the living labour that it can call into action; the daily cost of maintaining it, and its daily expenditure in work, are two totally different things. The former determines the exchange-value of the labour-power, the latter is its use-value. The fact that half a day's labour is necessary to keep the labourer alive during

twenty-four hours, does not in any way prevent him from working a whole day. Therefore, the value of labour-power, and the value which that labour-power creates in the labour process, are two entirely different magnitudes; and this difference of the two values was what the capitalist had in view, when he was purchasing the labour-power. The useful qualities that labour-power possesses, and by virtue of which it makes yarn or boots, were to him nothing more than a *conditio sine qua non*; for in order to create value labour must be expended in a useful manner. What really influenced him was the specific use-value which this commodity possesses of being a source not only of value, but of more value than it has itself. This is the special service that the capitalist expects from labour-power, and in this transaction he acts in accordance with the 'eternal laws' of the exchange of commodities. The seller of labour-power, like the seller of any other commodity, realises its exchange-value, and parts with its use-value. He cannot take the one without giving the other. The use-value of labour-power, or in other words labour, belongs just as little to its seller as the use-value of oil after it has been sold belongs to the dealer who has sold it. The owner of the money has paid the value of a day's labour-power; his, therefore, is the use of it for a day; a day's labour belongs to him. The circumstance that on the one hand the daily sustenance of labour-power costs only half a day's labour while, on the other hand, the very same labour-power can work during a whole day, that consequently the value which its use during one day creates is double what he pays for that use is, without doubt, a piece of good luck for the buyer, but by no means an injury to the seller.

"Our capitalist foresaw this state of things. The labourer therefore finds, in the workshop, the means of production necessary for working, not only during six, but during twelve hours. Just as during the six hours' process our 10 lbs. of cotton absorbed six hours' labour, and became 10 lbs. of yarn, so now 20 lbs. of cotton will absorb twelve hours' labour and be changed into 20 lbs. of yarn. Let us now examine the product of this prolonged process. There is now materialised in this 20 lbs. of yarn the labour of five days, of which four days are due to the cotton and the lost steel of the spindle, the remaining day having been absorbed by the cotton during the spinning process. Expressed in gold, the labour of five days is 30 shillings. This is, therefore, the price of the 20 lbs. of yarn, giving, as before, 18 pence as the price of a pound. But the sum of the value of the commodities that entered into the process amounts to 27 shillings. The value of the yarn is 30 shillings. Therefore the value of the product is one-ninth greater than the value advanced in its production; 27 shillings having been transformed into 30 shillings; a surplus-value of 3 shillings has been created. The trick has at last succeeded; money has been converted into capital.

"Every condition of the problem is satisfied, while the laws that regulate the exchange of commodities have been in no way violated.

Equivalent has been exchanged for equivalent. For the capitalist as buyer paid for each commodity, for the cotton, the spindle, and the labour-power, its full value. He then did what is done by every purchaser of commodities; he consumed their use-value. The consumption of the labour-power, which was also the process of producing commodities, resulted in 20 lbs. of yarn, having a value of 30 shillings. The capitalist formerly a buyer, now returns to market as a seller of commodities. He sells his yarn at 18 pence a pound, which is its exact value. Yet for all that he withdraws 3 shillings more from circulation than he originally threw into it. This metamorphosis, this conversion of money into capital, takes place both within the sphere of circulation and also outside it; within the circulation, because conditioned by the purchase of the labour-power in the market; outside the circulation, because what is done within it is only a stepping-stone to the production of surplus-value, a process which is entirely confined to the sphere of production. Thus '*tout est pour le mieux dans le meilleur des mondes possibles.*'

"By turning his money into commodities that serve as the material elements of a new product, and as factors in the labour-process, by incorporating living labour with their dead substance, the capitalist at the same time converts value—i.e., past, materialised, and dead labour—into capital, into value big with value, a live monster that is fruitful and multiplies."*

The foregoing extract deserves careful perusal. It may not disclose, as Marx pretends, "the secret" of capitalistic production, but it either explicitly states, or inferentially involves almost everything essential in the Marxian system.

The latter and most interesting portion of the treatise of Marx on Capital consists of little more than the deduction and illustration of the consequences implied in his doctrine of surplus-value. Of these consequences the chief are the following:—

(1) The capitalist constantly and successfully strives to appropriate more and more of the productive power of labour. In this endeavour he finds, in machinery, which is the most powerful means of shortening labour-time, the most powerful instrument for accomplishing his purpose. While he lessens, by its aid, the time in which the labourer can gain what is necessary to maintain him, he at the same time increases the length of the labour-day.

"In its blind unrestrainable passion, its were-wolf hunger for surplus-labour, capital oversteps, not only the moral, but even the merely physical

* "Capital," pp. 174-6.

maximum bounds of the working day. It usurps the time for growth, development, and healthy maintenance of the body. It steals the time required for the consumption of fresh air and sunlight. It higgles over a meal-time, incorporating it where possible with the process of production itself, so that food is given to the labourer as to a mere means of production, as coal is supplied to the boiler, grease and oil to the machinery. It reduces the sound sleep necessary for the restoration, reparation, refreshment of the bodily powers to just so many hours of torpor as the revival of an organism, absolutely exhausted, renders essential. It is not the normal maintenance of the labour-power which is to determine the limits of the working day; it is the greatest possible daily expenditure of labour-power, no matter how diseased, compulsory, and painful it may be, which is to determine the limits of the labourer's period of repose. Capital cares nothing for the length of life of labour-power. All that concerns it is simply and solely the maximum of labour-power that can be rendered fluent in a working-day. It attains this end by shortening the extent of the labourer's life, as a greedy farmer snatches increased produce from the soil by robbing it of its fertility."*

(2) When Law interposes and shortens the hours of labour, the capitalist still attains his end by "squeezing out of the workman more labour in a given time by increasing the speed of the machinery, and by giving the workman more machinery to tend." He substitutes intensified labour for labour of more extensive duration, and so exploits the labourer as successfully as before.

(3) Capital appropriates the supplementary labour-power of women and children.

"In so far as machinery dispenses with muscular power, it becomes a means of employing labourers of slight muscular strength, and those whose bodily development is incomplete, but whose limbs are all the more supple. The labour of women and children was, therefore, the first thing sought for by capitalists who used machinery. That mighty substitute for labour and labourers was forthwith changed into a means for increasing the number of wage-labourers by enrolling, under the direct sway of capital, every member of the workman's family, without distinction of age or sex. Compulsory work for the capitalist usurped the place, not only of the children's play, but also of free labour at home within moderate limits for the support of the family.

"The value of labour-power was determined, not only by the labour-time necessary to maintain the individual adult labourer, but also by that neces-

* "Capital," vol. i., p. 250.

sary to maintain his family. Machinery, by throwing every member of that family on to the labour market, spreads the value of the man's labour-power over his whole family. It thus depreciates his labour-power. To purchase the labour-power of a family of four workers may, perhaps, cost more than it formerly did to purchase the labour-power of the head of the family, but, in return four days' labour takes the price of one, and their price falls in proportion to the excess of the surplus-labour of four over the surplus-labour of one. In order that the family may live, four people must now not only labour, but expend surplus-labour for the capitalist. Thus we see that machinery, while augmenting the human material that forms the principal object of capital's exploiting power, at the same time raises the degree of exploitation."*

(4) Capitalist accumulation necessarily leads to a continuous increase of the proletariat. It cannot content itself with the disposable labour-power which the natural increase of population yields, but demands and creates an always enlarging surplus-population in a destitute and dependent condition, *an industrial reserve army* in search of employment.

"The greater the social wealth, the functioning capital, the extent and energy of its growth, and, therefore, also the absolute mass of the proletariat and the productiveness of its labour, the greater is the industrial reserve army. The same causes which develop the expansive power of capital, develop also the labour-power at its disposal. The relative mass of the industrial reserve army increases therefore with the potential energy of wealth. But the greater this reserve army in proportion to the active labour army, the greater is the mass of consolidated surplus-population, whose misery is in inverse ratio to its torment of labour. The more extensive, finally, the Lazarus-layers of the working-class, and the industrial reserve army, the greater is official pauperism. *This is the absolute general law of capitalist accumulation.*

"The folly is now patent of the economic wisdom that preaches to the labourers the accommodation of their number to the requirements of capital. The mechanism of capitalist production and accumulation constantly effects this adjustment. The first word of this adaptation is the creation of a relative surplus-population, or industrial reserve army. Its last word is the misery of constantly extending strata of the active army of labour, and the deadweight of pauperism."†

(5) Society tends under the operation of capitalism to inequality of wealth with all its attendant evils. Small and

* "Capital," vol. ii., 391-2.

† *Ibid.*, vol. ii., 659-60.

moderate fortunes are being absorbed in large, and these in those which are larger; intermediate distinctions and grades are being effaced and eliminated; riches and luxury are accumulating at one pole, and poverty and misery at the opposite; and the time is approaching when, unless capitalist-accumulation be arrested, there will be only a bloated mammonism confronting a squalid pauperism.

CHAPTER V.

SOCIALISM AND CAPITAL.

THE teaching of Socialism as to labour having been considered, we must now turn our attention to its doctrine concerning capital.

There is no portion of its teaching to which Socialists themselves attach greater importance. They trace to false views of the functions and rights of capital the chief evils which prevail in modern society. They rest all their hopes of a just social organisation in the future on the belief that they can dispel these false views and substitute for them others which are true. Socialists aim at freeing labour from what they regard as the tyranny of capital, and in order to attain their end they strive to expose and destroy the conceptions of capital which are at present dominant. This they consider, indeed, to be their most obvious and most urgent duty.

What is capital? It is a kind of wealth: wealth which is distinguished from other wealth by the application made of it; wealth which, instead of being devoted to enjoyment, or to the satisfaction of immediate wants and desires, is employed in maintaining labour, and in providing it with materials and instruments for the production of additional

wealth. It is, in fact, just that portion or kind of wealth which, from its very nature, cannot but cooperate with labour. There is much wealth spent in such a way that the labouring poor may well be excused if they feel aggrieved when they see how it is expended. There are many wealthy persons among us whom Socialists are as fully entitled to censure as the Hebrew prophets were to denounce the "wicked rich," among their contemporaries. By all means let us condemn the "wicked rich;" but let us be sure that it is the "*wicked* rich," and only the "*wicked* rich," that we condemn.

Now, a capitalist may be wicked, but he is not wicked simply as a capitalist. Viewed merely in the capacity of a capitalist, he is a man who employs his wealth in a way advantageous to labour; who distributes the wealth which he uses as capital among those who labour. As a consumer of wealth the rich man may easily be an enemy of labour, but as a capitalist he must be its friend; and this whether he wish to be so or not. For capital attains its end only through co-operation with labour. Separated from labour it is helpless and useless. Hence, however selfish a man may be in character and intention, he cannot employ his wealth as capital without using it to sustain labour, to provide it with materials, to put instruments into its hands, and to secure for it fresh fields of enterprise, new markets, new acquisitions.

It seems manifestly to follow that those who seek the good of labour should desire the increase of capital. It appears indubitable that if the wealthy

could be persuaded to use more of their wealth as capital and to spend less of it in the gratification of their appetites and vanities; and if the poor could be induced to form capital as far as their circumstances and means allow, so as to be able to supplement and aid their labour in some measure with capital, the condition of the labouring classes would be improved; and, on the other hand, that to represent capital as the enemy of labour and the cause of poverty, and to discourage and impede its formation, can only tend to their injury. But obvious and certain as this consequence looks, Socialists refuse to acknowledge it. They labour to discredit capital, deny or depreciate its benefits, and urge the adoption of measures which would suppress the motives, or remove the means, essential to its preservation and increase.

There are Socialists who charge capital with doing nothing for production; who represent it as idle, inefficacious, sterile. They say labour does everything and capital nothing; and that, consequently, labour deserves to receive everything and capital is not entitled to receive anything.

Assuredly they are utterly mistaken. Manifestly the assistance given by capital to production is immense. Without its aid the most fertile soil, the most genial climate, the most energetic labour, all combined, will produce but little. By means of the capital which the people of Britain have invested in machinery they can do more work and produce more wealth, than all the inhabitants of the earth could do through the mere exertion of their unaided

muscles. Surely that portion of capital is not less efficacious than the muscular exertion required to impel and direct it. Deprived of the capital which is spent as wages, the most skilled workmen, however numerous and however familiar with machinery, are helpless.

Exactly to estimate the efficacy of capital, as distinct from that of the other agents of production, is indeed impossible; and for the very sufficient reason that it never is distinct from them, or they independent of it. Nature itself, when no capital is spent upon it, soon becomes incapable of supplying the wants of men, at least if they increase in number and rise above a merely animal stage of existence. The more labour advances in power and skill, the more industrial processes become complex and refined, the more dependent do labour and capital grow on the aid of each other. If the influence of capital then be, as must be admitted, incapable of exact measurement, that is only because it is so vast, so varied in the forms it assumes, so comprehensive and pervasive. It operates not as a separate and distinct factor of production, but in and through all the instruments and agencies of industry, supplying materials, making possible invention and the use of its results, securing extensive and prolonged co-operation, facilitating exchange by providing means of communication often of an exceedingly costly kind, and, in a word, assisting labour in every act and process by which nature is subdued and adapted to the service of humanity.

With every desire to deny or depreciate the

influence of capital in production, Socialists have naturally found it very difficult to find reasons for their prejudices against it. Of late, however, some attempts have been made to render plausible the notion that capital is, if not altogether inefficient as a factor in production, at least much less efficient than is ordinarily supposed. All these attempts necessarily take the form of arguments designed to show that the various elements of the cost of production are paid not out of capital accumulated by past saving, but out of the produce which labour itself creates. The conclusion sought to be proved carries absurdity so plainly on the face of it that there is no wonder that most of these attempts dropped almost instantaneously into oblivion.*

The only one, indeed, which has succeeded in attracting general attention is that of Mr. Henry

* The eminent American economist, Prof Francis A. Walker, contends, that "although wages are, to a very considerable degree, in all communities, advanced out of capital, and this from the very necessity of the case," yet that they "must in any philosophical view of the subject be regarded as paid out of the product of current industry." While accepting all the facts on which this opinion is founded, I think a correct interpretation of them would show that the "philosophical view" of wages is that which regards them as "paid" or payable out of capital. Profit on capitalised labour or interest on credit given by labourers to their employers ought not, it seems to me, to be regarded as strictly wages. Of course, capitalists always expect to be repaid out of the product of labour, and are always influenced by their expectations as to the amount and value of the product in determining the rate of wages which they will consent to give. The view of Walker as to the source of wages is not to be confounded with that of George, its exaggeration and caricature. The inferences which he draws from it are in no degree either revolutionary or socialistic. His treatise on "The Wages Question" (1891) is one of the ablest on the subject. Ch. viii. is the portion of it specially referred to in this note.

George. He, of course, has too much ability and good sense to agree with those fanatical Socialists who are hostile to capital itself, or who venture to maintain that it does nothing for labour while labour does everything for it. For example, he does not even apply to capital in the form of machinery, the same reasoning which he does to capital in the form of wages. He does not maintain either that machinery is useless in production, or that the wealth spent in producing it was wealth which the machinery itself had to generate. But the wealth spent in wages he tries to prove to have been produced by the very labour for which it is paid. Each labourer, he holds, makes the fund from which his wages are drawn, and makes it not only without deducting anything from his employer's capital, but even while increasing it.

Mr. George brings forward, in proof of his hypothesis, a number of instances, which are ingeniously and interestingly presented, but which supply no real evidence. He starts with the assumption of a naked man thrown on an uninhabited island, and supporting himself by gathering birds' eggs, or picking berries. The eggs or berries which this man obtains are, he says, "his wages," and are not drawn from capital, for "there is no capital in the case." But manifestly these eggs or berries are not wages. There can be no wages where there is only one man; where there is no *quid pro quo* between one person and another; where there is neither employer nor employed.

Mr. George proceeds to imagine a man hiring

another to gather eggs or berries for him, the payment being a portion of the eggs or berries gathered. In this case, too, he says, there are wages, and they are drawn from the produce of labour, not at all from capital. But was there ever such a case? Would any sane person who was not in some way dependent on another take only a portion of the eggs or berries he collected when he might have, and ought to have, the whole? When a man who collects eggs or berries engages to take only a portion of them for his trouble and to give up the remainder to another man, it must be because he recognises that that man is entitled to have a share in the eggs or berries in virtue of some right of property in them; or because he has done him some service which makes him his debtor; or has already given him wages in some other form than eggs or berries, but for which eggs or berries will be accepted as an equivalent.

Mr. George's hypothesis finds, then, no support or exemplification even in the simplest and most primitive applications of labour. It fails far more, of course, to apply to ordinary agricultural and manufacturing industry, when labour has to be expended weeks, months, or even years perhaps, in advance, requires to be provided not merely with a basket but with costly instruments and materials, and is seldom occupied with what can be eaten almost or altogether raw. The ingenuity which would persuade us that the wages of the workmen who built the Pyramids, or tunnelled St. Gothard, or cut the Suez Canal, or cast the cannons of

Herr Krupp, were paid out of the pyramids, the tunnel, the canal, and the cannons, must be wasted.

It must be added that if the wages of labour were no deduction from capital, while labour only generated and increased capital, it becomes most mysterious that capitalists should ever lose their capital. Yet it is a fact of daily occurrence. And if any man inclined to approve of Mr. George's hypothesis will only attempt to act on it, he will soon find out to his cost how easily the fact may occur, and how incorrect the hypothesis is. Whoever tries to establish and carry on business without capital for the payment of wages, will speedily discover that he has made a serious mistake. The hypothesis that such capital is unnecessary, will not stand the test of practice.

Capital is charged with a worse fault than indolence. It is denounced as not only a sluggard but a thief. It is said to be born in theft and kept alive only by incessant theft; to be all stolen from labour, and to grow only by constantly stealing from it. This is the thesis on the proof of which Karl Marx concentrated his energies in his treatise on "Capital." By the acceptance of some unguarded statements of Adam Smith, by misconceptions of Ricardo's meaning, by sophisms borrowed from the copious store of Proudhon, by erroneous definitions of value and price, by excluding utility from or including it in his estimate of value just as it suited his purpose, by unwarranted assumptions regarding the functions of labour, and by numerous verbal and logical juggleries, he elaborated a pretended

demonstration. To expound it in detail would take a chapter to itself, and a general refutation of it would require at least another, but to indicate its essential features and fundamental defects need not detain us long, and may suffice for our present purpose. So far as I am aware it has imposed upon few who knew sufficiently the elementary truths of economic science. The greater number of those who have accepted its conclusion have, owing to their ignorance of economics, necessarily received it merely or chiefly on authority.

Marx regards capital not as a natural and universal factor of production, but as a temporary fact, or what he calls an "historical category," which has had an historical, and even late origin. That origin was, according to his view, violence and fraud, or in a single word, spoliation. The mass of capital at present in existence he traces back to conquest, the expropriation of the feudal peasantry from the soil, the suppression of the monasteries, the confiscation of Church lands, enclosures, legislation unfavourable to the working classes, and other like causes. In this part of Marx's doctrine there is nothing original or specially important. That wealth has been obtained by the illegitimate means he describes is indubitable. That it was created by them is very doubtful. It must have existed before it could be stolen; mere theft is not creative either of wealth or capital. The great mass of extant capital has not been inherited from so remote a past as the close of the feudal system and the Reformation, but is of very recent origin. The great majority of

contemporary capitalists are not the descendants of feudal lords or of the appropriators of the wealth of the Roman Catholic Church, but are the sons, grandsons, or great-grandsons of poor men. Probably a larger proportion of the wealth of Britain than that of any other country may be traced to the sources described by Marx, but even it must be only a small proportion. The bulk of British wealth has had its source within the capitalist system itself, and is not directly at least inherited plunder. Still more, of course, does this hold good of American and Australian wealth.

But here Marx meets us with the cardinal article of his economic creed—the continuous capitalistic appropriation of surplus value. The profits of capital are represented by him as of their very nature robbery. They are only obtained by the abstraction of what is due to labour. The capitalist and the labourer make a bargain, the latter consenting to accept as wages, instead of the full value of what he produces, only, perhaps, a half or a third, or a quarter of it, and in fact, only the equivalent of what will keep him and his family alive, while the former pockets the remainder, lives in luxury, and continuously accumulates capital. “Capital, therefore, is not only, as Adam Smith says, the command over labour. It is essentially the command over unpaid labour. All surplus-value, whatever particular form (profit, interest, or rent) it may subsequently crystallise into, is in substance the materialisation of unpaid labour. The secret of the self-expansion of capital resolves itself into having the disposal

of a definite quantity of other people's unpaid labour.”

If this doctrine be correct all capitalists are thieves; and Marx often energetically denounces them as such. In one of the prefaces to his chief work, however, he has tempered his reproaches by the statement that as he considers economic evolution to be simply “a process of natural history,” he does not hold capitalists to be individually responsible, but merely regards them as “the personification of economic categories, the embodiments of class-interests and class-relations.” This only amounts to saying that although capitalists do live by theft, we must in condemning them remember that they are not moral agents. Schäffle attempts to improve on it by arguing that although the capitalist must be *objectively* a thief, he may be *subjectively* a most respectable man; and that although he lives by stealing, he is not even to be expected to cease from stealing to the utmost of his power, because “if he did not abstract as much as possible from the earnings of the workmen, and increase his own wealth indefinitely, he would fall out of the running.” It is a pity that after so remarkable an application of the terms “objective” and “subjective,” Dr. Schäffle should not have succeeded in reaching a more plausible conclusion than that capitalists are to be excused for stealing because they could not otherwise get the plunder. Might not all the thieves in prison be declared *subjectively* honest on the same ground? If the doctrine of Marx as to capital be correct; if the profit of capital be entirely

the result of the exploitation of labour; if capitalism be a system of robbery: there is no need of any apology for calling capitalists thieves; and no possible justification of any man who knows what capital is living on its gains. All who live on profits, rents, or interest, are thieves if Marx's doctrine be true; and they are consciously thieves if they believe it to be true.

It is to be hoped that most of them can plead that they do not believe it to be true. For this opinion there are many strong reasons. As I indicated in the previous chapter the notion that all value is derived from labour is erroneous. But on this error Marx's whole hypothesis of surplus-value and of the iniquity of the accumulation of capital rests. Another support of his hypothesis is the notion that the true standard of value is to be found in normal labour-time. But this is a gross absurdity, justified by no facts, and defended only by sophisms. A third conception essential to the hypothesis is that profit arises only from the part of capital expended in the payment of wages. It requires us to believe that it is of no consequence to the capitalist what he requires to pay for raw materials, buildings, and machinery, as he can neither gain nor lose on these things, but only on what he spends in wages. But surely a man who believes so extraordinary a dogma must have much more regard for his own fancies than for the actual experience of other men.

Again, Marx's doctrine of the production of relative surplus-value necessarily implies that as

capital grows strong labour grows weak; that as the wealth of the capitalist accumulates the poverty of the labourer increases. Almost all modern Socialists have come to the same conclusion. Marx believes himself to have demonstrated it. The direct aim of his entire criticism of capital, and especially of that analysis of the formation of surplus-value which is what is most distinctive and famous in his treatise, is to establish the result which he himself states in the following vigorous terms:—"Within the capitalist system all methods for raising the social productiveness of labour are brought about at the cost of the individual labourer; all means for the development of production transform themselves into means of domination over, and exploitation of, the producers; they mutilate the labourer into fragments of a man, degrade him to the level of an appendage of a machine, destroy every remnant of charm in his work, and turn it into a hated toil; they estrange from him the intellectual potentialities of the labour-process in the same proportion as science is incorporated in it as an independent power; they distort the conditions under which he works, subject him during the labour-process to a despotism the more hateful for its meanness; they transform his life-time into working-time, and drag his wife and child beneath the wheels of the Juggernaut of capital. . . . The law, finally, that always equilibrates the relative surplus population, or industrial reserve army, to the extent and energy of accumulation; this law rivets the labourer to capital more firmly than the wedges of Vulcan did

Prometheus to the rock. It establishes an accumulation of misery corresponding with an accumulation of capital. Accumulation, wealth, at one pole is, therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole."*

The theory which necessitates such a conclusion must be false, for the conclusion itself is certainly false. The evils, indeed, incidental to, and inherent in, the existing economic condition of society must be admitted to be numerous and serious. There is no sufficient warrant for any optimistic view either of the present or of the future of industry. But such sheer pessimism as that of Marx is thoroughly baseless and irrational. It insists that within the capitalist system, and in the measure that the wealth of capitalists increase, the labouring classes must become continually poorer, more dependent, more ignorant, more degraded in intellect and character. Yet within this very system, and while wealth has been accumulating with extraordinary rapidity, the working classes have obtained the political right formerly denied to them; democracy has proved irresistible; knowledge and the desire for knowledge have penetrated to the lowest strata of society; crime relatively to population has decreased; wages have remarkably risen; commodities have generally fallen in price; and material comfort has become much more common. Statistical investigations leave it, perhaps, undecided whether during

* "Capital," pp. 660-1.

the last half-century wages have increased relatively to the gains of capital; but they make it certain that they have increased absolutely; and that the rise of real wages has been even greater than that of nominal wages. They show that there has been a remarkable levelling up of wages; and even that the wages of the more poorly paid occupations have increased proportionally much more than those of the better paid.* The doctrine of Marx, generally accepted by Socialists, that the increase of production and the accumulation of capital necessarily tend to the disadvantage, slavery, and misery of the operative classes, is thus clearly inconsistent with history, and is decisively contradicted by science truly so called.

The claims of the capitalist to remuneration for what he contributes to production, can no more reasonably be contested than those of the labourer for the recompense of his toil; yet Socialism insists on contesting them. Capital is a portion of the capitalist's wealth, and may be any portion of it; hence, if wealth can be honestly possessed at all, capital also may be honestly possessed. But if the wealth which a man uses as capital be really his own we must have very much stronger reasons for denying him the right to benefit by it than any which Socialists have yet brought forward.

His capital is such portion of a man's wealth as

* Abundant confirmation of the three immediately preceding sentences will be found in Giffen's "Progress of the Working Classes"; Atkinson's "Distribution of Profits"; and especially in P. Leroy-Beaulieu's great work, "Essai sur la Répartition des Richesses."

he withholds from consumption and devotes to production. It is impossible both "to eat one's cake and to keep it"; both to consume wealth in the present and to retain it as capital with a view to profit in the future. That abstention from consumption, or as economists call it, abstinence, is a necessary condition of the formation, or an essential moment or element in the notion, of capital is evident; but hardly more so than that the man who thus abstains is entitled to the use and benefit of the wealth thus retained, of the capital thus formed. The ordinary reader may be inclined to pronounce this certainly very simple truth a truism or a platitude; but Socialists, from Lassalle and Marx to the writers of Fabian Essays, have been able to see in it a paradox, and have made themselves merry over the notion of the sacrifices and privations of a Rothschild or a Vanderbilt as capitalists. What is alone ludicrous, however, is that professed teachers and reformers of economic science should show such a portentous ignorance of the ordinary and proper signification of so simple and familiar an economic term. It may be easier for a millionaire to capitalise £100,000 than for a poor man to capitalise sixpence, but the one can no more than the other capitalise a farthing of the wealth which he consumes, and the rich man and the poor have clearly an equal and a perfect right to profit by their capital, both because what they abstained from spending unproductively was their own property and because the abstaining was their own action

Further, the man who abstains from the con-

sumption of wealth in order to profit by it as capital, runs the risk of losing it, whether he employ it himself or lend it to another. In either case it is absurd to expect him to run the risk without chance of advantage. In the former he must even add the labour of administration to the cares of the capitalist, and such labour is not less entitled to recompense than that of the operative. In the latter, although he may so lend that the danger of loss is trifling, it is never wholly eliminated, and where security is good the remuneration for mere investment is small.

Moreover, the return for capital, the share of produce which its owner obtains for the loan of it, varies naturally according to conditions of demand and supply, and very largely owing to the demand of those who seek the wealth of others for the sake of the profit which they believe they can derive from it as capital. But manifestly there is no injustice in men paying for the use of what is not their own a share of the profit or produce which the use of it brings them. On the contrary, it is only right that they should do so in proportion both to the amount of the capital and the length of time during which its use is obtained.

The rightful ownership of the wealth from which capital is formed, the abstinence from consumption involved in its formation, the risk run in its employment or investment, and the benefit conferred on enterprise and labour by the use of it, are the grounds on which the claim of capital to remuneration rests, and on which it is to be defended. Clearer

and stronger grounds there cannot be. The attempts to assail and reject them show only intellectual weakness and wilfulness; not necessarily incapacity for a certain kind of popular writing and speaking on social subjects, but utter incompetency to apprehend the rudimentary principles of social science, and especially of economics. Yet Socialists persist in such attempts.

They have very generally even sought to resuscitate the mediæval superstition that interest is inherently unjustifiable. They tell us, as if it were a new discovery, instead of an antiquated and most justly discredited dogma, that money is by nature barren, and can of right yield no interest. They elaborately argue that if capital were honest it would be content to take no profit. Credit, they say, should be gratuitous. They would have us believe that if a man has a field or a house he should be satisfied if at the end of the lease the tenant hands it over to him in the condition in which he received it, and is unreasonable if he looks for anything more in the shape of rent. Some of them even think that the rent of a field should be what they call "prairie value," a something so indefinite that perhaps the only thing certain about it is that it would be in general much less than the interest of the wealth expended as capital on the field, or, in Carlylean phrase, "a frightful minus quantity." There are many socialistic variations of the same tune. But they are all discordant and nonsensical. There was some excuse for the early Christian Fathers and mediæval Churchmen enter-

taining such foolish notions, because they fancied they found them in the Scriptures, to the whole teaching of which they deemed themselves bound to yield implicit obedience.* But Socialists have in general no such plea to urge.

Nor have they any new arguments to supply the place formerly filled by authority. The ancient sophism that money is sterile, and that as the essence of every equitable loan is precisely to return what was lent or its equivalent, to exact interest is a sort of robbery, is still the only thing like an argument which the most recent Socialists can adduce. As regards this argument Mr. Lecky hardly speaks too strongly when he says, "it is enough to make one ashamed of one's species to think that Bentham was the first to bring into notice the simple consideration, that if the borrower employs the borrowed money in buying bulls and cows, and if these produce calves to ten times the value of the interest, the money borrowed can scarcely be said to be sterile or the borrower a loser." But what are we to think of those who are unable to see the force of such a consideration even when it has been pointed out to them? What are we to think of the intelligence of those whose only answer to it is, "We are not reasoning about bulls and cows but about pieces of gold and silver, which do not beget smaller pieces, and so multiply?" The argument plainly implies

* Further, in antiquity and the Middle Ages interest was generally exorbitant, and loans were generally made with a view not to production and the acquisition of gain but to consumption and the satisfaction of want.

that gold and silver pieces in order to be productive must be exchanged ; and the point of it is that they are entitled to interest because of what their borrower gains from their equivalents, the bulls and cows bought with them.

The Collectivists display no more wisdom in their views regarding capital than the advocates of the oldest and crudest schemes of Socialism. They do not, it is true, maintain that capital is powerless, or useless, or essentially hurtful. They admit that it contributes to production, and object only to its being held by individuals. But the admission that it is a natural and important factor in production does not in the least prevent their bringing against profits, rents, and interest, those accusations of dishonesty, injustice, exploitation of labour, &c., which are not only baseless but ludicrous, when once the utility or productivity of capital is acknowledged.

Collectivism likewise threatens to prove as hostile as Communism could be to the maintenance and increase of capital. It undertakes to organise society in a way which would rapidly destroy the capital which exists and prevent the formation of capital in the future. It professes not to forbid men to possess wealth, or even enormous wealth, but it is quite resolved that they shall not use any portion of their wealth as capital. In order to establish their system the leading representatives of Collectivism do not suggest the killing or robbing of the capitalists of a nation, but the buying them out with annuities, which they will only be allowed to spend unproductively. In other words, the rich

are to be prevented from employing their wealth as capital, but guaranteed the enjoyment of it through the contributions of the community so long as it is not applied to aid labour ; and the poor are to be required to help in paying enormous annuities to capitalists like the Duke of Westminster and Baron Rothschild, on condition of their being henceforth mere consumers of wealth. At the same time all the producers or labourers in a community are to be prohibited from forming capital of their own, but to be compelled to contribute to the maintenance of a collective capital, in which each individual can have only an infinitesimal interest. Can a plan more certain to diminish capital and increase poverty be imagined ?

The foregoing remarks may have been sufficient to show that the teaching of Socialists as to capital has not only no claim to be regarded as scientific truth, but is radically erroneous. Notwithstanding all that Socialists have urged to the contrary, it remains clear and certain that capital and labour, even under the régime of private property and personal freedom, are indispensable to each other and essentially beneficial to each other. The immediate interests of capitalists and labourers, as of all buyers and sellers, are, indeed, in each particular instance opposed ; but on the whole and in the long run they will coincide. In spite of a direct personal contrariety of interests between each seller and buyer, it is clearly the great general interest of every seller that there should be plenty of buyers possessed of plenty to buy with. Were a shop-

keeper to ascribe his failure in business to the number of his customers and the extent of their purchases, he would be considered insane. It is precisely the same absurdity to refer the poverty of labourers to capital, and to represent capitalists as their natural enemies.

Does it follow that all the griefs of labour against capital are without warrant, and that all the angry feelings which labourers have entertained towards capitalists have had no reasonable foundation? By no means. Does it follow that all capital is honestly gained and honourably used? By no means. Does it follow that a great many capitalists do not fail to treat labour as they ought and to appreciate their indebtedness to it as they ought? By no means. Does it follow that labour is more to blame than capital for the evils of our industrial and social condition? By no means.

Political economists have been accused of returning, or at least of suggesting, affirmative answers to these questions. There is probably little, if any, truth in the charge. But were it true much of the distrust and dislike shown by the working classes towards economists and their science would be accounted for, and justified. Economists have certainly no warrant in their science, or in facts, to answer any of these questions affirmatively. It is their duty to set forth what is true both about labour and capital; it is their shame, if they plead as partisans the cause either of capital or of labour. They are bound by regard to truth, and in the interest even of labour, to expose the falsity of such

accusations as Socialists bring against capital itself, and against capitalists as a class; but they are equally bound not to deny or excuse the abuses of capital or the demerits of capitalists. Some capitalists are probably as bad as Socialists represent the class to be; doubtless few of them are as good as they ought to be.

The *mere capitalist* is never a satisfactory human being, and is often a very despicable one. The man of wealth who takes no trouble even in the administration of his capital, who is a simple investor or sleeping partner, and devotes his abilities and means neither to the public service nor to the promotion of any important cause, but is active only in consumption, and self-gratification, well deserves contempt and condemnation. The world gets benefit from his capital indeed, but without exertion or merit of his, and it would get it not less were he dead. His life is a continuous violation of duty, since duty demands from every man labour according to his ability, service according to his means. Unfortunately there are not only many such capitalists, but many such who consume what they so easily get in waste and vice. Against them socialistic criticism is far from wholly inapplicable. Their prevalence goes a considerable way, perhaps, to explain the success of socialistic propagandism.

But the waking and active capitalist may be as objectionable as the sleeping and inactive one. He is a man whose thoughts and energies are necessarily concentrated on the pursuit of wealth, and,

therefore, a man specially apt to become possessed by the demon of avarice, enslaved by the desire of gain, hard and selfish, heedless of the claims of justice and sympathy. It is only too possible that workmen may have very real and serious grievances against their capitalist employers. Wherever labourers have been ignorant, politically feeble and fettered, divided or isolated—wherever they have not learned to combine, or been so circumstanced that they could not combine their forces and give an effective expression to their wishes—capitalists have taken full advantage of their inexperience, their weakness, and their disunion. Nowhere would it be safe for working men to trust merely 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 ordinary prudence.

Then, while it is very easy to show against Socialism the legitimacy of expecting profit from capital, of claiming a rent for land, or of taking interest for the loan of money; it is impossible to defend many of the practices prevalent in the industrial, commercial, and financial world. The mendacious puffery of wares, the dishonest adulteration of goods, the mean tricks of trade, the commercial devices for the spoliation of the inexperienced and unwary, so prevalent among us, are, of course, discreditable to our present civilisation. We have become so accustomed to them that we do not feel their hatefulness as we ought. Socialism is beneficial

in so far that it incites us to hate them, although we must find some other remedy for them than the drastic one which it recommends. The greatest fortunes of our age have been made not from agriculture, manufactures, or what is commonly called trade, but by speculation. This has now become a most elaborate and powerful art. I do not say that it is not an art which has a legitimate and even necessary place in our economical system, or that fortunes may not be legitimately made by it. But, without a doubt, it is an art which has often been most wickedly and cruelly exercised, and many of the largest fortunes made by it have been made with very dirty hands. Even in this age of low interest your skilled speculator can make an exorbitant percentage on his money by seemingly taking upon himself great risks which he knows how to evade by bringing ruin upon hundreds of simpler and less-informed individuals, or even, perhaps, upon a whole people struggling to become a nation or sinking under the pressure of debt and taxation. There are great money-lords who in our own generation have been as successful robbers as the most rapacious and unscrupulous of mediæval warriors.

Further, men who as capitalists receive only a very moderate profit on their capital may as employers of labour render themselves justly objectionable to their workmen by an overbearing demeanour, by displays of bad temper, by arbitrary requirements and unreasonable expectations, by a want of frankness, courtesy, and friendliness in their behaviour. They may pay their workmen the wages of their labour,

yet withhold from them the respect due to them as men who are their own equals as men; and the consideration due to them as their partners in a contract, rendering at least an equivalent for what they receive and contributing to their prosperity. They may plainly show that they do not realise that they are living in a free and democratic age; and that they are not the masters of slaves or serfs. And they may thus, and often really do thus, most grievously and foolishly strain and embitter the relations between themselves and their workmen.

I would only add that capitalists may be fairly expected to recognise their special indebtedness to their operatives by a special interest in their welfare. A capitalist has become, let us suppose, a man of great wealth, and he has made his fortune honestly; he has paid his workmen their reasonable wages; the rate of his own profits has been moderate, or even small. Still, as all the many men whom he has employed have contributed each something to his fortune, he is a man of great wealth. Ought he not to feel that he owes some gratitude to his workmen? Surely he ought. May society not look to him to take a special interest in the improvement of the condition of the operative class to whose labours he has chiefly owed his success? Surely it may. And should this man make even most munificent public benefactions of a merely general kind—should he build town-halls, endow churches, and leave large legacies to missions and charities—yet overlook the class by the aid of which he has made his wealth, his charity, it seems to me, can by no means

be pronounced without flaw. The capitalists of this country could, I am convinced, if they would only gird themselves up to the task, do greater things for our labouring classes than any absolute ruler can for those of his empire. I know of no problem as to the requirements of the labouring classes which he could solve by the methods of despotism which they might not solve better by the methods of freedom. No class of men is called to a nobler mission than the capitalists of Great Britain. It is their interest as well as their duty to listen to the call.

SUPPLEMENTARY NOTE.

The theory of Marx as to the nature and effects of capitalistic production rests on his theory as to the cause and measure of value. And in this respect his system of economics, which is substantially constituted by these two theories, has the merit of consistency. If sundry economists who preceded him in taking the same view of the relation of labour to value gave quite a different view of the relation of labour to capital, we can only attribute that to defective logic or imperfect courage. The consequences which he deduces from his theory of value are really implied in it. That theory is the foundation-stone of the whole Marxian structure. It is, however, as we have seen in the previous chapter, one which only requires to be tried and tested to crumble into dust.

Of late there are symptoms that some of the most cultured advocates of Social Democracy are becoming ashamed of the Marxian theory of value. At least I observe that some of our *Fabians* are beginning to say that collectivist economics is independent of any particular theory of value and compatible with an acceptance of the theory of value with which the names of Walras and Jevons, Menger and Böhm-Bawerk, are familiarly associated. But why have they not also given some reasons for their opinion? It seems to me that they must inevitably perceive it to be an error as soon as they make any

serious attempt to deduce the Marxian theory of surplus-value either without any theory of value, or from any other theory of value than that on which Marx relied. The system of Marx cannot be half accepted and half rejected; it must stand or fall as a whole.

While Marx was no more the first to maintain that the profit of the capitalist is wholly drawn from unpaid labour than that labour alone creates value, he was also no less the first to attempt a complete demonstration of the former than of the latter of those doctrines. His originality and merit were of the same kind as regards both. It is only with the former that we have at present to concern ourselves.

Proudhon began his investigation of the nature of property by defining property as "theft." Marx starts on his investigation of the nature of capitalist production with the conception that capital consists of "the means of exploitation." The coincidence is remarkable; but Marx is very often to be found stepping in the footmarks of the man whom he particularly delighted to depreciate. No impartial thinker has approved of, or can approve of, his definition of capital. If he wished to have a term for "the means of exploitation," he should have invented one, and not appropriated a word which has in economic science a recognised signification quite different from that which he sought to substitute for it. Capital as generally understood by economists is wealth which is used not for the direct gratification of desire but as a means of producing additional wealth. Every instrument auxiliary to labour and productive of wealth is in this sense capital. In the Marxian sense no such instrument is capital unless the possessor of it can, by entrusting or lending it to another, derive from it a benefit to himself which is robbery of the other. A strange notion! Could a manufacturer, by some grand mechanical contrivance, himself work the whole machinery of his factory, and dispense with labourers altogether, he would forthwith cease to be a capitalist in the Marxian sense. And, on the other hand, were some ingenious man, by much hard thinking and through much self-sacrifice, to invent an instrument by the help of which there could be performed in a single day as much work as would otherwise require ten days' toil, to charge for the loan of it a shilling or even a penny more than an equiva-

lent for its deterioration while employed by its borrower, he would become a capitalist and an exploiter. Such a conception of capital is its own refutation. It obviously implies the assumption that capital is essentially sterile, and unentitled to any profit. This assumption also needs no special refutation. Capital by itself is indeed unproductive. But so is labour by itself. If capital can produce nothing without natural agents and labour, labour can produce nothing without natural agents, and extremely little without capital.

By representing capital as "an historic category" Marx meant that it had not existed in all stages of society, and was even a comparatively late phenomenon in history. But this view was only a consequence of the conception which he had formed of the nature of capital, not a result of historic investigation. Capital must be admitted, indeed, to have had an origin in history, to have been derived from labour and natural agents, and not to be, as labour and natural agents are, primordial in production; it is only a secondary, not a primary, factor of production. But if it be conceived of in its proper acceptation as wealth devoted to production it must have been almost coeval with man. History does not inform us of any age in which capital thus understood was non-existent. "Man," it has been said, "is a tool-using animal." But the simplest tool is an instrument of production equally with the most complex machine, and as such is equally capital. Man as a rational being is naturally endowed with the power of seeing that he can often better attain his ends indirectly by the use of means with which he can provide himself than by the immediate and direct action of his own members. This power, a universal and distinctive characteristic of humanity, is the root alike of invention and of capital, two of the chief secondary factors of production. Some outgrowths of it are to be found among the most uncultured peoples of the earth; and the latest, most elaborate, and most subtle of the mechanical, commercial, and capitalistic contrivances and processes adopted in the most advanced of modern nations are only its most evolved results.

That capital, in the Marxian sense, is "an historic category" may be doubted. No one, it is true, will refuse to admit that capital may grow, and often has grown, by exploitation, by

appropriation of the wealth created by unpaid labour. But that is not what Marx had to show in order to confirm and justify his conception of capital. What he required to prove was that it necessarily and exclusively so grows; that the exploitation of labour is its essential function, and the whole secret and source of its accumulation. That is what he has not done. Hence capital, as defined by him, is rather a mythic or metaphysical than an historic category, originating as it does in the imaginative or dialectic identification of the nature of capital with its abuse, and in the personification of it as "a vampire." While admitting that the present era is a capitalist era, we may reasonably hold that "the capitalist era" of Marx is, if anywhere, still in the future, awaiting, perhaps, its advent in Collectivism.

Marx is mistaken when he represents capital as a product of circulation which makes its first appearance in the form of money. On the contrary, it is just the commodities which constitute capital that are circulated, and money presupposes both their existence and their circulation. Neither the means of production nor of exploitation originated in circulation and money. "The modern history of capital" may, perhaps, be dated from the sixteenth century, but it was preceded by a mediæval history of capital, and that again by an ancient history of it. The time of the utmost exploitation of labour by capital was that of slavery, when the capitalist made of the labourer a mere instrument of production, a mere portion of his capital. That money may not be capital Marx himself admits; but having made the admission he should have further allowed that money is not otherwise capital than any commodity may be capital. When he affirms that "if we abstract from the material substance of the circulation of commodities—that is, from the exchange of the various use-values—and consider only the economic forms produced by this process of circulation, we find its final result to be money," he falls again into the same error as when he maintained that through abstraction of the use-values of commodities we find them to be mere congelations or crystals of the social substance, human labour in the abstract. In other words he again adopts the irrational intellectual procedure which in the Middle Ages peopled the world of thought with "entities"

and "quiddities." The abstraction which he recommends is of the kind which only generates fictitious notions and fallacious arguments.

The whole of that portion of his argument which is intended to prove that profit cannot arise in the process of circulation or exchange is also dependent on an abstract notion to which nothing real corresponds. Circulation as he conceives of it; circulation as an exchange either of equivalents in which no one gains, or of non-equivalents in which what one gains another loses; is not a normal economic process, or the process treated of in economic science. In an exchange, as understood in economics, both parties to it believe it to be for their advantage. In no case of sale does either the buyer or seller seek either a mere equivalent or a loss. Were the view of Marx correct, there should not be any profits made in the distributing trades. The ability of certain manufacturers to buy their raw materials cheaper and to obtain for their products a wider and better market than their rivals is a copious source of profit to them. Circulation or exchange—the actual process, not the fictitious Marxian abstraction of it—so augments the useful co-operation of the powers of nature and of man as in countless cases enormously to aid production and to increase profits. The Marxian "demonstration" of the source of surplus-value has, in fact, scarcely even an appearance of applicability in the sphere of commerce, and is practically confined by its author to that of industry.

Marx further denies that profit can arise from any portion of capital except such as is expended on wages, or what he calls *variable capital*. He holds that all other capital—what he calls *constant capital*—is unproductive of profit. While he admits that capital incorporated in machinery contributes powerfully to production, he yet asserts that it has no influence whatever on the production of surplus-value. This monstrous paradox he obviously required to maintain before he could pretend to make out that capital grows only by the exploitation of labour. He had the woful courage to do so; and his followers have had the credulity to believe him in defiance alike of reason and of experience.

Consider what the paradox implies. Take two capitalists, AB and CD. Suppose AB to have a capital of £1000; to expend

half of it in wages amounting to £50 a year to each of ten tailors, and half of it in materials for them to work on; and to find himself at the close of the year to have made profit to the extent of £500. Suppose CD to have a capital of £100,000, of which £99,500 are invested in pearls, while the remaining £500 are expended in wages to ten workmen who string the pearls into necklaces, &c. What amount of profit should, according to the doctrine of Marx, fall to CD during the year? Just the same as to AB, because, although his total capital is a hundred times greater, his variable capital is the same. In other words, if Marx be correct, CD must expect to get 99½ per cent. less profit on his capital than AB. Should he get the same rate of profit the amount of it would be not £500 but £5000. In this latter case, however, he must, according to the Marxian economics, rob his workmen to the extent of £500 each, not like AB only to the extent of £50 each. And to accomplish that—to appropriate to himself £500 out of the annual wages due to a common workman—would surely be a feat not less remarkable than to take the breeches off a kilted Highlander or to extract sunbeams from cucumbers.*

The view of Marx is undoubtedly erroneous. Profits are derivable from all the factors of production, and not merely from labour. Greater disposable wealth or purchasing power, superior intelligence in buying, selling, and management, the possession of more powerful or perfect machinery, and other advantages are sufficient to explain why one manufacturer gathers far more surplus-value than another, although he neither employs more labourers nor pays them worse. The masters who make most profit seldom make it by paying lower wages than their rivals. Could manufacturers dispense with human labour altogether, and substitute for it the action of automatic machines, they would acquire surplus-value not less than at present. Only on condition of acquiring such value would they consent to produce at all. Profit and loss in business are not proportional to what Marx calls the variable capital but to the total capital employed in it. To maintain the reverse implies blindness to the most obvious and indubitable facts of industrial and commercial life.

* Cf. Böhm-Bawerk's "Capital and Interest," pp. 358-62.

We may now see how hopeless must be the attempt of Marx to prove that the profits of the capitalist are derived entirely from the robbery of the labourer. Every principle which he laid down with a view to proving it has been found to be false. Every proposition from which he would deduce the conclusion at which he desires to arrive has been shown to be contrary to reason and to fact.

Let us look, however, at such argumentation as he favours us with. The capitalist, we are first told, cannot find profit elsewhere than in labour-power, because labour-power has the peculiar quality of being the sole source of value. But that reason has been already disposed of. Marx, we have seen, tried but utterly failed to justify it. Labour-power has not the peculiar quality which he ascribes to it. It is not the sole source of value. And, therefore, it is not to be inferred that value can be derived from no other source.

Labour-power, Marx further assures us, is not only the sole source of value but has itself a value—"the value of the social normal labour-time incorporated in it, or necessary to its reproduction; in this case, the value of the means of subsistence necessary to the maintenance of the labourer." But here again he assumes that he has proved what he has not proved, and what is even, as we have seen, certainly false. He imagines that he has shown that the duration of labour is the measure of its value; and that he has consequently a standard by which he can tell definitely how much of it is paid for, and how much of its value is appropriated by the capitalist. But the duration of labour is no such measure, and Marx has not a standard of the kind which he supposes. All his assertions as to the extent of the exploitation of labour are, therefore, of necessity arbitrary.

Marx *supposes* that labour-power can restore itself, or provide itself with the physically indispensable means of subsistence, by the labour of six hours, and that the value of these means exactly represents the value of that labour. There is no reason for either supposition. There is no definite period discoverable in which labour will produce the value of the means necessary to its reproduction; and there is no ground for regarding the value of these means as the natural or appropriate remuneration of the labour-power exerted during that period. The physically indispensable

means of subsistence are the minimum on which labour-power can be sustained, not the measure or criterion of its value, not a necessary or normal, just or reasonable, standard of wages. What return is due to labour cannot be determined in any such easy, simple, definite way as Marx would have us believe.

His next step is the most extraordinary of all. It is to treat what he had *professedly supposed merely for the sake of argument as true, to be true and without need of argument*. It is to affirm as fact, without producing any kind of evidence, that the labourer who had only been *assumed* to be entitled to give the capitalist six hours' work for three shillings of pay, *cannot give more than that amount of work for that amount of pay without being robbed by the capitalist to the extent of the excess of work*. A more loose and illusory argument there could not be; and yet it is all that we get at the very point where argument of the strictest and strongest kind is most needed.

The labour which the capitalist pays for produces, according to Marx, no profit, any more than what he calls constant capital. If the capitalist, therefore, received only the labour of six hours from each of his workmen he would make no profit. Marx expounds at great length his conception of what takes place in the conversion of 10 lbs. of cotton into yarn when the process is effected by means of six hours' labour paid for at its natural value. He distinguishes and dwells on the cost of the different factors in the process, and assures us that in this case the capitalist can get no more for his cotton yarn than the total cost of its production, or, in other words, must necessarily fail to create surplus-value. Yet he does not attempt to show us on what his assurance is founded; does not discuss the question whether the capitalist might not even in the case supposed obtain a profit. There is no element of argument in his illustration. The hypothetical example on which he discourses so elaborately, doubtless clearly expresses his view; but it does not in the slightest degree confirm it.

The capitalist, then, according to Marx, cannot get profit either from his constant capital or from the labour which he pays for. But, says he quite gravely, the capitalist *compels* the labourer to give him twelve hours' labour instead of six, and for the price of six; and *thus* he is able to appropriate to himself as much of

the value of labour as that which he allows the labourer to retain.

Observe, that, according to the hypothesis of Marx himself, the workmen are not only free, but as yet undegraded and unmaned by the operation of the system of capitalism. Yet he asks us to believe that they submit to give the capitalist twice the amount of labour which they are paid for, twelve hours instead of six. The capitalist, according to Marx, cannot give them less than the value of their six hours of labour. Why, then, should they give him six hours gratis? If he is to make profit at all he cannot refuse to accept from them one hour or even half an hour more, and yet pay them as much for the six and a half or seven hours as Marx represents him as paying for the twelve hours. In a word, Marx attributes to the capitalist a power and to the workmen a foolishness incredible on any hypothesis, but especially incredible on his own, seeing that if the capitalist be wholly dependent on human labour for his profit he must be weak, and if the labour-power of the workmen be the sole source of value they must be blind indeed if they do not recognise their own strength, and see that the capitalist must take any amount of time, however little beyond six hours which they are pleased to grant him.

The only semblance of reason which Marx gives for ascribing to the capitalist such power as he does is that "he who once realises the exchange-value of labour-power, or of any other commodity, parts with its use-value"; that "the use-value of labour-power once bought belongs just as much to its buyer as the use-value of oil after it has been sold belongs to the dealer who has bought it"; that "when labour actually begins it has already ceased to belong to the labourer, and consequently cannot again be sold by him." This pretence of proof Prof. Wolf of Zürich quite justly stigmatises as "citel Humbug." It is equivalent to asserting that the proprietor of a house cannot let it for a year and then refuse to allow the tenant to occupy it another year free of rent; that if the possessor of a reaping-machine sells the use of it for a limited time, he loses his rights over it for an unlimited time. A workman sells the use of his labour-power on certain conditions for a certain time; he does not sell himself, nor does he sell his labour, or the use of his labour-power,

on other conditions or for a longer time than he himself consents to.

Further, Marx shows himself inconsiderate and inconsistent when he represents the capitalist as appropriating to himself the value of the six hours of labour for which he does not pay the workmen. Marx repeatedly recognises the truth of the economic law that "the value of commodities tends to diminish as the amount of the product per unit of labour-cost increases." But it is an obvious and necessary inference from it that the capitalist would not, and could not, appropriate the value of the labour which he did not pay for; that the three shillings of which he sought to rob each labourer daily would not stay in his own pocket but take to itself wings and fly into the pockets of the public by reducing the price of commodities three shillings to the consumer.

The illustrative example by which Marx endeavours to make perfectly plain to us how "the capitalistic trick" is performed still remains for consideration. It is fully presented in the extract on pp. 66-7. As I have already attempted to refute all the erroneous principles and suppositions which are expressed or implied in that extract, I shall now merely set over against it an extract from an eminent American economist, which contains the clearest and most conclusive exposure of it that has come under my notice.

Mr. Gunton writes thus :

"In demonstrating the operation of the law of economic value, Marx first manufactures 10 lbs. of cotton yarn, in which the cost of the different factors consumed is stated as follows :

Cost of raw cotton	10s.
Cost of wear and tear of machinery	2s.
Cost of labour power	3s.
	<hr/>
Total cost	15s.

"Marx then tells us the same amount of labour is expended on the production of 15s. in gold, so that the 10 lbs. of yarn and the 15s. are the exact economic equivalents of each other. To use his own formula, the case stands thus: 15s. value of yarn = 10s. raw cotton + 2s. machinery + 3s. labour-power; and 15s. is all the capitalist can get for his yarn, and no surplus value is produced. Marx then produces for us 20 lbs. of yarn, in the process of producing which a surplus

value of 3s. is created. He sees, of course, that in producing 20 lbs. of yarn the raw material consumed and the wear and tear will be twice as great as in the production of 10 lbs.; but he discovers that the labourer lives twenty-four hours on 3s., and, in the first process, works only six hours a day to earn the 3s. He now makes him work twelve hours a day and produce 20 instead of 10 lbs. of yarn. And since the labourer can live now, as before, on 3s. a day, he only pays him 3s. for twelve hours' labour. Accordingly, the results of the second process are as follows :

Cost of raw cotton	20s.
Cost of wear and tear of machinery	4s.
Cost of labour power	3s.
	<hr/>
Total cost	27s.

"Marx assumes that, since the value of 10 lbs. of yarn is 15s., that of 20 lbs. must be 30s.; hence 3s. surplus value has been created. To use his formula, the 'prolonged process' stands thus: 30s. value of yarn = 20s. raw cotton + 4s. machinery + 3s. labour-power + 3s. surplus value. Then, as with a flourish of trumpets, he exclaims: 'The trick has at last succeeded; money has been converted into capital.' And as if to assure us that everything has been done on the square, he adds: 'Every condition of the problem is satisfied, while the laws that regulate the exchange of commodities have been in no way violated. . . . Yet for all that, he [the capitalist] draws 3s. more from circulation than he originally threw into it.'

"If we ask whence came this 3s. surplus value, he promptly replies: From prolonging the working-day to twelve hours and thereby making the labour produce 20 instead of 10 lbs. of yarn for the same pay. Now the trick has surely succeeded, and it almost seems as if the capitalist had performed it; but let us look at it once more.

"In the first instance the case stood: 15s. value of yarn = 10s. raw cotton + 2s. machinery + 3s. labour-power. Why was the value of the yarn just 15s.? Because, explains Marx at great length, '15s. were spent in the open market upon the constituent elements of the product, or (what amounts to the same thing) upon the factors of the labour process.' He explicitly tells us that the only reason why the capitalist could not get 16s. or 17s. for his yarn was that only 15s. had been consumed in its production.

"Now let us look at the 20 lbs. of yarn produced under 'the prolonged process' in the light of the law Marx has applied to the production of the 10 lbs. Here the cost of the raw material is 20s.; wear and tear, 4s.; labour power, 3s.; total cost, 27s. Therefore, according to the above law, the total value of the product is 27s. 'Oh no!' exclaims Marx, 'that would give no surplus value.' The cost of the yarn in this case, he admits, is only 27s., but he insists that its value is 30s. According to Marx, then,

his economic law of value works thus : 10s. + 2s. + 3s. cost = 15s. value ; while 20s. + 4s. + 3s. cost = 30s. value. In other words, 15s. = 15s., but 27s. = 30s. Now, by what application of his own law of value, according to which 15s. cost can only produce 15s. value, can he make 27s. cost produce 30s. value ? Clearly, if the 20 lbs. of yarn, the production of which only cost 27s., can have a value of 30s., then by the same law the 10 lbs. of yarn, whose production cost 15s., can have a value of 16s. 6d. To assume that, while a cost of 15s. cannot yield a value of more than 15s., a cost of 27s. can yield a value of 30s., is to violate alike the laws of logic and the rules of arithmetic ; and this self-contradiction destroys the whole basis of his theory. Manifestly surplus value was no more created in the production of the 20 lbs. of yarn than that of 10 lbs. The 3s. here paraded as surplus value is a pure invention of Marx. True, 'the trick has at last succeeded ;' but it was performed by Marx, and not by the capitalist. It is obviously a trick of metaphysics, and not of economics. The only exploitation here revealed is the exploitation of socialistic credulity, and not of economic labour-power." *

We may now consider ourselves entitled to reject *in toto* that portion of the teaching of Marx in "Capital," which claims to be theory or science. It fulfils none of its promises, justifies none of its pretensions, and is, indeed, regarded from a scientific point of view, the greatest failure which can be found in the whole history of economics. No man with an intellect so vigorous, and who had read and thought so much on economic subjects, has erred so completely, so extravagantly, as to the fundamental principles and laws of economic science. The only discovery which he has made is that of "a mare's nest." His pretended demonstration is not a logical chain of established truths, but a rope of metaphysical cobwebs thrown around arbitrary suppositions.

And the cause of his failure is obvious. Passion is a bad counsellor. And the soul of Marx was filled with passion ; with party hate ; with personal animosities ; with revolutionary ambition. His interest in economics was neither that of the scientist nor of the philanthropist, but of the political and social agitator ; and he put forth his strength entirely in manipulating it into an instrument of agitation. That was the chief source of such success as he obtained. There was wide discontent. He framed

* George Gunton, "Economic Basis of Socialism," in the *Political Science Quarterly*, vol. iv., 1889, pp. 568-71.

a doctrine with a view to justify and inflame it. He taught masses of men just what they were anxious to believe ; and hence they believed him.

That portion of the treatise of Marx which deals with the effects of capitalist production is, on the other hand, of very considerable value. It is also the fullest expression of what was best in his nature, his sympathy with the poor ; a sympathy which, although by no means pure, was undoubtedly sincere and intense. The large manufacturing system during the first fifty years of its history in this country was enormously productive, not only of wealth, but of misery, of vice, of human degradation. The glitter of the riches which it created so dazzled the eyes of the vast majority of men that they were blind to the disorganisation, the oppression, the abominations, which it covered. The most honest and intelligent persons took far too rosy a view of it, or, at the most, timidly apologised for practices which they should have felt to be intolerable. But the reaction at length came. The struggles of the victims of the system made themselves felt, and their cries awakened the slumbering conscience of the nation. The claims of justice and of humanity found persistent and persuasive advocates. Careful investigations were instituted, and important reforms initiated.

In the transition period, when the first era of the large manufacturing system, the era of lawless individualistic enterprise, the era of anarchy, had given place to its second era, the era of regulated development, of incipient but growing organisation, Marx, by his work on "Capital," and his friend Engels, by his book on the "Condition of the Working Classes in England in 1844," did excellent service by concentrating as it were into these *foei* the light which parliamentary inquiries had elicited as to the evils of a capitalism allowed to trample on physiological and moral laws ; and causing it thence to radiate over the world. It is true, indeed, that Marx, in that portion of his work to which I refer, continually confounds merely incidental with necessary consequences. Still the evils which he so vigorously describes and assails were mostly real consequences ; and his exposure of them must have helped to destroy them, and to render their return impossible.

On the inferences which he has drawn from his doctrine, and

which I have already stated on pp. 67-8, my remarks will be very brief.

1. The charge which Marx brings against the capitalist, of striving to appropriate more and more of the productive power of labour by lengthening the labour day is, of course, one in which there is a considerable measure of truth. All that he blames the capitalist for having done with this intent he shows from unexceptionable authorities that the capitalist had actually done. Unquestionably the desire of the capitalist to extend as much as he can the labour day is one against which labourers do well to be on their guard, and which they are justified in endeavouring to thwart whenever it demands what is unreasonable. Experience proves that with prudence, firmness, and union, they can do so; and that Marx was quite mistaken in thinking that the capitalist must be successful in his attempts to overstep "the moral and even the merely physical maximum bounds of the working day." Machinery has not helped the capitalist to attain that end. For a time, indeed, when social continuity was violently disrupted and industry largely disorganised by its sudden and rapid introduction, it seemed as if it would do so; but it has had, in reality, a contrary effect. Owing to condensing population within narrow circuits, and associating intelligences and forces, the large manufacturing system is just what has rendered possible the rise and growth of powerful trade unions, and has transferred political power from the hands of employers to those of the employed. Hence there has been within the last thirty years, and especially in large industries, a notable shortening of the working day. At the present time the average working week consists of not more than fifty hours. Thus already workmen have very generally as much leisure time as labour time. The labour time will doubtless be still further abbreviated, and for all classes of workmen. When this takes place, what is even now a very important question for workmen, that as to the right use of their leisure time, will become the chief question.

2. The charge that the capitalist contrives by the aid of machinery so to intensify labour as to compensate him for any loss incurred by shortening its duration, is also not without a certain amount of truth. Labour may be excessive without

being prolonged. Hard running for four hours may be more exhausting than steady walking during twelve hours. Marx had no difficulty in showing from the testimony of factory inspectors and other authorities, that manufacturers managed, after the passage of the Factory Acts, to get their operatives to compress the work of twelve hours into less than ten, and to labour at a rate which ruined their health and shortened their lives. It is very probable that there may still be industries in which labour is carried on at an excessively rapid pace, and where consequently the labourers are overdriven, although they may have nothing to complain of as regards the mere length of their working day. But this also can be checked and prevented. It is no more out of the power of the workmen, or beyond the province of legislation, to put a stop to the excessive intensification than to the undue prolongation of labour. There can be no reasonable doubt that, on the whole, machinery has lightened as well as shortened labour. The heaviest labour which men perform is that which they execute by the exertion of their muscles and members without any aid from machinery. J. S. Mill has said: "It is questionable if all the mechanical inventions yet made have lightened the day's toil of any human being." It seems to me that there can be no question at all that mechanical inventions *have* lightened the day's toil of millions of human beings; although in many cases where they ought to have done so they have not, owing to human greed and perversity.

3. Marx touched a very sore point in the capitalist and manufacturing system when he dwelt on the extent to which it had appropriated the labour-power of women and children. It had been allowed to do so to the most monstrous extent. Parents sold the labour-power of children of six years of age to masters who forced these children to toil from five in the morning to eight in the evening; and British law treated the criminals, for whom no punishment in the statute-book would have been too severe, as innocent—treated such unnatural and abominable oppression and slavery as a part of British liberty. Married women, tempted by their insensate avarice or, perhaps, constrained by drunken, lazy, brutal husbands, were permitted, without being in any way restrained or discouraged, to engage in employments which necessarily involved the neglect of their children and house-

holds, and the sacrifice of all the ends for which the family has been instituted. Certainly these things ought not to have been. And such things are not only not necessary, but tend to the impoverishment, enfeeblement, and decay of nations, and to the injury of all classes in a nation. Nor are they essential to the capitalist and manufacturing system; they are only evils incidental to it, and especially to the initial and anarchical stage of its history. They have already been largely got rid of. The influence of the system, in virtue of the increased demand which it makes for female industry, far from being exclusively evil, is, on the whole, most beneficial. While it is undesirable that married women should become, otherwise than in exceptional circumstances, labourers for wages, it is greatly to be wished that all well-conducted unmarried women of the working class should be able to maintain themselves in honest independence by finding employment in whatever occupations are suited to them.

4. Marx attached great importance to his doctrine of the formation under the capitalist system of an industrial reserve army. He rejected Lassalle's "iron law;" but he believed that he had himself discovered a law harder than iron, one which "rivets the labourer to capital more firmly than the wedges of Vulcan did Prometheus to the rock." He controverted with extreme superciliousness, and, it must be added, with equal superficiality, the Malthusian theory, but maintained the practical conclusion generally, although erroneously, inferred from it by Malthusians. Without mentioning Dr. Sadler, he substantially adopted his extraordinary opinion that different social stages or conditions have different laws of human increase. Dr. Sadler composed two bulky volumes to prove that the law of human increase was one which varied with circumstances through a providential adaptation of the fecundity of the human species to the exigencies of society. Marx had, of course, no wish to justify the ways of Providence, but he had a keen desire to discredit the ways of capitalism, and so he devoted more than a hundred pages to arguing that "there is a law of population peculiar to the capitalist mode of production;"* that "capitalist accumulation itself constantly produces, in the direct ratio of its

* P. 645.

own energy and extent, a relatively redundant population of labourers—i.e., a population of greater extent than suffices for the average needs of the self-expansion of capital, and therefore a surplus population;"* or, in still other words, that "the labouring population produces, along with the accumulation of capital produced by it, the means by which itself is made relatively superfluous, and does this to an always increasing extent."†

Unfortunately Marx forgot that such a law, and the statements which he made in support of it, could only be established by statistics and an adequate induction of relevant facts, not by mere general reasoning and assertion. The only statistical data, however, which he submits to us—those in the note on p. 544 (Engl. tr.)—are ludicrously irrelevant and insufficient. Out of the census reports of 1851 and 1861 he selected fourteen industries which showed either a decrease or only a slight increase in the number of labourers employed, and said not a word concerning over 400 other industries. But, of course, what he required to prove was not that there had been a diminution of labourers in some departments of industry, but that there had been a general and growing diminution of industrial labourers. He was bound to establish the prevalence of a law; the operation of an essential and inevitable tendency. Manifestly his statistics do nothing of the kind.

Nowhere, indeed, throughout his lengthened argumentation does Marx deal even with the facts which bear most directly on his hypothesis. From beginning to end his method in the hundred pages which I have specially in view is one of fallacious dogmatic ratiocination. It consists in inferring what the facts must be on the assumption that capitalistic accumulation is the process of exploitation which it has been described by Marx as being; silently taking for granted that the facts are what they have been inferred to be; and loudly asserting that what was undertaken to be proved has been proved. But the facts have never once been looked in the face; their voices have not been allowed to be heard for an instant. The facts are indubitably not what we are asked to believe them to be. They plainly

* P. 643.

† P. 645.

contradict at every point the hypothesis propounded regarding them.

If, as Marx pretends, the relative magnitude of the constant part of capital is in direct, but that of the variable or wage-paying part of capital is in inverse, proportion to the advance of accumulation; if, as capital increases, instead of one-half of its total value, only one-third, one-fourth, one-fifth, one-sixth, one-seventh, &c., is transformed into labour-power, and, on the other hand, two-thirds, three-fourths, five-sixths, seven-eighths, into means of production; if the demand for labour progressively falls in this frightful manner, undoubtedly there must be a correspondingly continuous and progressive diminution of the increase of labourers. But why did it not occur to him to confirm his assertion that there was such a law by showing that there had been such a diminution? Why, instead of doing so, did he content himself with giving us merely the note to which I have already referred? Simply because he could not do any better; could not deal fairly with the facts without abandoning his hypothesis.

Within the present century the increase of the population of Europe has amounted to about 200 millions of men. How has this happened if the demand for labour has been relatively to the accumulation of wealth progressively falling in the manner Marx maintains? Were the great mass of these millions born either with silver spoons in their mouths or in the industrial reserve army? In 1841 there were employed in British industries 3,137,000 workers, and in 1881, 4,535,000, showing an increase in their number of about 45 per cent., while during the same period the whole population increased from 26,855,000 to 35,003,000, or only about 30 per cent. A similar progressive increase of labourers has taken place in all countries under an energetic capitalist and manufacturing régime. Marx himself declares the growth of official pauperism to be the indication and measure of the increase of the industrial reserve army. Pauperism, however, has been for nearly half a century steadily decreasing in England, both absolutely and relatively. Whereas in 1855-9 the paupers of England formed 4.7 per cent. of the population, in 1885-9 they formed only 2.8 per cent. of it. In like manner there has been no relative increase but a decided relative decrease of able-bodied adults who have received tem-

porary assistance owing to want of employment. The "growing mass of consolidated surplus population," of which Marx speaks, does not exist. His hypothesis of an industrial reserve army produced by capitalism for its own advantage, and constantly dragging the labouring class into deeper and more hopeless misery, is fortunately only a distempered dream.

5. The famous Condorcet, in the most celebrated of his works, the "Tableau historique des progrès de l'Esprit Humain," published in 1795, argued that the course of history under a régime of liberty would be towards equality of wealth, as well as towards equality in all other advantages, inasmuch as it would gradually sweep away all those distinctions between men according to their wealth which have been originated by the civil laws and perpetuated by factitious means, and would leave only such as were rooted in nature. Seventy-four years later we find Marx strenuously contending that when property, trade, and industry were left unfettered, when labour was unprotected, wealth tended irresistibly and with ever increasing rapidity to inequality; the distance between rich and poor continually and with ever-growing speed widening, so that only a vast revolution could prevent capitalist society from being soon divided into two great classes: one consisting of a few thousands of moneyed magnates in possession of all the means of production and enjoyment, and the other of many millions of dependent and pauperised proletarians. Which of these views is to be preferred? Whoever impartially and comprehensively studies the actual history of the last hundred years will find no difficulty in answering. He must acknowledge that it has clearly shown Condorcet to have been far-seeing and Marx to have been short-sighted. Freedom in the industrial and commercial sphere has undoubtedly during the last hundred years proved itself to be, on the whole, a most democratic thing; surely and steadily pulling the higher classes of society down to a lower level; surely and steadily raising the lower classes; destroying all fixed class distinctions, moneyed inclusive; and not only greatly increasing the number of intermediate fortunes, but so grading them, and so facilitating their passage from one person to another, as to manifest that liberty really has that tendency to equality, even as regards wealth, for which Condorcet contended.

CHAPTER VI.

NATIONALISATION OF THE LAND.

SOCIALISM proposes to reconstruct and reorganise society. It has the merit of being not merely critical, but also, in intention at least, constructive. It seeks not simply to pull down, but also to build up; it would pull down only to build up; and it even would, so far as possible, begin to build up before pulling down, in order that society, in passing from its old to its new mode of life, may not for a moment be left houseless.

It has often been said that Socialism has shown itself much stronger in criticism than in construction. I cannot altogether assent to the statement. Socialism is nowhere weaker, it seems to me, than in its criticism of the chief doctrines of political economy. It is weak all over, because it has not had sufficient critical discernment to apprehend the essential laws of economic life. The leading representatives of Socialism, and especially the founders of the principal early schools of French Socialism, have shown no lack of constructive ingenuity. Saint-Simon, Fourier, and Comte were men of quite exceptional constructive power. They were unsuccessful constructors, not owing to any want of constructive ability, but because they had not a solid foundation

of principles on which to construct, and chose some very bad materials with which to construct. Fourier, for example, displayed an extraordinary ingenuity in planning his *phalanges* and *phalanstères*; but of course it was wasted, for he was trying to accomplish the impossible, believing that he could so alter the conditions of life as to insure every person against requiring to do any hard or disagreeable work, secure to him eight meals a day, and provide him in abundance with all known pleasures, and even with many peculiar to the new era of existence.

If, however, by saying that Socialists have been more successful in criticism than in construction, is merely meant, that they have been more successful in pointing out the evils of our present social condition than in indicating efficient remedies for them, the statement is undoubtedly true; but it is true of many others beside Socialists, and is no very severe censure. It is for all of us much easier to trace the existence and operation of social evils than to find the remedies for them; to detect the faults of any actual system of society than to devise another which would be free from them, and free at the same time from other faults as bad or worse. Yet we must not on that account undervalue the criticism of social institutions, or the exposure of what is defective and injurious in them. We shall never cure evils unless we know thoroughly what are the evils we ought to cure. In so far as socialistic criticism is true; in so far as it fixes our attention upon the poverty, misery, and wickedness around us—upon what is weak and

wasteful, unjust and pernicious, in the existent constitution of society—and compels us to look at them closely, and to take them fully to heart: so far it does us real service.

But Socialists, as I have said, do not confine themselves to criticism. They make positive constructive proposals. One of these proposals is the subject of the present chapter.

Nationalise the land. Private property in land is unjust in itself and injurious in its consequences. The land is of right the property of the nation, and in order that the nation may enjoy its right, labour reach its just reward, and pauperism be abolished, what is above all needed is the expropriation of landlords. This is what Henry George, Alfred R. Wallace, and many others recommend as a cure for the chief ills under which society is languishing. In early youth, I myself held the views which they maintain, having become acquainted to some extent with a man whose name should not be forgotten in connection with this doctrine—a man of talent, almost of genius, an eloquent writer, as eloquent a talker—Patrick Edward Dove, the author, among other works, of a “Theory of Human Progression” and “Elements of Political Science,” in which he advocated the nationalisation of the land ardently and skilfully. No one, perhaps, has more clearly and forcibly argued that the rent-value of the soil is not the creation of the cultivator, nor of the landlord, but of the whole labour of the country, and, therefore, should be allocated to the nation; that this would allow of the abolition of all customs and

excise, and the imposition of a single tax of a kind inexpensive to collect; that it would unite the agricultural and manufacturing classes into one common interest, and would secure to every labourer his share of the previous labour of the community, &c. I have long ceased, however, to believe in land nationalisation as a panacea for social misery.*

I deny that individual property in land is unjust, and, consequently, that justice demands the nationalisation of land. It is necessary, however, to explain precisely what I understand by this denial.

I do not mean by it, then, that an individual may justly claim an absolute proprietorship in land, an unlimited right alike to use or abuse land. Nay, I wholly disbelieve that any man can possibly acquire a right to such absolute proprietorship in anything.

All human rights of proprietorship are limited—and limited in two directions—limited both by the law of perfect duty, and the legitimate claims of our fellow-men; or, as the Theist and Christian may prefer to say, by the rights of God, and by the rights of society. If we have an absolute right to anything, it would seem that it must be to our own

* Thomas Spence, Fergus O'Connor, Ernest Jones, Bronterre O'Brien, and others, had preceded Dove in maintaining that land should cease to be held as private property. The first-mentioned advocated, as early as 1775, the *parochialising* of all the land of the nation, “so that there shall be no more nor other landlords in the whole country than the parishes; and each of them be sovereign landlord of its own territories.” See the “Lecture of Thomas Spence, bookseller, read at the Philosophical Society in Newcastle on November 8th, 1775, for printing of which the Society did the author the honour to expel him,” reprinted and edited, with notes and introduction, by H. M. Hyndman, London, 1832.

lives; yet we have no absolute right to them. We are morally bound to sacrifice our lives, whenever a great cause, whenever God's service, demands the sacrifice. Thus without an absolute right of property even in our own selves, we can still less have an absolute right of property in anything else. By no labour or price can we purchase an absolute right in anything, and so, of course, not in land. "The earth is the Lord's, and the fulness thereof; the world, and they that dwell therein." If these words be true (and Socialists often quote them as true), most certainly no man can reasonably regard himself as the absolute proprietor of any portion of the earth; but just as certainly can no man reasonably regard himself as the absolute proprietor of any portion of its fulness, or even of his own limbs, faculties, or life. In the strict or absolute sense there is but one Proprietor in the universe. No man's proprietorship is more than tenancy and stewardship.*

But our rights of property in land, as in everything else, being thus necessarily subordinate to the sovereignty and limited by the moral law of God, cannot possibly be absolute and unlimited as against society. The individual is a member of society; connected with it in many ways, benefited by it in many ways, indebted to it in many ways, and bound by the laws of morality to seek to pro-

* Socialists often quote merely the words "the earth is the Lord's," and then infer that they condemn *private property in land*. If they quoted the whole sentence every person must at once perceive that what it teaches is that there is an absolute divine proprietorship, not of land only, but of all that the earth contains, to the law of which all other proprietorship, whether individual or collective, ought to be subordinated.

mote its good, and, if need be, to sacrifice his personal interests to the general welfare. He can have no rights which are in contradiction to his duties, no rights to do wrong to society, or even to do nothing for society. On the contrary, the society of which he is a member, to which he owes so much, by which his property is protected, and from which it is even largely derived, has obvious claims on him and his property; and may most righteously insist on their fulfilment. There is no reason why any exception should be made, or favour shown, in respect to property in land. Nay, as the welfare of a people is even more affected by property in land than by personalty, the State may reasonably be expected to guard with special care against abuses of it, and to insist on its being held and administered only under such conditions as are consistent with, and conducive to, the general good.

Yet Socialists continually argue against the private ownership of land on the supposition that individual proprietors of land must be allowed an unlimited right of abusing their position. They think it relevant, for example, to adduce instances of landlords who have exercised the power which proprietorship gave them in interfering with the religious and the political freedom of their tenants. But manifestly the proper inference to be drawn from such facts is, not that landlordism is in itself an evil, but simply that landlords who venture to act the part of despots in a free country should be punished, and compelled to pay due respect to the constitution of the country in which they live. No

right of property in land would be violated should a landlord who persisted in interfering with either the religious or the civil liberties of his fellow-subjects be expropriated without compensation.

Then, if the right of property in land be only a relative and conditioned right, what meaning or force is there in the argument so often and so confidently employed, that private property in land must be unjustifiable, because otherwise were a man rich enough to buy an English county he would be entitled to make a wilderness of his purchase, and to sow it with thorns, thistles, or salt; or even were he rich enough to buy up the world he would be entitled to prosecute all its other inhabitants as trespassers, or to serve them with writs of eviction? It would be just as reasonable to argue that a man rich enough to buy up all the pictures of Raphael, Titian, and Rembrandt, or all the copies of Homer and the Bible, Dante and Shakespeare, would be entitled to burn them all, and that, therefore, there should be no private property in pictures or books.

Proudhon wrote his celebrated treatise on property to prove that property, meaning thereby the absolute right to use and abuse a thing, is theft; and he occupied about a third of it in contending that property is impossible; that there neither is, has been, nor can be such a thing as property: that property is not itself, but a negation, a lie, nothing. He has no less than ten elaborate arguments to this effect. His book was extremely clever, but so admirably adapted to make a fool of the public that it would have been very appropri-

ately published on a first of April. No elaborate reasoning is needed to convince reasonable men that property understood as it was by Proudhon, if it were possible, would be theft; or that if society allow such theft—allow rights of property in land, or in anything else, which are clearly anti-social, plainly injurious to the community—it is foolish, and forgetful of its duty.*

* The argumentation of Mr. Herbert Spencer (see "Social Statics," ch. ix.) against the legitimacy of private property proceeds, like that of Proudhon, very largely on the assumption that *a right to do right implies a right to do wrong*; that *a right to use carries with it a right to abuse*. Mr. Spencer may or may not have been conscious of making this assumption. He has certainly not shown that he was entitled to make it. When, therefore, he infers that "a claim to private property in land involves a land-owning despotism," that if men have a right to make the soil private property "it would be proper for the sole proprietor of any kingdom—a Jersey or Guernsey, for example—to impose just what regulations he might choose on its inhabitants, to tell them that they should not live on his property unless they professed a certain religion, spoke a particular language, paid him a specified reverence, adopted an authorised dress, and confirmed to all other conditions he might see fit to make," and the like, he only makes manifest the absurdity latent in an assumption of his own.

It is from "the law of equal freedom" that Mr. Spencer deduces "the injustice of private property." If each man "has freedom to do all that he wills, provided he infringes not the equal freedom of any other, then each of them is free to use the earth for the satisfaction of his wants, provided he allows all others the same liberty. And, conversely, it is manifest that no one may use the earth in such a way as to prevent the rest from similarly using it; seeing that to do this is to assume greater freedom than the rest, and consequently to break the law."

Mr. Spencer has overlooked that "the law of equal freedom" only confers an equal right to try, but not an equal right to succeed. It entitles every man to try to become Prime Minister, but it does not forbid only one man becoming Prime Minister. And as to land, not only is it not "manifest," but it is manifestly ridiculous "that no one may use the earth in such a way as to prevent the rest from similarly using it." If any man uses a field for agricultural purposes or a portion of ground to build a house on it, he necessarily prevents all other people from similarly using it.

Mr. Spencer, it is proper to add, has ceased to believe in either the

I do not maintain, then, that the individual ownership of land is an absolute or unlimited right. I do not even maintain it to be an essential or necessary right. It is not the only form of property in land which may be just. It has been generally, if not always, preceded by tribal or communal ownership, and it may be succeeded by collective or national ownership. It may be limited, conditioned, modified in various ways according to the changing requirements of time and circumstance. What I hold in regard to it is simply this, that in itself, and apart from abuses, it is not unjust, but, on the contrary, as just as any other kind of individual property, or even as any other kind of property, individual or collective.

In order to establish the legitimacy of collective property in land, the illegitimacy of individual property in land is affirmed. But the connection between the one contention and the other is far from obvious. On the contrary, it is difficult to see how collective property in land can be right if

equity or expediency of land-nationalisation, for reasons which will be found stated in "Justice," Appendix B. ed. 1891.

Proudhon defines property as *"le droit d'user et d'abuser,"* the right to use and abuse, and holds that the phrase *ius utendi et abutendi* in the definition of property in the "Pandects" may be so translated (see his "De la Propriété," ch. ii.). The interpretation is, however, undoubtedly erroneous. Says M. Ortolan in a well-known work, published long before Proudhon's, "Il faut bien se garder d'attribuer, dans la langue du droit romain, à ce mot *abuti*, l'idée qu'il emporte dans notre langue, c'est-à-dire d'un usage immodéré, déraisonnable, condamnable. *Abuti*, par sa décomposition étymologique elle-même (*ab* particule privative, et *uti* user) désigne un emploi de la chose qui en fait cesser, qui en détruit, l'usage. Tel est l'effet de l'aliénation, de la consommation de la chose" ("Tableau historique des Instituts," t. i. pp. 253-4).

individual property in land be necessarily wrong. If a tribe of savages may appropriate a portion of unowned territory as a hunting-ground, surely an individual man may with as much justice appropriate a portion of unowned land through occupying and cultivating it—or rather with more, as he has done more to the land. The title of savages to the land over which they roam is often a weak and questionable one, just because they have never really appropriated, cultivated, used it. The aborigines of Australia were hardly more entitled to be called the proprietors of Australia than were the kangaroos of Australia, for they had only, like the kangaroos, wandered up and down in it. If any individual among them had made something like a garden of any portion of Australian soil his title to that piece of ground would have been much superior to that of his tribe to the hundreds of miles over which its members sought for their food.

It has never been shown that national property in land has any better foundation than individual property in land. A nation generally gets its land by occupation and conquest, and if these are good titles for it they are good titles for individuals. Purchase and cultivation as modes of appropriation are better than these, and individual property is more frequently acquired than national property by them. The titles of the Norman followers of William the Conqueror to the lordship of English lands may have been morally far from good, but they were as good as William's own to the lordship of England; the right of the Norman individual

was as good as that of the Norman State. If individual property in land then be unjust, we shall not escape from injustice by taking refuge in national property in land ; for it must be equally or more unjust, seeing that it rests on the same or weaker grounds, and has been effectuated in the same or worse ways. The only mode of escape from the alleged injustice must be to allow of no property in land ; to have all land unappropriated, free and open to all. But this would render land useless, or nearly so. If everybody is to have the same right to it nobody will get any good of it. The earth, however, can hardly have been designed to be useless. If, as Socialists frequently remind us, God has made it for the good of all, He cannot have so given it to all that it could benefit none. And certainly it is only through land becoming the property of some that it can become profitable to all, or indeed of almost any use to any.

It cannot reasonably be doubted that individual property in land was a decided advance and improvement on any of the forms of collective property in land which preceded it. It would not otherwise have everywhere displaced them in progressive societies ; it would not otherwise have uniformly accompanied the growth of civilisation. The collective tenure of land was once the general rule ; now it is the rare exception. Why ? Because it was an economically feeble and defective system ; because it cramped freedom, depressed energy, limited production, could not supply the wants of a large population, and hindered the accumulation of capital.

None of the objections against private property

in land appear to me to be of any real force. Some argue thus : No man has made the earth or given to it its natural powers, and therefore no man is entitled to appropriate it and its powers to his own exclusive use, or to exact from another compensation for their use. Were this argument good no natural agent whatever could be justly appropriated, and all industry would be wrong, all production of wealth sinful. One man takes a piece of wood and makes it into a bow and arrows, to kill the creatures which are to serve him as sustenance ; another takes a piece of ground, clears it, cleans it, digs it, plants in it the seeds of trees and herbs which will yield him food. In what respect is the latter less entitled to be left in undisturbed possession of the piece of land which he has made useful than the former of the piece of wood which he has made useful ? In none. The natural qualities of the wood were as much the creation of God and His free gift to man as the natural powers of the soil ; the soil not less than the wood has in the process of appropriation been converted from a natural and useless into an artificial and useful thing ; and the men who have respectively so changed the wood and the soil have both justly become the owners of them, and are entitled either to keep them for their own use or to lend the use of them to others for a compensation. Agricultural land is very rarely the pure gift of nature ; it is almost always an artificial and manufactured article. It is often an instrument of production most expensive to make, and generally also one

most expensive to maintain in efficiency. Hence in any advanced stage of civilisation none except capitalists can be the proprietors of it without injury and injustice to the community.

Land, it is likewise often argued, so differs from other things that it ought not to be made property of like other things. As it is limited in amount, and the quantity of it cannot be increased, the ownership of it, we are told, is a monopoly to which no individual can be entitled. This is a very common yet a very weak argument. Only things which are limited are made property of; what is unlimited, or practically so, is not worth appropriating. Political economy does not concern itself about things the supply of which is unlimited. There is no social question as to the use of such things. But what articles of value are unlimited? What natural agents needing to be taken into account in the production of wealth are unlimited? None. Stone, coal, iron, wood, &c., are all as limited as the surface of the ground. Limitation is a condition of all wealth, not a distinctive peculiarity of wealth in the form of land. That land is limited is the very reason why there is property in land. It is no reason for concluding that property in land must be an unjust monopoly, or a monopoly at all. Those who affirm that it is, merely show that they do not know what a monopoly is. If every man be free to go into the sugar trade, selling sugar is not a monopoly, although the quantity of sugar in the world is not unlimited. In like manner, the limited amount of land cannot make

property in land a monopoly, provided there be, as there ought to be, free trade in land.

Another argument against private property in land, and one which is much relied on by most advocates of land nationalisation, is based on the fact that the value of land is largely due to the general labour and growth of wealth of the community. It is not only what the landlord does to his land which gives it the value represented by its rent. A piece of ground in the centre of London is of enormous value, not because of anything which its owner has done to it, but because of the industry and wealth of London. The socialistic inference is that a proprietor cannot justly profit by what thus owes its existence to the community; that the "unearned increment" derived from social labour, or general social causes and "conjunctures," should of right return to society. But here, again, it is overlooked that what is alleged is not more true of land than of other things; that all prices are as dependent as rents of land on the general labour and prosperity of the community: that if land in the centre of London rents high, it is because houses there rent high; and that if houses there rent high, it is because a vast amount of business is done in them.

It is not only the owners of land in London who profit by the industry and prosperity of London, but also its professional men, merchants, tradesmen, and labourers. All of them, when times are good, when "conjunctures" are favourable, receive "unearned increments," as well as the

landowners; all of them are in the same way indebted to the community. The large incomes of London physicians and London merchants, compared with those of physicians and merchants of equal ability in provincial towns, are as much due to an unearned increment as the high rents of the owners of the ground on which London is built. If the people of London are rightfully entitled to the unearned increment in the rents of its ground-proprietors, they are entitled also to the unearned increment in the fees, salaries, and profits of all classes of its citizens.

That they are entitled to it in any case has yet to be proved. That there is any way of exactly separating unearned from earned increment, and justly apportioning it among those who have contributed to produce it, has yet to be shown. That a city or nation can have any better claim to it than an individual has never been made out, and is even clearly incapable of being made out. For the value of land in London, for example, depends not only on the wealth of London, but on the wealth of England, and the wealth of England depends on the wealth of the world, on the labour, production, and abstinence of the world. If, therefore, the argument under consideration were valid, the British nation ought in justice to hand over to other nations no inconsiderable portion of the unearned increment included in the wealth of its members.

The rise and fall of the rents of land, then, depend on the labour and good or bad fortune of society, no otherwise than the rise and fall of all

other rents, of all prices, and of all values. There is nothing special or peculiar in the mode of their increase or the course of their movement which can warrant society to treat them in an exceptional way, and to deal with property in land differently from all other property.

Easily proved as this truth is, and amply proved although it has often been, enthusiastic advocates of land-nationalisation, like Henry George and Alfred R. Wallace, cannot afford to acknowledge it. They have founded their whole system on the assumption that land alone, or almost alone, increases in value with the increase of population and wealth, and that in virtue of this law the landowners of a country by simply raising rents can and do appropriate all that labour and capital contribute to the production of national wealth.

The assumption is altogether arbitrary, and undoubtedly contrary to fact. The man who can believe that land is in this country the exclusively, or even a specially, remunerative kind of property; that the want of it is a necessary and chief cause of poverty, and the possession of it the infallible and abundant source of wealth, displays a remarkable power of adhering to a prepossession in defiance of its contradiction by experience. Is there any kind of property which increases less in value in Britain than land? It is known not to have doubled in value during the last seventy years. It has certainly diminished in value during the last twenty years. There is no apparent probability of any relatively great or rapid rise in its value in the future.

The vast increase of the national income, since, say, 1820, has been almost wholly derived from other property than land. It is not the rule but the exception to make large fortunes, either by speculating in land, or cultivating land. The notion that the landowners are appropriating all the wealth of the nation, and keeping the other classes of society in poverty, can be entertained by no man of unprejudiced mind who is acquainted with the mass of evidence to the contrary accumulated by the recent researches of scientific economists and statisticians.

It has to be added that the connection of the individual with society is for the owners of land, as for other persons, the source of *undeserved decrements* as well as of *unearned increments*. This fact the advocates of land-nationalisation strangely overlook, or unjustly ignore. They seem to think the conjuncture of social circumstances, the incalculable operation of social causes, only brought gain and wealth to the possessors of land; whereas, in reality, it as often brings to them loss and poverty. Riches sometimes flow in upon them, as upon other men, owing to the condition and fortune of the community; but from the same cause their riches as frequently "take to themselves wings and flee away." If, therefore, the State is, on the plea of justice, to appropriate landowners' increments so far as not individually earned, it must also become responsible for their decrements so far as socially produced. For society to seize on the socially caused increment, yet not to restore the socially caused decrement, in individual incomes, would be a manifestly unjust

and unfair procedure. Those who have recommended it in regard to the rents of land have been influenced by a false theory, and have neither looked calmly nor comprehensively at the subject. They have seen only one side of the shield. They have gazed so eagerly at the coveted increments as wholly to overlook the decrements, though equally real. Now, suppose that the British Government, about the year 1870, in the belief that landowners only benefit by their connection with society, had agreed to appropriate their unearned increments, but on condition of making up for their decrements not due to their own mismanagement, should there be any: would not the bargain have been a wretched one for the British people during the fifteen years which followed? Why, they would have had decrements everywhere, year after year, and increments nowhere. In some of these years, instead of being entitled to get anything from great landowners, like, for instance, the late Duke of Bedford, they would have had to give them fifty per cent.

Instead of being either foolish or unjust, it is really both the wisest and the justest policy which the State can pursue, not to attempt the impossible task of separating the social or unearned from the individual or earned portions in the incomes of any class of its citizens, but to leave them both to enjoy the gains and bear the losses which their connection with the nation involves.*

* Mr. Robert Giffen, in his "Growth of Capital," 1890, has convincingly shown that in Britain property in land has been steadily losing

For having thus argued at such length that justice does not demand the nationalisation of the land of the country, my excuse must be that so many persons are at present loudly asserting the contrary, and endeavouring to make it appear that private property in land is morally wrong, and that to expropriate landowners without compensation would be an innocent or a virtuous act.

I do not maintain that to nationalise the land would be in itself unjust. If private property in land may be just, so may national or collective property be. What I fail to see is, how national or collective property in land can be just, if private or individual property therein must necessarily be unjust. Nationalisation of the land would be quite just if the present proprietors were bought out, and if men were left not less free than they are at present to purchase the use of the land in fair competition. It is quite possible to conceive of a kind of nationalisation of the land which would not interfere with the liberty of individuals in regard to the possession or tenure of land, and which would consequently not be Socialism at all in the sense in which I employ the term. Could it be shown that to nationalise the land by the national purchase and administration of it would be clearly for the good of the nation, I should have no hesitation in advocating its nationalisation.

its relative importance among the items of the national wealth. It constituted, according to his estimate, in 1690, 60 per cent. of the total property of Britain; in 1800, 40 per cent.; in 1865, 30 per cent.; in 1875, 24 per cent.; and in 1885, only 17 per cent.

The present proprietors could in justice only demand for their land its fair market value. They may have in theory a right to the possession of it for all eternity; but this is not a right which will entitle or enable them to get more for it in fact than a sum equal to between twenty and thirty annual rents. They could reasonably claim from the State, supposing the nationalisation of the land were resolved on, only its ordinary selling price. But this they could with perfect justice claim; this could not honestly be refused to them. To maintain the contrary is to advocate theft. The proposal of Mr. George and his followers to appropriate the rent of land by throwing on it all public burdens is a suggestion to theft of the meanest kind; to theft which knows and is ashamed of itself, and tries to disguise itself under the name and in the form of taxation. The State which adopts it will only add hypocrisy to theft.

The proposal, also often put forward of late, that, on due intimation, property in land should be appropriated by the State without compensation, when present owners die, or after the lapse of twenty or thirty years' possession, is likewise one of flagrant dishonesty. Imagine three men: one invests his money in land, the second buys house-property, the third acquires bank-shares. Can any good reason be given why the capital of the first alone is, either at his death or after thirty years, to go to the nation, while that of the other two is to remain their own however long they may live and at their death to go to their heirs? Or is it in the

least probable that a State unprincipled enough thus to appropriate the capital invested in land would long scruple to appropriate any kind of investments? There must be a radical change in the primary moral apprehensions and judgments of men before proposals such as these can be generally regarded as other than immoral.

If the nation, then, would become the sole proprietor of the land of the country, it must first buy out the present landowners. Any other course would be unjust. No other course is possible except through violence, revolution, civil war. But buying out the landowners would be a very foolish and unprofitable financial transaction for the nation. It could only be effected at a cost of about two thousand millions; the interest on which would amount to more than the net return of the land, which is in this country not above $2\frac{1}{2}$ per cent. It would not be, perhaps, an impossible financial operation, but it would certainly be a very difficult one; and it would divert an enormous capital from profitable spheres of employment, necessarily increase taxation, and tend not to any improvement in the condition of farmers, but to rack-renting. I shall not, however, occupy the space still at my disposal in showing that land-nationalisation accomplished by purchase would be a very disadvantageous investment of national capital, because this has been often unanswerably shown, and can hardly be said to have been ever seriously contested. Socialists themselves—all of them, at least, except credulous believers in the power of the State to work industrial and econo-

mical miracles—do not deny it. On the contrary, it is just because they cannot help admitting it, cannot fail to see that land-nationalisation by purchase would be a case where honesty would not pay, that they are forced to advocate schemes of land-nationalisation by open or disguised confiscation that are distinctly dishonest.

The nationalisation of the land has been advocated as a solution of the social question. By the solution of a question is meant an answer to it, a settlement of it. But the nationalisation of the land would answer no social question, would settle none. It would only raise in a practical form the question, What is the nation to do with the land? Only when this question is settled, or practically answered in a satisfactory manner, will ever the land question be solved. But the slightest reflection will show that the question which would arise as to how the land when nationalised ought to be made use of, must prove an extremely difficult one to answer aright. Those who, like the great majority of the advocates of land-nationalisation, merely expatiate in a general way on the advantages which they conceive would flow from the measure, avoiding to state and explain what system of land administration they would substitute for that which at present prevails, must be regarded as vague thinkers and empty talkers, yet none the less likely on that account to influence dangerously the ignorant and inconsiderate.

The nation might deal in various ways with the land which it nationalised. It might, for

example, proceed forthwith to denationalise it by creating a new class of proprietors, say, peasant proprietors. But one can hardly suppose that it would be so inconsistent as thus to stultify itself. The socialistic arguments against property should be as applicable to private property on a small as on a large scale. Buying out one class of proprietors in order to put in another class would be an obviously absurd procedure. The new proprietors could hardly expect other classes of the nation to pay, merely for their benefit, the interest of the enormous debt incurred in buying out the old proprietors. These classes might justly, and no doubt would, look to them to pay it. But peasant proprietors, and, indeed, any class of proprietors so burdened, could never maintain themselves and prosper. Still less could they pay a land-tax additional to that required to yield a sum equivalent to the interest of the debt incurred by the State in the purchase of the land. Yet what Socialists aim at is to impose such a tax on land as will render every other species of taxation unnecessary. This method, then, would neither satisfy any principle of those who contend for land-nationalisation, nor serve any desirable end. The proprietors of the new system would be in a far worse position than the farmers of the old; the use of the land would be restricted to a class as exclusively as before; and the only change in the relation of the State or nation to the land would be its liability for the enormous debt incurred by its purchase.

The State might also let the land when national-

ised to tenant-farmers. This is the plan which, were all private ownership of land abolished, would produce least change in the agricultural economy of the country, and which Government could follow with least trouble and most sense of security. Hence it is the plan which has found most favour with those who advocate land-nationalisation.

But how, then, would the rents be determined? If by competition, Socialism, which professes to set aside competition, would be untrue to itself in conforming to it. While rents would not be lowered, the general community would be as much shut out from enjoyment of the land as it now is, and the expenses of the Government so increased by the management of it as largely to deduct from the rent. If, on the other hand, the rents should be fixed otherwise than by competition, and in accordance with some truly socialistic principle, a just and equitable principle of the kind has yet to be discovered. It is as impossible, apart from competition, to determine what are fair rents as what are fair wages.

If fixed otherwise they would have to be fixed lower than competition would determine, in order that the farmers might not be aggrieved and driven to resistance. But the more they were thus lowered the greater would be the wrong done to the rest of the community, which instead of being benefited by the return from the land would be burdened with an increased measure of the debt on the land. If, then, the changes required by this plan be comparatively slight, the advantages which could reasonably be

expected from it are equally slight. The condition of farmers would not be improved; the condition of agricultural labourers would not be improved; the condition of the general community would be rendered much worse, as it would be placed in the position of a landlord, the rental of whose land fell far short of the interest of the debt on it.

Private landowners, indeed, would be got rid of; and the members and agents of the Government would take their place. But would this be of real advantage? In all probability it would be the reverse. A democratic Government represents only that political party in a country which happens for the time to command the largest number of votes. As it will not be long in power unless its budgets are of a popular and cheerful kind, it would be very impolitic to spend, as great private landowners have done, vast sums in agricultural experiments which might not prove financially successful, or in improvements which could bear fruit only in a somewhat distant future. Yet unless this were done the land and agriculture of a nation would not prosper but would rapidly deteriorate. Thus the agents of a modern democratic Government, or, in other words, of a party Government which represents merely an unstable political majority, cannot but have far too much interest in immediate returns and far too little in the permanent amelioration of the soil, to make good land-administrators.

It is generally recognised by those who have studied the subject, that were the soil of a country left entirely to the management of any class of

mere farmers it would soon be, if not ruined, seriously deteriorated. Hence probably, in the case of the land being nationalised, it would be found expedient to allow the occupiers of land under the State fixity of tenure and judicial rents, or, in other words, a virtual proprietary right and a monopolistic privilege. But this state of things would certainly be neither more just nor more profitable to the general community, and especially to the labouring classes, than the system which at present prevails.

It is unnecessary to discuss either the proposal that the State should restore agricultural village communities or that it should create agricultural co-operative associations. In exceptional circumstances both the agricultural village community and the agricultural co-operative society might, perhaps, be established with good results under the fostering care and guidance of a sagacious, generous, and wealthy individual; but the former has so many economic defects, and the success of the latter implies so many favourable contingencies not likely to be found in conjunction, that no prudent Government will feel itself warranted to spend any considerable sum of public money in calling them into existence. No person in this country, so far as I am aware, has been so unwise as to contend that the land should be nationalised with a view to a general adoption of either of these forms of rural economy.*

* I fear that in this paragraph I have under-estimated the unwisdom of the *English Land Restoration League*. At least, one of its "Tracts," written by a well-known literary exponent of Socialism, J. Morrison Davidson, concludes as follows:—"Let us pass at once from feudalism to municipalisation; vest the site of every town in its Town Council,

Still another method, however, might be adopted, and it is the one which would unquestionably be most consistent with the principles of Socialism. The State might take into its own hands the whole management of the whole land of the country. It might organise agriculture, as it does the art of war, by the formation of armies of industry, superintended and guided by competent officers of labour. Thomas Carlyle, it will be remembered, recommended that "the vagrant chaotic Irish" should be provided with plenty of spade work, formed into regiments

and of every landward parish in its Parish Council. The land is the birthright of the people. The Free Land Leaguers are trying to hand it over to the capitalists. If they succeed in gulling the electors, the little finger of every new landlord will be thicker than his predecessor's loins, and a long era of suffering—the capitalist era—as fatal as that inaugurated by the Norman Conquest, will be the result.

"*Nota Bene.*—The first man who, having enclosed a plot of ground, took upon himself to say 'This is mine!' and found people silly enough to believe him, was the real founder of civil society. How many crimes, how many wars, how many murders, how much misery would have been spared the human race, if some one, tearing up the fence and filling in the ditch, had cried out to his fellows, 'Give no heed to this impostor; you are lost if you forget that the produce belongs to all, the land to none.'"

Mr. Davidson here simply resuscitates the scheme of Spence—one which, had it been acted upon before the Napoleonic wars, would inevitably have issued in Britain becoming a French island. He overlooks that it is not in any proper sense a scheme for *nationalising land*, but for *denationalising a country, dismembering a nation*; and also that land, in so far as municipalised or parochialised, must also necessarily be, in so far, "enclosed." He has not deemed it necessary to ask himself whether the land even of a parish, if without fence or ditch, and the property of nobody, would produce much for anybody, or anything for all. Very possibly, however, he is right in thinking that "enclosing a plot of ground" had a good deal to do with founding civil society; and, unquestionably, "tearing up all fences and filling in all ditches" would be a very effective means of bringing it down. His *Nota Bene* shows that he has been unguardedly drinking the wine of Rousseau, which is of a very intoxicating character.

under "sternly benignant drill-sergeants," and given suitable pay and rations for their labour. There are Socialists who generalise the suggestion, and talk enthusiastically of organising agriculture and creating armies of agricultural industry after the model of our modern military system.

But, however attractively this scheme may be presented, it is, in reality, one for the introduction of slavery. The desire for freedom must be extinguished before it can be realised. It would degrade the agricultural labourer from the status of a moral being. It would impose a tremendous task and confer a terrible power on the State. It would enormously increase the temptations to corruption both of rulers and of ruled in connection with the appointment of officers of labour. Politically, therefore, it would be a retrograde and pernicious system. And economically, also, it would be faulty in the extreme. In order to be efficient it would require to be most expensive, and would consequently involve a constant drain of capital from manufactures and commerce to agriculture. The expense of adequately officering an army of agricultural labourers would necessarily far exceed the expense of officering an army of soldiers, as the difficulty of effective supervision is vastly greater; yet even in the case of the latter the cost of officering is, I understand, not less than half the entire cost.

The nationalisation of the land, I may add, would not answer, but only raise, the question, How is the nation, as sole proprietor of the land and its produce,

to act in relation to foreign trade? It is a difficult question for the Socialist. If the State engage in and encourage foreign trade it will fail to get free of the competition which Socialists denounce, and must conform its agricultural policy to that of its competitors. If it set itself against it, it will be unable to feed a large population, and must be content to rule a poor and feeble nation. The land of Great Britain cannot yield food to half the people of Great Britain. In order that Britain may retain her place among the nations, it is absolutely necessary that her vast urban and manufacturing population should have cheap food, and therefore that the cultivators of the land should not receive high prices for its produce.

The nationalisation of the land, then, is not demanded by justice, and would not be a solution of the social problem. Its nationalisation on socialistic principles would be contrary to justice and incompatible with social prosperity.

CHAPTER VII.

THE COLLECTIVISATION OF CAPITAL.

THE proposal to nationalise the land may seem sufficiently bold, and it is certainly one which it would be difficult to carry into practice. Yet it obviously does not go nearly far enough to satisfy socialistic demands and expectations. The collectivisation of capital is, from the socialistic point of view, a far more thorough and consistent scheme. Those who advocate it propose to do away with all private property in the means of production. They would have the State to expropriate the owners not only of land but of all machines, tools, raw materials, ships, railways, buildings, stocks, &c.; and to appropriate the whole mass of these things for the common good. They aim at setting aside capitalistic competition in every sphere, substituting for it corporate organisation, and dividing the collective products of all kinds of labour among the workmen according to the quantity and worth of their work. They do not seek, indeed, to destroy or dispense with capital; but they contend for the abolition of all private capital, for the transference of all capital from individuals to the State, which would thus become the sole capitalist.

This, it will be perceived, is a truly gigantic

scheme. What it contemplates is a tremendous revolution. It is difficult, indeed, even to imagine the amount of change in the constitution and arrangements of society which must follow from making the State not only the sole landlord, but also the sole employer of labour, the sole producer and distributor of commodities, the sole director of the wills and supplier of the wants of its members.

But must not those who advocate such a scheme be lacking in ability to distinguish between the possible and the impossible? Is the preliminary objection to it of impracticability not insuperable? One can conceive the wealthier classes of the nation, on pressure of a great necessity, buying out the landowners and nationalising the land. But to suppose that the poorer classes may buy up all the property employed as capital in production, and so create the Collectivist State, is inherently absurd. Those who are without capital cannot acquire by purchase all the capital of those who possess it, so as to transfer it from individuals to the community, unless they are endowed for the occasion with a power of creation *ex nihilo* which has hitherto been denied to human beings. Collectivism, if it is to start with purchase, or, in other words, with the honest acquisition of the capital of individuals, presupposes that a stupendous miracle will be wrought to bring it into existence.

Some Collectivists fancy that they can parry this objection by vague discourse to the effect that society is passing into the Collectivist stage by a natural or necessary process of evolution. They

dwell on such facts as the growth of governmental intervention, the extension of the public service and public departments, the absorption of small by large industries, the increase of co-operative enterprise, and the multiplication of limited liability companies, as evidences and phases of a development of individual capitals into collective capital. These facts are plainly, however, nothing of the kind. The association of capitals in large industries, in co-operative societies, in joint-stock companies, is in no case the slightest step towards rendering them not private but public, not individual but common. Associated capitals are not more easily bought up than separate capitals. While, therefore, history does undoubtedly show a process of social evolution which obviously tends to the enlargement of industrial and commercial enterprise through extension of the association of resources and energies, such evolution is essentially different from an evolution towards the realisation of Collectivism. Of the latter kind of evolution there are happily no traces yet visible; nor is there the least probability that capitalists will ever be so foolish as to cast themselves into any stream of evolution which will transfer their property to the community without compensation.*

* In some respects the proposals of Collectivism are obviously at variance with the course of historical development. Says Professor J. S. Nicholson, "Let any one try to imagine how the business of a great country is to be carried on without money and prices, how the value to the society of various species of labour is to be estimated, and how the relative utilities of consumable commodities and transient services are to be calculated, and he will soon discover that the abolition of money would logically end in the abolition of division of labour. This prospect throws a strong light on the claims of the Socialists to base their doctrines on

The majority of Collectivists, however, do not imagine that the State will or can purchase the property which they desire to see transferred from individuals to the community. They look to its being taken without payment. The real leaders of Collectivism in England—the chiefs of the Social Democratic Federation—do not attempt to conceal that this is what is aimed at. They tell us quite plainly that they are aware that it is most improbable that Collectivism will be established otherwise than by revolution and force; and at the same time that they are determined to work for its establishment.

I shall say nothing as to the morality of this resolution. And it is unnecessary to do more than merely call attention to the short-sightedness and folly of it. What chance could there be of benefit resulting from it? Attempts to realise Collectivism by force are only likely to lead some unhappy and misguided men to outbursts of riot as contemptible as deplorable, and from which they must be themselves the chief sufferers. Were such attempts to become gravely dangerous they would discredit democracy in the eyes of the majority of the community and cause them to throw themselves for protection into the arms of despotism. It would thus

the tendencies of history and the actual processes of evolution, for, as already shown in detail, the principal characteristic of industrial progress has been the continuous extension of the use of money. In reality, however, Socialism is still more vitally opposed to historical development, since it aims at reversing the broadest principle of progress, the continuous substitution, namely, of contract for status." ("Principles of Political Economy," 1893, vol. i. p. 433.)

destroy democracy without establishing Socialism. To those who would attempt to reach Collectivism through revolution these words of J. S. Mills are exactly applicable: "It must be acknowledged that those who would play this game on the strength of their own private opinion unconfirmed as yet by any experimental verification—who would forcibly deprive all who have now a comfortable physical existence of their only present means of preserving it, and would brave the frightful bloodshed and misery that would ensue if the attempt was resisted—must have a serene confidence in their own wisdom, on the one hand, and a recklessness of other people's sufferings on the other, which Robespierre and Saint-Just, hitherto the typical instances of these united attributes, scarcely came up to."

Suppose, however, Collectivism to be established. Is it probable that it could be maintained? Is it a kind of system which would be likely to endure? No. Its entire character precludes our reasonably entertaining the hope. Collectivists have as false a notion of what social organisation is, or ought to be, as had their socialist predecessors, Saint-Simon, Fourier, Owen, and so many others. They conceive of it not as natural, organic, and free, but as artificial, mechanical, and compulsory. They would manipulate and mould society from without into conformity with an ideal of their own imaginations, but to the disregard of its inherent forces and laws, the constitutional tendencies and properties of human nature.

All notions of this kind are foolish; all efforts

in this direction can only lead to mischief. Were a man to take it into his head that his body was insufficiently organised, that his stomach decided too much for itself, that his heart took its own way more than it was entitled to, and that various other parts of him were irregular and erratic in their action; and were he to resolve to put an end to this state of anarchy and to let none of his organs act by and for themselves, but to rule them all by his reason alone, the result would be sure speedily to prove a disastrous failure. If the would-be reorganiser of himself survived the experiment, he would be forced to recognise that a larger wisdom than his own ruled even his own body, and that to attempt to substitute his own wisdom for it was folly. But it is precisely this kind of error which Collectivists make; and even a far greater error, inasmuch as a nation is a far more complex and important organism than a single human body.

Were collectivist organisation tried even for a week the suffering which would ensue would painfully teach us that self-love has not been so deeply planted in human nature in vain; that its benefits far outnumber and outweigh the evils of selfishness, its excess and abuse, although these be neither few nor small; and that if human reason would do anything in the way of organising society aright it must be not by disregarding and contravening, but by studying and conforming itself to the Universal Reason which accomplishes its great general purposes through the free intelligences, the private

affections, the particular interests, and the personal motives of individuals.

As has been often indicated, no council of the wisest men in London, although invested with absolute powers, could feed, clothe, lodge, and employ the population of that city, were no man allowed to act without having their authority; were no competition permitted in buying and selling; and were wages and prices prohibited, and some supposed strictly rational determination of what labour was to receive and what commodities were to be exchanged for, adopted instead. The problem involved is of a kind which cannot be solved by the reasoning and calculation, the legislation and administration, even of the wisest and most uncontrolled rulers: it can only be solved, as it actually is solved, by leaving men free, each to seek his own interest and to attend to his own business; to carry his services or his goods where the rise of wages or of prices shows that they are most wanted; and to withhold them where the fall of wages or of prices warns him that the market is overstocked. Even when this method of freedom and of nature is followed numerous mistakes will occur, but they will be comparatively slight, and those of one man will counteract those of another, while every man's intelligence and energies will be so stimulated by his interest that the general end to be attained, gigantic as it is, will be reached, although few, if any, directly and exclusively strive for it, and many seek merely their own private benefit. But let the collectivist method be tried, and the risk of mistakes will be immensely increased;

the provisions which nature has made for their correction will be prevented from operating; the amount of mischief produced by each error will be vastly multiplied; and the faculties and activities of the individuals composing society will be but feebly brought into exercise.*

It is not only a single city, however, but entire nations, like Great Britain, which Collectivists propose to organise on this plan. May we not safely conclude that what they dream of as organisation would be ruinous disorganisation? Those who rule nations when the laws of human nature are suppressed and set aside, as Collectivism requires, ought to be not mortal men but immortal gods, or at least beings endowed with altogether superhuman attributes.

Let us now look at Collectivism in itself. It presents itself as the remedy for a grievous evil. The evil is that at present very many workmen are merely workmen, and consequently work under great disadvantages. The materials on which they work, the instruments with which they work, and all the wealth employed as capital in connection with their work, belong to others. Hence they are in a dependent and insecure position, have no voice in the direction of their work, obtain a comparatively small portion of its products, and are liable to be

* The illustration given above has been often used during the last three hundred years. No one, however, so far as I know, has presented it so clearly and fully, or shown in so interesting a way what it implies, as Archbishop Whately in his "Introductory Lectures on Political Economy," Lecture IV.

thrown out of employment and reduced to pauperism and misery.

But if such be the evil, surely those who would cure it should make use of measures to lessen it, and so strive towards ultimately abolishing it; in other words, one would expect them to originate, encourage, and aid all schemes and efforts which tend to make the labourers capitalists as well as workmen. Is this what Collectivists do? Not in the least; the very opposite. They propose to cure the evil by universalising it; by depriving every workman of his tools, by leaving him not a bit of private property or a shilling of capital to be employed in production, and by giving him, so far as I can perceive, no voice in the direction of his labour except a vote in the choice of his taskmasters.

In a word, this so-called solution of the social problem is national slavery. The State becomes sole proprietor, its officials omnipotent, all others absolutely dependent on them, dependent for the very means of existence, without any powers of resistance to tyranny, without any individual resources, with no right to choose their work or to choose how to do it, but commanded and ruled in a wholly military manner. Were the end aimed at the putting of an effective stop to the singing of "Britons never shall be slaves," Collectivism would have to be admitted to be admirably contrived; but as a scheme for removing the evils of which Collectivists justly enough complain it is singularly absurd. Its whole tendency is to multiply and intensify these evils.

Of course, Collectivists protest against the imputation of wishing to introduce slavery. And I do not impute to them the wish. People often do the opposite of what they wish. My charge is that if they establish Collectivism they will introduce slavery, whether they wish to do it or not. How, then, do they repel this charge that Collectivism is slavery, or necessarily implies it? It is by declaring that they desire only to appropriate the means and regulate the operations of production, but that they will leave every one free as regards consumption. Labour and capital must be collective; but each individual may spend as he pleases what he receives as his share of the collective product, provided always that he does not employ it productively.

And this is supposed to be an answer, and one so satisfactory that no other need be given. If so, however, there never has been such a being as a slave in the world. Slavery is not forced enjoyment or consumption, but forced labour and production. Collectivism, therefore, only offers us what avowed slavery itself cannot withhold.

The reply plainly does not meet the objection so far as production is concerned. It leaves it intact to the extent that men as labourers, as producers, are to be without any freedom of choice or contract; that every man is to be absolutely dependent on the State so far as earning a livelihood is concerned; that the officers of the State are to assign to all its subjects what they are to do to gain their bread and to determine what amount of bread they are to get

for what they do. But this is itself abject slavery, to which no man of independent mind would submit so long as there was in the world a free country to which he could escape.

Then, what guarantees have Collectivists to give us that men would be as free as they ought to be even as regards consumption, that is spending and enjoying what they have earned? None. The Collectivist State would be the sole producer, and every individual would have to take just what it pleased to produce. At present demand rules supply; in the collectivist system supply would rule demand. The State might have the most capricious views as to what people should eat or drink, how they should dress, what books they should read, and the like; and being the sole producer and distributor of meat and drink, the sole manufacturer of cloth and sole tailoring and dressmaking establishment, the sole publisher and supplier of books, individuals would have to submit to all its caprices. The promised freedom of enjoyment or consumption would thus, in all probability, be very slight and illusory.

Were all powers concentrated in the State as Collectivism proposes, the temptation to abuse these powers would be enormous. The mere fact, for example, that all printing and publishing would be done by the State could hardly fail to be fatal to the freedom of the press. Were Secularists in power they could not consistently encourage the circulation of works of devotion or of religious propagandism. If Christians held office they would naturally regard the publication of writings hostile to their religion as

also contrary to the welfare of the community. The Collectivist State would not be likely either to import books adverse to Collectivism, or to treat the production of them by its own subjects as labour worthy of remuneration. So of all things else. If production were entirely in the hands of the State, the liberty of individuals as to consumption could not fail to be unjustly and injuriously limited in every direction. Where supply rules demand, not demand supply, desires must be suppressed or unsatisfied, freedom unknown, and progress impossible.

The Collectivist, I may add, is bound to justify his procedure in allowing a right of property in the objects of consumption and denying it in the instruments of production. It is not enough merely to draw the distinction; it is necessary also to show that the distinction rests on a valid moral principle. This has not been shown; and, I believe, cannot be shown. To affirm that a carriage may legitimately be private property but that a plough cannot; that for an individual to possess the former is right, and what the State cannot hinder without tyranny, while to possess the latter is wrong, and what the State must on no account permit, seems at least to be a paradox devoid both of reason and justice. Why do Collectivists not endeavour to vindicate it, yet expect us to believe it? They grant a right of property to consume, and even to waste, but not to produce; not to employ with a view to a return. Why is the right of property thus restricted and mutilated? Would it not be more consistent to deny and abolish it altogether?

There is another question, and a very important one, to be answered. Is it probable that in a collectivist community there would be much to enjoy, to consume? Collectivists, of course, assure us that there would be abundance. But socialist revolutionists are a remarkably sanguine class of persons. Many of them have got very near the length of believing that, if their theories were carried into practice, men would only require to sit down to table in order to have roasted pheasants flying into their plates. It, therefore, need not greatly astonish us to find that a number of Collectivists have supposed that under the régime of Collectivism three or four hours of work daily will secure to every labourer an adequate supply of the means of sustenance and comfort. But it is to be feared that they are much mistaken; that the means of sustenance and comfort are far from so abundant and easily procured as they imagine; and that men of average abilities, not placed in exceptionally favourable circumstances, who work merely three or four hours a day, will be as sure speedily to come to poverty and wretchedness in the future as such men have done in the past.

It is chiefly by the suppression of luxury that Collectivists hope to economise labour so immensely. And it must be admitted that the administrators of the Collectivist State would have greater power of suppressing luxury than those who have hitherto engaged in the task with such scant success. The extreme difficulty of directly superintending consumption has been the chief cause of the failure of

attempts to enforce sumptuary laws; but Collectivism would act through the regulation of production, through refraining from ministering to any desire for what it deemed luxury. Its greater power in this respect, however, would probably turn out to be simply a greater power for mischief.

Luxury is so essentially relative and so extremely variable in its character and effects, that it is not a proper or safe subject for legislation. Attempts to suppress it by law are likely to do more harm than good by destroying stimuli to economic exertion and progress with which society cannot dispense. Even if it were suppressed the saving effected would be much less than Collectivists hope for, as far less labour is spent in the production of objects of luxury than they obviously fancy to be the case. In Britain it is only about a thirtieth part of the labour employed in production. In France it is more, about a twentieth. But then France makes objects of luxury for all the world; and she does so very much to her own advantage. A Parisian producer of *articles de luxe* indirectly acquires for France twice as much wheat as he would raise if he actually cultivated French soil. There would be more of the means of sustenance in Ireland if fewer of her inhabitants were occupied in cultivating potatoes and more in producing objects of luxury.

Two strong reasons can be given for holding that were the system of Collectivism adopted the day of labour in this country would not be a short one, and that our production would be insufficient to supply even the primary and most urgent wants of

our population. The first is, that under this system individuals would have no sufficient personal interest to labour energetically or to economise prudently, to increase production or to moderate population. It is true that Collectivism does not propose, like Communism, to remunerate all labourers alike; but in all other respects it would preclude to a much greater extent the operation of personal motives to industry and carefulness. It does not, like Communism, take account of the characters and limit the number of its members, but undertakes to provide for all the inhabitants of a nation, while making the remuneration of each individual dependent on the energy, faithfulness, and competency of every other. Is it conceivable that under such a system ordinary men employed in the common branches of industry will labour as efficiently as at present, or, indeed, otherwise than most inefficiently? What motives will such a man have to exert himself? The sense of duty and the feeling of responsibility to God? Yes, if he be a conscientious and religious man, but not more than now when he has his private interests in addition. Fame? No fame is within the reach of the vast majority of men, and especially not in the common departments of labour. The advantage of the nation? Very few men can in the ordinary avocations of life do almost any perceptible good to a nation; but any man can obviously do good to himself, and to his wife and children, by industry and economy. Every individual ought to look to general ends beyond his individual ends, but few

individuals are so fond of labour, and so given to prudence and temperance, that a regard for their own interests is a superfluous motive to them.

The second reason to which I have referred is that by accepting Collectivism we must be almost entirely deprived of the benefits of foreign trade. Collectivists do not deny this, for they are conscious of their inability to show how international trade could be carried on without prices, profits, interest, currency, the transactions of individuals, and, in a word, without involving the destruction of the whole collectivist system. While not denying it, however, they maintain a "conspiracy of silence" as to its inevitable consequences. One most obvious consequence is that half of our present population would have to emigrate or starve. Another is that the population, after having been thus reduced, must continue, on pain of starvation, not to increase. How men can know what the population of Britain is, and what its agricultural acreage is, yet calmly contemplate the loss of foreign trade, and coolly promise their fellow-countrymen short days of labour and a plentiful supply of the good things of life, passeth comprehension.

Collectivism could not fail to find the mere keeping up or maintenance of its capital to be a most difficult problem. It starts by appropriating the capital which individuals have formed, and it promises to divide the whole produce of labour among the labourers. But if this promise be honestly kept, the largest portion of the capital, all the circulating capital, will, in the course of a year,

have disappeared, without being replaced, and the only capital remaining will be machines and buildings, the worse for the wear. In other words, if Collectivism keep its promise to workmen, a speedy national bankruptcy is inevitable. Let us suppose, then, that it will not keep its promise. How will it replace and maintain, not to say augment, its capital? It has deliberately stopped and choked up all the existent sources of capitalisation, all the motives and inducements to economy and investment on the part of individuals. It will not allow individuals even if they save to use their savings as capital. It can only, therefore, find capital for itself by some process of the nature of taxation. But this must be a poor and shallow source compared with those which contribute to the formation of capital at present. Men who have the means and opportunity of forming capital are generally anxious to capitalise as much as possible; but those who have the means and opportunity of paying taxes are as generally anxious to pay as little as possible. If a State meets its own necessary expenses by taxation it does well; for it to raise by taxation the whole capital needed by the nation from year to year cannot be rationally considered as a hopeful enterprise.

The task of maintaining the national capital by taxation would be all the harder, seeing that the Collectivist State would not contain many rich people or people who save. Some Collectivists propose to allow the rich people whose capital they appropriate to retain during their lifetime a con-

siderable portion of their wealth for consumption, for enjoyment, but not for production, not to use as capital. But even if expropriated capitalists be found content to settle down on these terms into collectivist citizens, their wealth must be lost, so far as the Collectivist State is concerned, to production, to capital. It is much more probable, however, that they would not be thus content, but would transfer themselves and their wealth to some more hospitable shore, where they could again start as capitalists, and have scope for a free and energetic life. It is obvious that it would be to the interest of all individuals who economised in a nation where Collectivism was established to send their savings abroad. The State could not prevent this without having recourse to arts of espionage and acts of tyranny degrading both to rulers and ruled, and tending to the foolish end of isolating the nation from the rest of the world, of withdrawing the current of its life from the general movement of history. In all probability it would fail, whatever means it employed. In all probability, under Collectivism there would be a continuous decrease of capital at home, and a continuous flow of individual savings to swell the capital employed in foreign industry and enterprise.

My general conclusion, then, is that a Collectivist State can neither establish itself nor maintain itself; that Collectivism is incapable of any solid and stable realisation.

Nor is it desirable that it should be realised; for it is Socialism in the proper sense of the term—

Socialism as essentially exclusive of liberty and inclusive of slavery. It would make the State enormously strong as compared with individuals, and individuals excessively weak as compared with the State. It would place every man in a position of absolute dependence on Government, with no real security for any kind of freedom. It is a system which could only be carried out through the agency of a vast host of officials and inspectors; and this is of itself a very serious objection. Official work is seldom equal to the work which individuals do for themselves; State inspectors themselves need to be inspected, and the highest inspector may be the least trustworthy of all; and where officials are numerous seekers of office are far more numerous, which is a grievous source of corruption both to rulers and ruled, especially in a democracy. If a democracy would preserve and develop its liberties, it must keep the State within its due limits; guard against encouraging the multiplication of State officials; and, wherever it can, organise itself freely from within by voluntary associations, instead of allowing itself to be organised compulsorily, from without through the State. With the natural development of the national life there will, indeed, be also a certain natural and legitimate expansion of the sphere of State activity; yet none the less every unnecessary law, every unnecessary class of State officials, involves an unnecessary limitation of popular liberty, is a danger to, or a drag on, popular liberty. There is no cruder or more harmful conceit current than the notion that since votes are now so

common the State cannot be too powerful, or legislation too extended. The State ought to be strong only for the performance of its strictly appropriate functions; every further increase or extension of its power must be an encroachment on freedom and justice. The omnipotence of the State, it has been justly said, is the utter helplessness of the individual.

SUPPLEMENTARY NOTE.

Dr. Schäffle, in Letter 11 of his "Impossibility of Social Democracy," has forcibly presented the chief valid objections to Democratic Collectivism. I shall here briefly summarise his statement of them.

1. Collectivist production is impossible on a democratic basis. It could only be maintained and directed by a stable self-sufficient authority and a powerful and carefully graduated administrative system, of a non-democratic character, and without any charms for the proletariat. "But then where would be your democratic republic from top to bottom and from centre to circumference? Where would be your freedom and equality? Where would be your security against misuse of power and against exploitation?"

2. Collectivism proposes "to eliminate nature and property, two out of the three factors of production; to transfer the ownership of the means of production entirely to the community; and to weld all businesses of the same kind—however unequal the natural efficiency of the instruments may be in the various sections—into one great 'social' department of industry worked on the principle of equal remuneration for equal contributions of labour-time." . . . "But under a purely democratic organisation, a materialistic and greedy host of individuals, puffed up by popular sovereignty, and fed with constant flattery, would not easily submit to the sacrifices required by the immense savings necessary to multiplying the means of production. Still less would the members of such productive sections as are equipped with the instruments of production of highest natural efficiency

be inclined to cast in the surplus product of their labour with the deficient production of others. Strife and confusion without end would be the result of attempting it."

3. "Social Democracy promises an impossibility in undertaking, without danger to the efficiency of production, to unite all branches of it, and in each branch all the separate firms and business-companies into one single body with uniform labour-credit and uniform estimation of labour-time. Herein it goes upon the supposition that the whole tendency of production is toward business on a large scale with local self-complete branches on factory lines. Yet this is a most arbitrary assumption." Agriculture tends in the direction of small or moderately large farms. Even in trade there will always remain over, a mass of small scattered pursuits that entirely escape control.

4. "Social Democracy promises to the industrial proletariat a fabulous increase in the net result of national production, hence an increase of dividends of the national revenue, and a general rise of labour-returns all round. This increased productivity of industry would perhaps be conceivable if a firm administration could be set over the collective production, and if it were also possible to inspire all the producers with the highest interest alike in diminishing the cost, and in increasing the productivity of labour. But Social Democracy as such refuses to vest the necessary authority in the administration, and does not know how to introduce an adequate system of rewards and punishments for the group as a whole, and for the individuals in each productive group, however necessary a condition this may be of a really high level of production. Therefore, on the side of productivity again, all these delusive representations as to the capacity and possibility of democratic collective production are groundless. Without giving both every employer and every one employed the highest individual interest in the work, and involving them in profits or losses as the case may be, both ideal and material, it would be utterly impossible to attain even such a measure of productivity for the national labour as the capitalist system manages to extract. . . . Without a sufficiently strong and attractive reward for individual or corporate pre-eminence, without strongly deterrent drawbacks and compensatory obligations for bad and unproductive work, a collective system of pro-

duction is inconceivable, or at least any system that would even distantly approach in efficiency the capitalistic system of to-day. But democratic equality cannot tolerate such strong rewards and punishments. The scale of remuneration in the existing civil and military systems would be among the very first things Social Democracy would overthrow, and rightly, according to its principles. So long as men are not incipient angels—and that will be for a good while yet—*democratic* collective production can never make good its promises, because it will not tolerate the methods of *reward and punishment for the achievements of individuals and of groups*, which under its system would need to be specially and peculiarly strong.”

5. Social Democracy is utterly unable to fulfil its promise of strictly apportioning to each person the exact value of the product of his social labour. It has discovered no principle or method of determining what a “fair wage” is. So far from preventing exploitation it could not fail to do injustice to those whose average productiveness is higher than that of their neighbours. “The fanaticism with which the gospel of Marx’s theory of value was at one time preached rests upon superstition, and upon a wholly superficial misconception of facts. . . . It is not only not proved, it is absolutely unprovable, that a distribution measured by the quantum of social labour-time given by each would represent distribution in proportion to the measure of product value contributed by each.”

6. It is indispensable alike in the interests of the individual and of society that each person should be remunerated in proportion to the social value of his work. Social Democracy fully acknowledges this, and promises to accomplish it, but necessarily fails to keep its promise. For, however socially useful this proportional remuneration be, and however little any continuous advance in civilisation can be made without its enforcements, the principle is still undeniably aristocratic, and totally incompatible with a one-sided democratic equality. “A Social Democracy which once admitted this principle would no longer be a democracy at all after the heart of the masses.”

7. Collectivist Socialism further promises the distribution of the product in a brotherly fashion according to needs. But this is not consistent with the promise of distribution according to

the value of the labour contribution. It is besides impracticable. “If in a Democratic Collectivism it were to be attempted from the outset to apportion men’s share, not according to their contribution of work, but according to their needs, the result would be that shortly every portion of the ‘sovereign people’ would appear to be, and would even be, in a great state of need and destitution. Everything would get out of hand, and a hopeless confusion ensue, the only way out of the difficulty being to declare a universal equality of need, a solution most unjust, most wearisome, and most conducive to idleness.”

8. Democratic Collectivism undertakes to suppress all “exploitation.” It can, however, do nothing of the kind, inasmuch as the real value contributed by labour to the product cannot be determined. It would even, by suppressing all individual home-production, make impossible in any case a distribution of the entire product of labour or of its full realised value. It would thus open a far wider field for exploitation than any hitherto known system of production. “The private capitalist of course could no longer exploit the wage-labourer, since all private capital would be over and done with. But labourer could very really exploit labourer, the administrators could exploit those under them, the lazy could exploit the industrious, the impudent their more modest fellow-workers, and the demagogue those who opposed him. Under such a system above all others it would be impossible to set any limits to this. It would be the very system to lend itself most freely to exploitation, as it would have no means of defending itself from practical demagogy and the discouraging of the more productive and more useful class of labour. With the quantitative reckoning of labour-time, with the setting up of a ‘normal performance of work,’ with the merging of intensive and extensive measurement of labour, things might reach such a pitch that Marx’s vampire, ‘the Capitalist,’ would show up as a highly respectable figure compared with the Social Democratic parasites, hoodwinkers of the people, a majority of idlers and sluggards. The State would be the arch-vampire, the new State, whose function it would be to provide pleasure for the people and to fill up for each and all the highest measure of earthly bliss.”

9. Another very attractive promise of Social Democracy is that