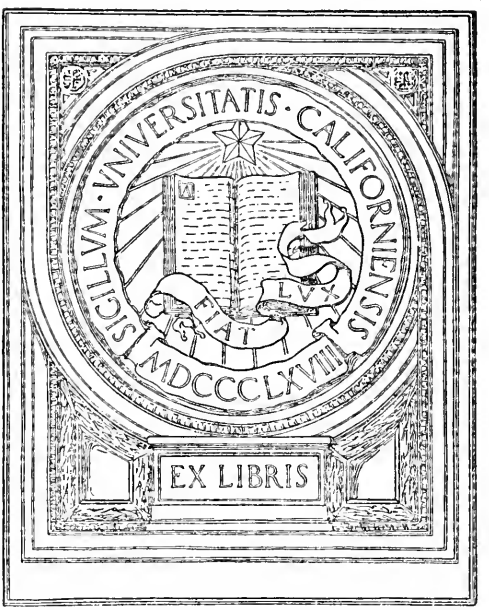
ECONOMIC MORALISM

J. HALDANE SMITH



ECONOMIC MORALISM

ECONOMIC MORALISM

AN ESSAY IN CONSTRUCTIVE ECONOMICS

BY

JAMES HALDANE SMITH

NEW YORK
THE MACMILLAN COMPANY
1917

And may-be we, these days, have, too, our own reward—(for there are yet some, in all lands, worthy to be so encouraged). Though not for us the joy of entering at the last the conquer'd city—not ours the chance ever to see with our own eyes the peerless power and splendid *éclat* of the democratic principle, arriv'd at meridian, filling the world with effulgence and majesty far beyond those of past history's kings, or all dynastic sway—there is yet, to whoever is eligible among us, the prophetic vision, the joy of being toss'd in the brave turmoil of these times—the promulgation and the path, obedient, lowly reverent to the voice, the gesture of the god, or holy ghost, which others see not, hear not—with the proud consciousness that amid whatever clouds, seductions, or heart-wearying postponements, we have never deserted, never despair'd, never abandon'd the faith.

WALT WHITMAN.

PREFACE

THE President of the French Chamber of Deputies declared on December 22, 1914, that the great war being waged defensively by France and her Allies against the Teutonic Powers was in support of the principle that "right is might." This principle, as the antithesis of the Teutonic one that "might is right," is admirable. But to make it ethically effective the nations that emblazon it on their banners will have to devote much consideration to its meaning. The war finished, ethical inquiry will receive such an impetus as it has perhaps never had in the world's history. There will be ardent and keen investigation into the laws of right conduct in every department of life—right conduct between nations, right conduct between races, sects, and political parties living under the same government, and, above all, because lying at the root of all right living, right conduct in economic affairs—that is, in the production and division of wealth. These are the most momentous problems pressing upon the world's attention at the present time, and it is owing to man's neglect of them that there has been such intolerable suffering from war, poverty, and crime.

Preface

The main purpose of this essay in Constructive Economics is to adumbrate the economic arrangements necessary to ensure justice between man and man under the system of wealth production that characterizes modern civilization. Efforts to sketch these in even slight detail have long been discouraged, especially by many Socialists, who take the view that all such attempts must be unscientific and utopian. These fatalistic Socialists have persuaded themselves, on insufficient grounds indeed, that the present economic system will necessarily and of its own accord develop into some kind of desirable Socialism. Not only Socialists, however, but politicians of the other parties have adopted as their sole guiding political principle and motto, *Solvitur Ambulando*, and try to believe that they thereby escape the responsibility of constructing a clear ideal. But Herbert Spencer has exposed the fallacy of this. "Granted," he says, "that we are chiefly interested in ascertaining what is *relatively* right, it still follows that we must first consider what is *absolutely* right, since the one conception presupposes the other. That is to say, though we must ever aim to do what is best for the present time, yet we must ever bear in mind what is abstractedly best; so that the changes we make may be *towards* it, and not *away* from it." Without a clear ideal, social reformers are like mariners without chart or compass—or worse, for they have neither goal nor guide. Their policy is a policy of drift. The drift at present, dominated though it is by Liberals

and Conservatives, is strongly in the direction of Communism. As, moreover, prominent Socialists emphatically declare Communism to be their ideal, without, it is to be feared, realizing its import, and as such a movement is pregnant with social disaster, every effort must be made to combat it.

While the ideal economic structure, the necessary outcome of what Herbert Spencer calls Absolute Ethics, is dealt with in great part in the following pages, it is also attempted to make the ethical basis clear, for it is important to keep steadily before ourselves the necessity of the application of morality to economic life, and because the discussion of first principles has been neglected, with disastrous effects. The chapters on the ideal economic framework may perhaps appear to the superficial observer to deal with a system too remote from actuality to be of practical interest. But all ideals have this appearance. And yet ideals are necessary. It is admitted, however, that the value of an ideal is never fully appreciated until its practicability is demonstrated and the course of the development from the actual made clear. "*Les hommes n'ont qu'indifférence et dédain pour les idées pures.*" It is therefore desirable to chart out the most practicable course in the transition to the ideal. This does not call for prophetic powers, for it is a problem in ethics applied to economics, a problem in social dynamics. It deals only with what ought to be, and what must be if any change for the better is to be made. It deals with the necessary economic rearrange-

ment. It is a scientific problem, and it can be discussed with scientific detachment. But linked up with the purely ethical and economic questions is the question of the methods to be employed in making the economic changes. These methods will depend on the strength of the various reactionary forces, and will have continually to be altered in accordance with the exigencies of the times. The difficulty lies in the impossibility of knowing what political or economic currents or terrific reactionary storms may sweep us from our intended course, and necessitate a serious modification of our plans. Broadly, our chief hope lies in holding to our ideal and in making straight for our goal from whatever point to which we may be driven, following closely the line of least resistance.

This economic evolution, based on what Spencer calls Relative Ethics, requires to be dealt with exhaustively. But the practical proposals for the transition period on the lines herein advocated would require for full and adequate treatment a lengthy treatise. Unfortunately, the discussion of this subject must for the present be confined within the narrow limits of the concluding chapter. Neither is it possible to criticize in this volume the changes of the economic system at present in process and the reforms recognized as about to come within the sphere of practical politics, all of which must be considered in the light of the ideal and supported or resisted in so far as they are likely to lead to or from that ideal. Nor

is there space here to demonstrate the superiority of the ideal economic system over the present system in the matter of economies of all kinds. But every one with an adequate knowledge of the present system will recognize how extraordinarily simple the moralist system is in comparison with it, not only in industrial matters but in banking and finance, in law, insurance, and accounting. As regards the ideal social state, no attempt is made in this volume to discuss the far-reaching effects of a moralized economic system on religion, art, and science, on social life, on the family, or the individual. This essay deals with economic construction alone and its ethical basis, the ideal economic framework being sketched only in its salient features, and principles dealt with rather than details.

For this generation the outstanding and solemn truth is that the present economic system stands condemned. With the growth of new ideals among all classes, nothing short of a complete economic revolution will for long be tolerated. It behoves every reformer, therefore, to assist in finding the answer to the momentous question, What is to be the economic framework of the new social order? The old order must go; what is to replace it? If this book proves to be even to a slight extent a suggestive contribution to the discussion of that question, the aim of its author will have been attained.

J. HALDANE SMITH.

Preface

P.S.—Since the above was written events have forced all the belligerent States of Europe to organize their industrial resources to a large extent on a collectivist basis. This has been especially the case with Germany. A statement is made, emanating from a German source, that "the war controlled by German militarism has led to such continual regulation of living conditions by the Government that a Socialistic State is in process of development in Germany, the Government controlling the grain, potatoes, railways, and 60 per cent. of the factories, besides fixing the general food prices for the community." In Great Britain and France steps in the same direction are being taken. In fact, the individualist, competitive, capitalist system, which has for long been condemned by competent observers, is now recognized in practice by the Governments of these States to be an impossible economic system under pressure of war. It is equally indefensible in peace, and this will soon be generally admitted, especially in the new and trying conditions that will rule after the war. More than ever should attention be given to ethico-economic first principles for the solution of both immediate and future problems.

J. H. S.

CONTENTS

PAGE

PREFACE 7

PART I

THE ETHICAL BASIS

CHAPTER

I. ETHICAL FIRST PRINCIPLES IN THEIR APPLICATION TO ECONOMICS 19

II. RENT, INTEREST, AND PROFIT ETHICALLY CONSIDERED 60

III. THE ERRORS AND DANGERS OF SOCIALISM . 85

PART II

THE ECONOMIC FRAMEWORK

SECTION I

THE IDEAL: BASED ON ABSOLUTE ETHICS

IV. PUBLIC OWNERSHIP OF THE MEANS OF PRODUCTION 125

Contents

CHAPTER		PAGE
V.	PRIVATE PROPERTY	145
VI.	RENEWAL AND RAISING OF INDUSTRIAL CAPITAL	155
VII.	THE EQUITABLE DISTRIBUTION OF ECONOMIC RENT	161
VIII.	FOREIGN TRADE AND PROTECTION	184
IX.	CONDITIONS AND REMUNERATION OF LABOUR	195
X.	NATIONAL INSURANCE	216
XI.	TAXATION: LEGITIMATE AND ILLEGITIMATE	224

SECTION II

THE PRACTICAL: BASED ON RELATIVE ETHICS

XII.	THE TRANSITION TO ECONOMIC MORALISM	247
	INDEX	285

THE climax of this loftiest range of civilization, rising above all the gorgeous shows and results of wealth, intellect, power, and art, as such—above even theology and religious fervor—is to be its development, from the eternal bases, and the fit expression, of absolute Conscience, moral soundness, Justice. Even in religious fervor there is a touch of animal heat. But moral conscientiousness, crystalline, without flaw, not Godlike only, entirely human, awes and enchants forever. Great is emotional love, even in the order of the rational universe. But, if we must make gradations, I am clear there is something greater. Power, love, veneration, products, genius, esthetics, tried by subtlest comparisons, analyses, and in serenest moods, somewhere fail, somehow become vain. Then noiseless, with flowing steps, the lord, the sun, the last ideal comes. By the names right, justice, truth, we suggest, but do not describe it. To the world of men it remains a dream, an idea, as they call it. But no dream is it to the wise—but the proudest, almost only solid lasting thing of all. Its analogy in the material universe is what holds together this world, and every object upon it, and carries its dynamics on forever sure and safe. Its lack, and the persistent shirking of it, as in life, sociology, literature, politics, business, and even sermonizing, these times, or any times, still leaves the abysm, the mortal flaw and smutch, mocking civilization to-day, with all its in-question'd triumphs, and all the civilization so far known.

WALT WHITMAN.

PART I

THE ETHICAL BASIS

ECONOMIC MORALISM

CHAPTER I

ETHICAL FIRST PRINCIPLES IN THEIR APPLICATION TO ECONOMICS

OUR present purpose is to examine the ethical basis of property-holding and division of wealth. The practical value of such an investigation may seem to some comparatively insignificant and its interest mainly academic. Proposals for economic change are considered, and will continue to be considered, by the contemporary moral sense of the community, on their obvious merits, on their probable effect on the well-being of the community if immediately applied, and without reference to their place in a scientific system of ethics. Scientific completeness of theory more often follows than precedes practical action. Nevertheless, as many of such proposals are so frequently condemned on the ground of their alleged contravention of the laws of morality, it is necessary to demonstrate that those advocated in these pages have a firm foundation on these very laws. Moreover, such a demonstration gives scientific value

to proposals of this kind, and consequently assists those very valuable intellects who seek the guidance of principle.

In this investigation we have to deal, not with all the laws of conduct but only those concerned with economics—that is, with what has been called "the main part of the great social interchange of services"—and we have to trace these laws back to the first principles of ethics. We have to avoid the psychological, ontological, and metaphysical speculation in which most exponents of ethics have got inextricably entangled. We are not concerned with motives and dispositions, but with the consequences of action. As Professor Fowler says in his "Progressive Morality": "Vague theories, couched in unintelligible or only half-intelligible language, and almost totally inapplicable to practice, have usually done duty for what is called a system of moral philosophy. The authors or exponents of such theories have the good fortune at once to avoid odium and to acquire a reputation for profundity." The neglect of the ethics of economics by the recognized exponents of ethics is forced upon the notice of the inquirer, and is discreditable in view of the supreme importance of the subject. The greater part of man's life is given up to the production of material wealth, the performance of services, and their exchange, and yet practically no attention is paid by the authorities on ethics to the laws that ought to regulate the conditions under which each individual contributes his labour and receives his

share of wealth and services. What is a just wage; what is a fair bargain or exchange; whether rent, interest, and profit are justifiable—these are some of the most important questions pressing for solution, and they are sedulously avoided in orthodox ethical exposition.

The ethical laws bearing on the physical basis of life must have our first consideration. We aim at discovering the principles of the just, fair, right, or morally justifiable apportionment, distribution, or division of material wealth. When these are discovered, the method of property-holding required for the effective realization of such apportionment will become clear, and will be found to be determined at any period by the stage of the economic development at that period. What we are especially concerned with in this place is that section of morality which deals, not with the self-regarding duties, important as these are, but only with certain of the duties to others—that is to say, not with the conduct conducive to personal health and happiness, not even with the ethics of social intercourse or duties to others in general, but solely with the ethics of the division of wealth. With the approach to just division, the self-regarding virtues become relatively of greater importance, the ethico-economic problem then becoming one regarding the kind of wealth it is wise for the individual to demand and the best way of using or consuming it.

For a Robinson Crusoe alone on his island

there is, of course, no problem of the division of wealth. But if his island is overrun by a shipwrecked crew, Crusoe is no longer monarch of all he surveys. The bounty of Nature must be shared with others, and the product of joint or co-operative labour divided. There is a right way and a wrong way, a just way and an unjust way, of doing this, and ethics aims at discovering the right way. The moralist must define the principles according to which the rightful share of the bounty of Nature and of the products of labour due to each individual is to be ascertained.

The right way of ordering economic life, as is now to be proved, is that which places the able-bodied individuals composing the community on equal footing as regards the opportunity of deriving benefit from Nature and from the industry of society, and which provides maintenance for those unable to provide it for themselves. The only possible point of dispute in the proposition is the *equality* of the treatment. But the application of Bentham's principle of "everybody to count for one, and nobody for more than one" cannot be seriously disputed. On what grounds can equality be disapproved of? As most moralists agree, equality appears to all as "reasonable." It is an axiom of morals. Despite the gross inequality of opportunity generally borne with in all stages of social evolution, the sentiment that such inequality is unjust has always existed. Unless, therefore, a cogent reason against equality can be adduced—and it has never been seriously

attempted except by Nietzsche—the principle must stand. It is beginning to be recognized that the universally accepted principle of the equality of men before the law must be extended to the economic field. If individuals ought to have unequal treatment, the principle of such treatment must be formulated, as without a principle morality disappears, and the result is a brute struggle for superior benefits and advantages. Morality provides a principle of conduct to obviate the struggle.

The obvious intention of morality is, as Bain says, the good of mankind. Human welfare is the ethical end, and every one ought to have an equal opportunity of achieving personal well-being. There can be no other ethical end than human happiness, not happiness for self alone, or happiness for others, or even the greatest happiness of the greatest number, but happiness for all justly meted out. The question resolves itself into that of the relative importance of self and others, into that of the extent to which self is to be subordinated. That is the central problem of ethics.

The happiness of mankind, how is it attainable? What is the truly good? All persons are not constituted alike. Having different tastes, they seek different forms of happiness. The search for happiness must therefore be left to the individual. No one else can choose it for him. Individuals in their search may take lessons from the experience of others, but they must be left free to pursue it in their own way.

Economic Moralism

Every one has as good a right to live as another. This implies with logical certitude an equal right to the means of life and happiness. The means of life are what Spencer calls the natural media and the tools or machinery of production and exchange. Primitive man, with his mode of life approximating to that of the animals, lives practically from hand to mouth, and the simple nature of the methods of production renders access to the means of life easy. But as civilization progresses, the mode of gaining a livelihood changes. It becomes more complicated as the means of production become more expensive, and have necessarily to be held as collective property. The factory and the railway are as indispensable to modern man as the bow and arrow to primitive man. Every one, then, must have inalienable and equal rights of access to the natural media and the contemporary means of production; and in modern civilization this, it is self-evident, can be rendered possible in no other way than by having these held as public property, necessarily, as will be shown later, unencumbered with debt on which interest has to be paid.

Let us go into these questions in some detail. Perhaps the most effective work that can be done in placing Constructive Economics on its ethical basis is to accept the first principles of ethics as expounded by Herbert Spencer, who with all his shortcomings has not been equalled as an exponent of ethics in the light of modern knowledge and

method, and upon these principles build up the economic system of the future, not, however, without criticism of certain of his deductions from the principles he enunciates.

In dealing with ethics it is important to keep in mind the distinction between what Spencer terms Absolute Ethics and Relative Ethics. The first deals with the ideal, the second with the immediately practicable. As Spencer says : " Progressing civilization, which is of necessity a succession of compromises between old and new, requires a perpetual readjustment of the compromise between the ideal and the practicable in social arrangements; to which end both elements of the compromise must be kept in view. If it is true that pure rectitude prescribes a system of things far too good for men as they are, it is not less true that mere expediency does not of itself tend to establish a system of things any better than that which exists. While absolute morality owes to expediency the checks which prevent it from rushing into utopian absurdities, expediency is indebted to absolute morality for all stimulus to improvement. Granted that we are chiefly interested in ascertaining what is *relatively right*, it still follows that we must first consider what is *absolutely right*, since the one conception presupposes the other. That is to say, though we must ever aim to do what is best for the present time, yet we must ever bear in mind what is abstractedly best, so that the changes we make may be *towards* it, and not *away* from it."

We must bear in mind that although the ideal economic system is what we strive to attain to, and although we must try to get the clearest possible view of our goal, there will be called for in the intermediate stages many economic arrangements that will seem to conflict with fundamental principles, and that, in fact, would not be tolerated in the ideal system. Many regulations, both governmental and trade union, are only tolerated now to avoid greater evils. They are necessary in the present transitional system, in which conduct must be based on relative ethics. For example, a differentiated and graduated income-tax is only justifiable because inequality of income at the present day, it is tacitly recognized, is not based on justice but injustice; the tax is an accepted means of rectifying to some extent the inequitable distribution of wealth. Similarly with trade union pressure upon non-unionists to join the unions and abide by the corporate arrangements regarding wages and conditions of labour and methods of action; corporate or collective bargaining and action are necessary now for the workers over against the classes who own the land and the means of production and who are therefore so powerful. But under the ideal system the conditions would be changed.

Spencer himself does not quite grasp the full import of his proposition regarding Relative Ethics. He says, for example, that many in our days are seeking to override the right of property, and to strive after "the equal division of unequal

earnings," to make the many inferior profit at the expense of the few superior. He overlooks the fact that much of what he complains of is called for because "the unequal earnings" have not been justly earned, and that the so-called "superior" are only superior in the sense that they have superior economic powers over the many supposed to be otherwise inferior to them. Relative Ethics, it would seem, would here justify such action. Spencer, however, maintains not only that the Right of Property is asserted by Absolute Ethics, but that no breach of it "is warranted by that relative ethics which takes account of transitional needs," except "such limitation as is required for defraying cost of protection, national and individual." He neglects to support this assertion by any argument, although it seems obvious that property must have a different ethical position in the period of transition from that in the ideal state. If the present competitive system, based on private property in the natural media (as Spencer calls the earth and all that in nature appertains to it) and in the instruments of production essential in our highly developed economic system, results in gross injustice in distribution of wealth and conditions of labour through the resulting inequality of opportunity, as it does, Relative Ethics certainly justifies interference with property as it exists in such a system.

Having thus cleared the way, let us now deal with Absolute Ethics, and examine "the ultimate

ethical principle" as enunciated by Spencer, who, unfortunately, in its formulation strains after the succinct and the quintessential, with the result that the formula loses strength and definiteness. It runs: "Every man is free to do that which he wills, provided he infringes not the equal freedom of any other man." This Law of Equal Freedom, as it is called, requires some exposition. Spencer recognizes this, and to guard against possible misapprehension, explains that "each in carrying on the actions which constitute his life for the time being, and conduce to the subsequent maintenance of his life, shall not be impeded farther than by the carrying on of these kindred actions which maintain the lives of others. It does not countenance a superfluous interference with another's life, committed on the ground that an equal interference may balance it." Again, he says: "If we bear in mind that though not the immediate end, the greatest sum of happiness is the remote end, we see clearly that the sphere within which each may pursue happiness has a limit, on the other side of which lie the similarly limited spheres of action of his neighbours; and that he may not intrude on his neighbours' spheres on condition that they may intrude on his. Instead of justifying aggression and counter-aggression, the intention of the formula is to fix a bound which may not be exceeded on either side." The meaning of the law is made clearer still by a remark in his chapter on Sub-human Justice: "The necessity for observance of the condition that each

member of the group, while carrying on self-sustentation and sustentation of offspring, shall not seriously impede the like pursuits of others, makes itself so felt, where association is established, as to mould the species to it." This law of "Sub-human Justice," that each must have equal opportunity of self-sustentation and sustentation of offspring, is not abrogated by "Human Justice." The Law of Equal Freedom is really a refined version of it, and requires to be interpreted in its light.

With regard to the authority of the formula, Spencer asserts that this principle of natural equity is not an exclusively *à priori* belief. "Though, under one aspect, it is an immediate dictum of the human consciousness after it has been subject to the discipline of prolonged social life, it is, under another aspect, a belief deducible from the conditions to be fulfilled, firstly for the maintenance of life at large, and secondly for the maintenance of social life." He maintains that no higher warrant can be imagined, and that it gives the Law of Equal Freedom an authority transcending every other. These *à priori* beliefs entertained by men at large must have arisen, if not from the experiences of each individual, then from the experiences of the race, and, moreover, they are confirmed by induction.

This formula, in which what Spencer calls the true conception of justice is framed, is constructed by co-ordinating what he calls the antagonistic wrong views, in conformity with a method he has

applied in other fields of thought. He calls attention to the conception of justice held in earlier times, in which, he says, the idea of inequality unduly predominates, and to the conception of justice held in our own days by men like Mill and Bentham, in which, as he considers, the idea of equality unduly predominates. He does not agree with Bentham's principle—"Everybody to count for one, nobody for more than one"; nor with Mill's—"One person's happiness . . . is counted for exactly as much as another's." He mistakenly believes that these principles lead straight to Communism. He even looks askance at Kant's famous universal principle of right, to which his own bears such a striking resemblance—"Act externally in such a manner that the free exercise of thy will may be able to co-exist with the freedom of all others according to a universal law"—on the ground that this assumes the welfares of other men to be considered as severally of like values with the welfare of the actor. He says: "If each of these opposite conceptions of justice is accepted as true in part, and then supplemented by the other, there results that conception of justice which arises on contemplating the laws of life as carried on in the social state. The equality concerns the mutually limited spheres of action which must be maintained if associated men are to co-operate harmoniously. The inequality concerns the results which each may achieve by carrying on his actions within the implied limits. No incongruity exists when the ideas of equality

and inequality are applied, the one to the bounds and the other to the benefits. Contrariwise, the two may be, and must be, simultaneously asserted." Slight objection could be raised against this view, if the interpretation were that the object to be attained is the equal opportunity for every one of obtaining happiness—that is, the securing of the means of happiness to every individual through mutually limited spheres of action, leaving each one to seek his happiness in his own way and to be rewarded in proportion to his efforts. At bottom this is probably what Spencer means, although he distinctly expresses himself otherwise when dealing with his deductions from the principle.

The inequality he refers to (which, however, only in a qualified degree, as we shall see presently, issues from the Law of Equal Freedom as formulated by him) is justified in his opinion by the law, by conformity to which, he says, the species is preserved, namely, "that among adults the individuals best adapted to the conditions of their existence shall prosper most, and that individuals least adapted to the conditions of their existence shall prosper least—a law which, if uninterfered with, entails survival of the fittest, and spread of the most adapted varieties. . . . Ethically considered, this law implies that each individual ought to receive the benefits and the evils of his own nature and consequent conduct; neither being prevented from having whatever good his actions normally bring to him, nor allowed to shoulder

off on to the other persons whatever ill is brought him by his actions."

Spencer adduces no evidence in proof of his theory that this law of inequality as expressed in the last quotation is necessary for the preservation of the human species. Indeed, his practical disbelief in it is very clearly shown in the development of those parts of his ethical theory dealing with "Negative Beneficence" and "Positive Beneficence." As we shall see, he justifies actions that run counter to this law, which if it be biologically and sociologically true, is of supreme importance, and to be disobeyed only at the cost of the annihilation or utter degradation of the human species. Moreover (if we come down to the concrete), low wages, if approved as a means of weeding out the unfit by death, cannot be allowed to be efficacious. The result is certainly that the death-rate is high, but so, as a rule, is the birth-rate, and there is then a survival of those fit to live at the lower standard. In other words, such a system tends not to destroy, as Spencer might be accused of desiring, but to degrade the species or a large portion of it, which from his point of view must be worse. Besides, its advocates erroneously suppose that inefficient parents necessarily have inefficient children, and they do their best to crush the efficient children of inefficient parents as well as the prime offenders. As J. Arthur Thomson in "Darwinism and Human Life" points out: "It has often been remarked that the children of extraordinarily gifted parents

are sometimes very ordinary individuals, and that the children of under-average parents sometimes turn out surprisingly well, both physically and mentally." It is recognized that there is a distinct tendency to the race average. The infinite variability of human heredity, arising probably from the long-continued immunity from the more extreme eliminating action of nature to which life on the lower stages is subjected, completely overthrows Spencer's theory.

Let us now see how he disregards this theory, which is so clearly untenable. He says there are two divisions of Altruism—Justice and Beneficence —the one needful for social equilibrium, and therefore of public concern, and the other not needful and therefore only of private concern. He maintains that the requirements of equity ought, of the individual's free will, to be supplemented by the promptings of kindness. As we shall see, Spencer advocates very considerable interference with the law of equity in economic matters in the name of "Beneficence," but he holds it must be done voluntarily by the individual and not compulsorily by the State. His well-known antipathy to State action places him in the awkward dilemma of having to extend the functions of the State or to sacrifice the logical strength of his ethical theory. After insisting that the Law of Justice is necessary for the preservation of the species, he says with regard to Positive Beneficence: "Beyond the equalization which Justice imposes upon us, by putting to the liberties of each limits

arising from the liberties of all, beneficence exhorts us to take steps towards a *further* equalization. Like spheres of action having been established, it requires us to do something towards diminishing the inequalities of benefits which superior and inferior severally obtain within their spheres." Laudation of "that form of beneficence which seeks to make less unequal the lives of those to whom Nature has given unequal advantages" seems out of place after his formation of the "Law of the Preservation of the Species," as given above. But there is no doubt that this Law of Beneficence is an integral part of his ethical system, and that his advocacy of inequality under the Law of Justice, with which it clashes, is based on a false view of human evolution, which was welcomed by Spencer as a justification of his political prejudices.

The question of the limits to State action does not need to be considered at this stage. Acts of beneficence, whether left to the individual or the State, are right or wrong as judged by their consequences, and if Spencer justifies them, it must be on the ground of some principle which he has formulated, or which exists unformulated in his mind. This principle we must discover, and if it is in nebulous state, raise it "from the indefinite to the definite," to use his favourite phrase. This can best be done by considering in the first place the corollaries which Spencer considers the logical deductions from his Law of Equal Freedom, and later on by taking note of the extent to which he modifies them by his theory

of Beneficence. We shall consider only the corollaries that are distinctly economic ; it is unnecessary therefore to consider such corollaries as the Right of Physical Integrity, the Right to Free Motion and Locomotion, the Rights of Free Belief and Worship, Free Speech, and Publication, etc., etc. Those of special interest from the economist's point of view are the Rights to the Uses of Natural Media, the Right of Property, the Rights of Gift and Bequest, the Rights of Free Exchange and Free Contract, and the Right of Free Industry. But for our present purpose only the first two need close examination.

With regard to the Rights to the Uses of Natural Media, Spencer very truly says : " A man may be entirely uninjured in body by the actions of fellow-men, and he may be entirely unimpeded in his movements by them, and he may yet be prevented from carrying on the activities needful for maintenance of life, by traversing his relations to the physical environment on which his life depends." The natural media are light, air, and also, to use Spencer's words, " the surface of the earth . . . by an unusual extension of meaning." His evident reluctance to include the land in the list of natural media appears more clearly in his vigorous but futile attempts to demonstrate that there should be no practical outcome from the proposition. However, he cannot but admit the deduction. He confesses that " it appears to be a corollary from the Law of Equal Freedom, interpreted with strictness, that the earth's surface may

not be appropriated absolutely by individuals, but may be occupied by them only in such manner as recognizes ultimate ownership by other men—that is, by Society at large." He then deals with the historical aspect and demonstrates that "before the progress of social organization changed the relations of individuals to the soil, that relation was one of joint ownership, and not one of individual ownership." He traces the overthrow of that relation through force and fraud, and the lapse of communal rights into private rights, this private ownership, however, being subordinate to the overlord to the extent that now, as Sir Frederick Pollock says, "No absolute ownership of land is recognized by our law book except in the Crown."

The point of importance in his historical retrospect, although he does not perceive it, is that while in certain periods in the past the actual benefits of ownership were enjoyed by the people, and that while such benefits are what are called for by the corollary in all ages, the people now are excluded rigorously from all these benefits and have merely a *nominal* overlordship through the State. Spencer commits a most grave error in neglecting to show how in our days this most important right can be secured to the individual. He says, perhaps by way of excuse and certainly without proof, that "the badness of the required system of administration is the only reason urged for maintaining the existing system of land-holding." It is foreign to our purpose to deal

with this untenable view here. Suffice it to say that he thus gives up all attempts to put this most important corollary into practice. He argues further, although judging from the last quotation further argument is unnecessary, that all that can be claimed for the community is the land in its original unsubdued state, and that full compensation for the rest would have to be given. The most important question of determining the compensation he does not deal with, save in a very absurd note in which he argues that the people are the landlords' debtors. But it must be inquired into. Wherein consists the inequity of private landownership in the present day? Apart from that portion which is used for the personal pleasure of the landowners, the land is built upon or cultivated and the mines are worked by the people for social purposes. But the whole product of the labour engaged upon the land is not secured to the producers. A large portion is appropriated by the landowners as rent, and thus the present system of landholding succeeds in doing what Spencer condemns "the political meddler" for trying to do, namely, divorces conduct from consequence, and traverses the principle of human justice which requires that each shall enjoy the benefits achieved within the needful limits of action. Rent is not payment for labour. It is paid whether the individual landowner is an idler and good-for-nothing, a babe-in-arms, or a lunatic. It is the net amount left after all management expenses have been paid. Any system which leads to this

runs counter to the first principles of ethics as expounded by Spencer himself. Against it can be urged with justice Spencer's dictum that benefits irrespective of deserts lead to a State with the motto, "It shall be as well for you to be inferior as superior." Since the appropriation of rent is immoral, condemned as it is by Spencer's first principles, the question of compensation is rendered easy to answer. The landowners have been unjustly exacting rent from the people for time out of mind, and therefore in strict equity they ought to be made to compensate rather than to be compensated. The improvements on the land have been made, not by the landowners, as Spencer pretends in the note just referred to, but by the past generations of workers. Any compensation to landowners would be, *ex gratiâ*, and according to the principles of relative ethics, applicable to the transition period. Absolute ethics condemns any payment whatever to compensate the landowner for the deprivation of rent.

This brings us to the Right of Property. Spencer argues that the right of property is originally deducible from the Law of Equal Freedom. It is also a deduction from the Right to the Use of the Earth, and therefore, he says, complete ethical justification for the right of property is involved in the same difficulties as the ethical justification for the right to the use of the earth.

There are three ways, he says, in which men's several rights of property may be established with due regard to the equal rights of all other men :—

1st. *Savage*.—Equal opportunities for utilizing wild products.

2nd. *Semi-civilized*.—Recognition of produce of land as the property of the producers with the land periodically divided.

The third way, namely, that which should operate in the civilized State, is of the greatest importance to us. But Spencer deals with it perfunctorily. In the two earlier periods we find Society making an attempt with some success to give every free man an equal opportunity of access to the means of production, so that he would be economically free. We find any such attempt in the civilized State condemned by Spencer as impracticable, although he grudgingly admits it to be ethically justifiable. He is compelled to allow that only where State-ownership is not potential but actual is there established that kind of use of the earth which gives a valid basis to the right of private property

The land and the other means of production necessary to a civilized State are permanently alienated from the people. Spencer speaks of a potential contract between the individual and Society. Judging, however, from his proposals with regard to the recognition of the ultimate ownership of land by Society at large, this potential contract is a mere academic futility. "Though during great predominance of militant activity the ownership of land by the community lapsed into ownership by chiefs and kings, yet now with the development of industrialism the truth that the

private ownership of land is subject to the supreme ownership of the community, and that therefore each citizen has a latent claim to participate in the use of the earth has come to be recognized." The "latent claim" bears a strong family likeness to the "potential contract."

Spencer on this question falls far short of his promise. He goes no farther than merely to demonstrate that the individual has the right to hold property. He does not indicate what can rightly be considered the property of any individual. He does not show how wealth ought to be apportioned according to ethical principles. He does not place rent, interest, profit, and wages on an ethical basis. He does not indicate how wages ought to be determined. Certainly, he says that the right of property originated in the recognition of relation between effort and benefit. *Logically this condemns rent, interest, and profit—in fact, all income save wages or salaries for work done.* But how this is to be secured he does not suggest. He does not even recognize the logical necessity of the deduction. Further he says: "Each individual ought to receive the benefits and the evils of his own nature and consequent conduct, neither being prevented from having whatever good his actions normally bring to him, nor allowed to shoulder off on other persons whatever ill is brought on him by his actions." He refers to the general consciousness that there should be a proportion between effort put forth and advantage achieved, and holds that the fundamental principle

of social co-operation is that each individual shall, under ordinary circumstances, receive neither more nor less than a true equivalent for his services.

Like all the orthodox writers on ethics, Spencer neglects to deal with the practical side of the subject, and his readers are left to themselves to ascertain the "true equivalent." And yet this is the all-important question—"the fundamental principle of social co-operation." It is recognized generally that the present social system does not secure this for the individual. As John Stuart Mill writes: "The reward [of labour] instead of being proportioned to the labour and abstinence of the individual is in an inverse ratio to it; those who receive the least, labour and abstain the most." Spencer, on the other hand, betrays an amazing disregard, if it be not ignorance, of the economic position of the workers in his own times. After enunciating the first principles of ethics, he by some extraordinary perversion arrives at conclusions with which he defends his well-known reactionary views. Although he maintains as a principle that all men have equal rights to achieve happiness, and although equality of opportunity is a necessary condition, he regards with great satisfaction the differences of social position in the present economic system, which, of course, negative such opportunity. So unlike Mill, he says: "It is manifest that both the greater longevity among individuals and the great differences of social position imply that in civilized societies, more than in uncivilized societies, differ-

ences of endowment and consequent differences of conduct are enabled to cause their appropriate differences of results, good or evil: the justice is greater." But does difference of social position arise solely from difference of endowment and effort? Personal endowment giving such results may be, and is generally, endowment of the Dick Turpin variety. Business craft and cunning, besides the private ownership of the "natural media" and of the instruments of production required in civilization, may, and in actual fact do, enable individuals to "shoulder off" their responsibilities on less fortunate but more industrious and more moral individuals, and thus ensure that each individual shall *not* receive the "true equivalent" for his services. Spencer, in fact, quite obviously begs the question here. He fails to define the method of ascertaining the "true equivalent." He speaks of ensuring that "every one may obtain and enjoy all he has earned." But how can we ascertain what a man's earnings really are? Are they merely all he receives by any legal means? Can no part of income be unjustly gotten? Cannot one be defrauded by being given too little for one's labour? Spencer does not help us to discriminate. However, it is clear that rent and interest—that is, "unearned income" as now defined for fiscal purposes by Act of Parliament—are ruled out of ethically justifiable income by the first principles propounded by Spencer, all the work done in return for that kind of income being merely, as Bismarck ex-

pressed it, the clipping of coupons or the signing of receipts. Spencer's inability to perceive justice and injustice in the concrete vitiates his theory of political rights, which with its championing of the "rights of classes" and its condemnation of equal political rights for individuals, its advocacy of the representation of interests and not of individuals, is so undemocratic, and which has encouraged so many reactionary journalists to echo his untenable dictum that the "class legislation" of the aristocracy is being replaced by that of the working class. He does not understand that the first was for the benefit of the few, mostly idlers, in privileged position and to the disadvantage of the industrious many, while the second, being for the workers, means justice for all, and must necessarily be detrimental only to the unjustifiable privileges of the few. Only the first can be correctly described as class legislation. He is, of course, quite correct in saying that equal political rights will not as a matter of course ensure the maintenance of equal rights properly so called. That can only come about by the growth of the true ethical sentiment and idea.

Spencer stands almost alone among students of social questions in being satisfied with things as they are, in the economic sphere, and with competition as the supreme ethical regulator. But there seems little use of any scheme of ethics or any personal moral effort, if competition works for justice. He says: "Society gives to the labourer . . . as much as competition proves his

work to be worth." Further: "The welfare of any living body depends on due proportioning of its several parts to their several duties; and the needful balance of power among the parts is effected by constant competition for nutriment and the flowing to each of a quantity corresponding to its work. That competition throughout the industrial parts of a society achieves a kindred balance in a kindred way needs no proof." It is always Spencer's most disputable propositions that need no proof.

Spencer fails, then, or rather neglects, to demonstrate that the present economic system is based on the Law of Equal Freedom, or to show what form an economic system based on that law would take. He maintains that the business of the social aggregate, or incorporated body of citizens, is to maintain the ultimate law of species life as qualified by social conditions—i.e. individuals must not so interfere with one another as to prevent receipt by each of benefits his actions naturally bring to him, or transfer to others the evils. We accept that view with slight qualification, but contend that it is necessary for this social aggregate—in other words, the State or "incorporated body of citizens"—in a highly developed and differentiated economic system such as is spread all the world over in the present day to acquire and manage as public property the land and the capital, as this is the only way in which individuals can be deprived of the power to interfere with one another in the above-described

manner. Justice in the economic sphere cannot be secured in any other way than by such a system.

Spencer denies that equity permits the State to help or direct or restrain the individual by interfering, as he says, with the carrying on of life itself, instead of simply maintaining intact the conditions under which life may be carried on. But these conditions cannot be maintained except by the public ownership and management of land and industrial capital. And this does not interfere with the carrying on of life. He says: "To maintain intact the conditions under which life may be carried on is a business fundamentally distinct from the business of interfering with the carrying on of life itself, either by helping the individual or directing him or restraining him." What is really meant by this? What is "the carrying on of life," and what are the "conditions" for carrying it on? If a person has free choice of the work necessary for his maintenance, gets the "true equivalent" of his labour, is free to decide how much is necessary for that maintenance and to do the necessary work for it, to spend his income and his spare time as he pleases so long as he does not thereby injure his fellows, he is free to "carry on life itself" without disturbance by the State or aggregate of citizens. This quite evidently can only be secured under an economic system based on the collective ownership and control of industrial capital and land, with the collective income distributed on ethical principles. To emphasize this: "the conditions

under which life may be carried on" cannot be obtained in a modern civilized State with its territory densely populated, its industry highly specialized, based on division of labour and functions and on co-operation and mutual dependence of parts, unless the means of production are public property, industrial operations are co-ordinated under public control, and the general product of labour divided among the producers on recognized equitable principles. Spencer says that in one or both of two ways the State may unjustifiably go beyond the limits of its only duty, which is to maintain intact the equitable conditions of life. First, it "may restrain the freedom of some individuals more than is required by maintenance of the like freedom of other individuals." He gives no modern instance of this, but mentions the tying of serfs to the lands on which they were born. The only perceptible difference between that and the second way is, as he explains, that in the latter the wrong is general and indirect and in the former special and direct. The wrong is general and indirect when, in the second way, "money taken from the citizen, not to pay the costs of guarding from injury his person, property, and liberty, but to pay the costs of other actions to which he has given no assent, inflicts injury instead of preventing it." Again, "taxpayers are subject to a State corvée, which is not the less decided because instead of giving their special kinds of work they give equivalent sums." He scoffs at the reply that they are slaves

for their own advantage, and that the things done with the money taken from them in one way or other conduce to their welfare. He holds that a man's liberties are none the less aggressed upon because those who coerce him do so in the belief that he will be benefited, and he maintains that by imposing by force their wills upon his will they are breaking the law of equal freedom. As an argument against communistic taxation this is admirable, but as will be shown in the chapters on " Renewal and Raising of Capital " and " Taxation," the ideal economic system advocated here in no way transgresses this law, whereas under the present system it is necessarily transgressed, less perhaps by the State in the form of taxation (although that form of it is increasing) than by the landowners and capitalists in their exaction of tribute in the form of rent, interest, and profit.

Under the present system the State does not maintain the conditions under which life may be carried on in equity. It does not protect the individual against " internal aggression." This can only be done by positive State action in economic arrangements—in other words, by the organization of industry by the State. Only by the State—that is, the organized people—owning and working the land and all industries can the individual be assured equal opportunity with all other individuals to acquire property and to achieve the happiness derivative therefrom. No one can reasonably assert that it is sociologically desirable that land and capital should be in the hands of a limited

number of the population, for such a system results in the despoiling of those without land and capital of a great portion of the wealth they produce. This exaction of rent and interest renders it for ever impossible for the workers as a class to rise out of their position of virtual bondage. And there is no ground whatever for believing that the possessing classes would ever of their own accord give up their privileges. Besides, if they were to do so, there would have to be organized a huge voluntary system of national co-operation for the economical and equitable production and distribution of wealth, and this would in no wise differ in essence from the compulsory system which will have to be introduced.

Spencer is slave to the erroneous idea that the formula of justice precludes the organization of industry by the State. He imagines that individuals need not, and may not, act together as "the social aggregate or incorporated body of citizens" to secure for each by State industrial organization the true equivalent of the services each has rendered to society, which true equivalent, by the way, cannot be ascertained, as will become apparent later in our argument, except in a society so organized. He admits that one of the essential functions of the State is to organize for the security of the individual against internal aggression. But such aggression, in his opinion, is evidently that of direct assault on person or on property after it is in legal possession. The idea of the function of the State just enunciated

does not run counter to Spencer's theory that "specialization with consequent limitation normally takes place in the regulative structure of a society as in all its other structures." He argues that "all-embracing State functions characterize a low social type; and progress to a higher social type is marked by relinquishments of functions." Strangely enough, although he tacitly admits the necessity of "a regulative structure" or a "controlling part," he advocates the relegation of this regulative function, which peculiarly appertains to the State or "aggregate of citizens," to private enterprise. That is to say, he would sacrifice a controlling or co-ordinating social function, instead of allowing it to be developed from the lower to the higher "by increasing heterogeneity of structure and increasing subdivision of functions." In other words, instead of allowing the State, or aggregate of citizens, to develop and expand and specialize, he would leave its necessary regulative functions to uncontrolled, irresponsible persons—the capitalist captains of industry.

Spencer does not make open admission that injustice arises from our present system of property, although it forces those without land or capital to compete with each other for work from the landowners and capitalists. On the ground that slavery is inequitable, he would prevent the individual from selling himself into slavery, but he overlooks the fact that the landless and capital-less worker sells himself piecemeal. He

does not see that it is as justifiable to prevent what from the ethical standpoint is technically robbery of labour, by taking the power to rob, the power to give less than a "true equivalent," away from landowners and capitalists, as it is to suppress highway robbery. He says: "While one of the settled conclusions of political economy is that wages and prices cannot be artificially regulated with advantage, it is also an obvious inference from the Law of Equal Freedom that regulation of them is not morally permissible." The "obvious inference" is Spencer's usual way of begging the question. As regards the teaching of political economy, it is perfectly true that under the present system the regulation of wages and prices is usually ineffective and sometimes injurious, and it is so of necessity, because so long as the land and the means of production are held in private hands the landless and capital-less are helpless, and if not deprived of their just remuneration in one way they are in another. It is precisely because such is the case that it is seen to be useless to attempt to secure equitable economic arrangements under the existing economic system. The little that can be done now can only be to palliate, when possible, the evils inherent in the system, in conformity with relative ethics.

We have now considered Spencer's ultimate ethical principle, his Law of Justice unmodified by the supplementary principle of Beneficence, and have found that logically it condemns outright

the appropriation of unearned income, such as rent and interest, and consequently the economic arrangements which do not render the extraction of these forms of unearned income impossible by securing to the individual full freedom for his activities within the limits necessarily defined by the similar freedom of his fellow-citizens. It must, however, be kept in mind that according to Spencer conduct and economic arrangements must be governed, not by the Law of Justice alone but by the Law of Justice modified by the co-equal principle of Beneficence. Since in the economic sphere justice condemns all unearned income, such as rent, interest, and profit, and only justifies payment for labour, justice modified by beneficence provides the principle according to which the wealth produced should be divided between workers of various degrees of ability and those incapacitated for work. As Spencer says, justice implies a sympathetic recognition of others' claims to free activity and the products of free activity, while beneficence implies a sympathetic recognition of others' claims to receive aid in the obtainment of these products and in the more effectual carrying on of their lives. Again, he says, the highest form of life, individual and social, is not achievable under a reign of justice only; but there must be joined with it a reign of beneficence; the requirements of equity must be supplemented by the promptings of kindness. But at the same time he declares that justice is needful for social equilibrium, and is therefore of public concern, while

beneficence is not needful for social equilibrium, and is therefore only of private concern. He maintains that beneficence exercised by society in its corporate capacity must consist in taking away from some persons parts of the products of their activities, to give to other persons, whose activities have not brought them a sufficiency. If it does this "by force," it interferes with the normal relation between conduct and consequence, and justice is infringed upon. But surely this normal relation is interfered with, even when the beneficent actions are done voluntarily by individual citizens, and if condemnable in the one case such interference is condemnable in the other. The result on the inferior is the same in both cases in the sense that, according to Spencer's own theory, the inferior will be encouraged in his inferiority. He admits that it seems, from one point of view, unjust that the inferior should be left to suffer the evils of their inferiority, for which they are not responsible. He is humane enough to wish to relieve them, and tries to avoid the supposed deteriorative consequences by leaving such relief to the humane feelings of private individuals. Presumably his idea is that the so-called superior, or rather the extremely egoistic among the superior, would be discouraged in their efforts to maintain their superiority if taxed by the State for beneficent purposes. He does not, however, say this. He merely asserts as the reason for his preference for private rather than State beneficence that "the primary law of harmonious co-opera-

tion may not be broken for the purpose of fulfilling the secondary law; since, if it is so broken to any great extent, profound mischiefs result." As we have seen, this must condemn private beneficence also.

Spencer does not make it clear in his section on Beneficence how far he is dealing with relative and how far with absolute ethics—a fatal mistake. Evidently he has relative ethics in view for the most part, judging from his reply to a protest he supposes made against his conception of beneficence. Both the protest and the reply repay perusal. The protest runs: "Your conception of beneficence is a radically unbeneficent one. Your remarks about restraints on free competition, and on free contract, imply the belief that all men are hereafter, as now, to fight for individual gain. Services rendered by the well-off to the ill-off are taken for granted in your remarks about restraints on blame. The various modes of administering charity, condemned or approved by you, assume that in the future there must be rich and poor as at present. And some of the immediately foregoing exhortations concerning behaviour presuppose the continued existence of superior and inferior classes. But those who have emancipated themselves from beliefs imposed by the past see that all such relations of men to one another are bad and must be changed. A true ethics—a true beneficence—cannot recognize any such inequalities as those you take for granted. If ethical injunctions are to be carried out, then

all social arrangements of the kinds we now know must be abolished, and replaced by social arrangements in which there are neither caste differences nor differences of means. And under the implied system large parts of the actions you have classed as beneficent will have no place. They will be excluded as needless or impossible." And the reply: "Unquestionably there is an *à priori* warrant for this protest. A society in which there are marked class distinctions cannot fulfil the conditions under which the fullest happiness can be achieved. Though it is not within the range of possibility that all the units shall be equal in respect of their endowments (a dreadful state, could it be reached), yet it is possible that there may be reached such kind of equality as results from an approximately even distribution of different kinds of powers—those who are inferior in some respects being superior in others, so producing infinite variety with a general uniformity, and so excluding gradations of social position. Some such type of human nature, and consequent social type, are contemplated by absolute ethics. But it is forgotten that during the stages through which men and society are slowly passing we are chiefly concerned with relative ethics and not with absolute ethics."

This type of society is exactly the one we have in view. And as regards the type of human nature, "such kind of equality" exists now; a miner, sailor, or engineer may have powers lacking in a statesman, scientist, or organizer of industry,

and *vice versâ*. All kinds of powers are required by society, and every person would be glad to have the opportunity of exercising his powers, of doing the work he is fitted for, and therefore likes. All socially useful work is necessary and equally honourable, and ought to return to the workers remuneration in proportion to the effort expended, and not in proportion to an arbitrary valuation of the kind of work. We find little assistance in Spencer's exposition of his theory of Beneficence. It can hardly be said that he gives ethical guidance, as indeed little can be given to apply in a fundamentally immoral system. He leaves it to individual caprice. He says that to what extent advantages over others may be pushed, individual judgments, duly influenced by sympathy, must decide. The most important admission he makes is one which may serve as an abstract principle: "As admitted on a previous occasion, that harsh discipline of Nature which favours the well-endowed and leaves the ill-endowed to suffer, has, from the human point of view, an aspect of injustice: and though, as we have seen, it is not permissible so to traverse the normal relation between conduct and consequences as to equalize the fates of the well-endowed and the ill-endowed, it is permissible to modify its results where this may be done without appreciable interfering with the further progress of evolution." For practical use this formula requires expansion and elaboration, but it gives direction to ethical effort.

What seems to be Spencer's fundamental error

is his theory that human nature requires to undergo so great a change that it cannot be effected "for eras"; the egoistic nature, he says, will have to be transformed into an altruistic one, and nothing but a prolonged discipline of social life can effect the change. This long process he considers necessarily a process of continued suffering which cannot be escaped. "Meanwhile the chief temporary function of beneficence," he says, "is to mitigate the sufferings accompanying the transition; or rather, let us say, to ward off the superfluous sufferings. The miseries of readaptation are necessary; but there are accompanying unnecessary miseries which may with universal advantage be excluded."

This rather gloomy view of social evolution and of the adaptability of the human organism to new social conditions is not supported by the results of the recent studies of biologists, and especially of their investigations with regard to heredity and social inheritance. J. Arthur Thomson, in his "Darwinism and Human Life," says: "It behoves man to secure that the literal struggle for existence is replaced by an endeavour after well-being, which will continue in a subtler, more rational, more humane, form the automatic singling and sifting which goes on in Nature." The same writer says again: "Of particular importance is the fact that man, in contrast to other creatures, has developed around him an external heritage, a social framework of customs and traditions, of laws and institutions, of literature and art, by which

results almost equivalent to the organic transmission of certain kinds of modifications may be brought about." And Lloyd Morgan says, in his "Darwinism and Modern Science": "The history of human progress has been mainly the history of man's higher educability, the products of which he has projected on to his environment. This educability remains, on the average, what it was a dozen generations ago; but the thought-woven tapestry of his surroundings is refashioned and improved by each succeeding generation."

The human race is at bottom gregarious, and its social virtues evolved through the ages are sufficiently developed to secure general happiness, if given a suitable environment. It is not human nature that requires to be changed, but modern civilization, which is based on the monopoly of the means of existence and a consequent struggle for life, the people being shut out from the means of life in a way unequalled in history. Spencer himself has practically to condemn what is the essential characteristic of modern civilization—namely, competition—which elsewhere he considers secures justice. He says: "The battle of life as carried on by competition, even within the bounds set by law, may have a mercilessness akin to the battle of life as carried on by violence." And he proposes, instead of co-operation and joint-ownership of the means of production, a change of human nature impossible in the circumstances, as he himself proves in his article on "Morals of Trade." He says: "Each citizen, while in respect

of his competition not to be restrained externally, ought to be restrained internally." This is his Beneficence theory, into the details of which as applied to Relative Ethics it is unnecessary to follow him. Suffice it to say that he not only displays lamentable ignorance of economic law, but a gross and unaccountable bias in favour of capitalists and against the working classes. In every case Spencer somehow manages to make negative beneficence work out in favour of employers in danger of being worsted, but never for workers in a similar position. He aims at the impossible—namely, the moralizing of the landlord and the capitalist in the economic sphere. For instance, he condemns rack-renting. He says: "Insistence on ruinously hard terms cannot be classed under the head of injustice; but we are led to recognize the truth that in such cases the injunctions of negative beneficence are scarcely less stern than those which justice utters." Yet he would not have Society interfere. The victim of injustice must suffer until the rack-renter, "duly swayed by the sentiment of negative beneficence," will refrain from taking advantage of his position!

To sum up. Accepting Spencer's first principles of ethics as having a thoroughly scientific basis, we have deduced from these the condemnation of all unearned income, whether rent, interest, or profit, drawn by able-bodied adults, and the justification of the division of the proceeds of co-operative labour in proportion to effort, except

when such reward in the case of inadequate service or value would encourage inefficiency.

In future chapters these points will be elaborated and appeal to these first principles made. But first let us consider at some length the excuses advanced in defence of unearned income, and especially the light thrown upon the subject by Christian ethics, the ethics professedly accepted in Western civilization.

CHAPTER II

RENT, INTEREST, AND PROFIT ETHICALLY CONSIDERED

ALL social reformers, and even Socialists, refrain from a direct attack on the rent, interest, and profit of Capitalism. In their opinion, and in that of most people, such a proceeding suggests mediæval tactics, quite out of date and ineffective. They prefer to attack specific social or economic evils, and if rent, interest, and profit stand in the way of reform, then so much the worse for rent, interest, and profit. Effective as these tactics are in dealing with a "practical" people like the British, who have no great fondness for general principles and logical procedure, they fail to break down the opposition to any reforms except those dealing with the most clamant evils. If humane treatment for the workers were secured—that is, reasonable hours, plenty of work, and what is considered now a good wage, with insurance against invalidity and old age, all of which might really be got without costing the capitalist a penny—the equality longed for by men like William Morris would still be to seek. Not till rent,

interest, and profit—a trinity of evil—are destroyed root and branch, will justice, liberty, and brotherhood be realized. A very large number of people will resist any attack on Capitalism to the bitter end, because they believe that rent, interest, and profit are in equity due to the owners of land and capital. In their eyes this is in the nature of things. Evil may be bound up with it, but that is also in the nature of things, and it must be left to the receiver of rent, interest, and profit to ameliorate as a philanthropist the sufferings that he as a capitalist really causes those who provide him with his income. The feeling that rent, interest, and profit are ethically justifiable lies at the root of the accusation constantly hurled at those who denounce Capitalism, that they disregard the eighth commandment and advocate spoliation. For these reasons Economic Moralism calls for a frontal attack on the capitalist position.

The old term "usury" up to comparatively modern times covered every kind of payment for the use of anything lent. Usury in reality includes not only interest in the narrow economic sense, but profit, both being ultimately payment by the workers for the use of capital; and it also includes rent, which is payment for the use of land. Ethically considered, these three forms of payment are inseparable, and stand or fall together.

The political economist makes four technical divisions of the collective income of any civilized community, namely, rent, interest, profit, and wages. For economic investigation it is convenient

to make these divisions. But from the point of view of ethics, of morality, of right and wrong, collective income, in the present economic system, is in the last analysis divisible into only two portions, namely, Wages, or that which goes to the producers of the whole of that income, and Rent, Interest, and Profit, or that which goes to those who do not work for what they receive in that shape or form.

Our present purpose is to examine the arguments in favour of rent, interest, and profit, and to prove that such forms of income have no ethical justification at all—that is to say, that being Usury, or payment made by the workers, the producers of all wealth, for the use of land and capital, they are inherently wrong.

But first we must define rent, interest, and profit sufficiently for our purpose. Broadly considered, as already indicated, they are what is left of the collective income after deduction of wages. Wages is remuneration for work actually done. The wages received by any individual worker may be comparatively too high or too low. We have nothing to do with that at present. We are concerned with the other portion of the collective income, that which goes to certain individuals, not because they have worked for it, but for other reasons, which we are about to consider.

The necessity for definition lies principally in connection with the term "profit." The small shopkeeper, or indeed any person carrying on business on his own account in a small way, is in

the habit of calling his net drawings profit. But in too many cases this profit merely provides him with wages, perhaps insufficient wages, and ought, therefore, to be included under the term " wages." Profit is rather this : In the case of a person carrying on business with borrowed capital, it is what is left over after he has paid interest on the borrowed money, all the working expenses, and wages to all those employed in the business, himself included.

Interest, on the other hand, is payment for the borrowed capital. It follows that if a person carries on business entirely with his own capital, he pockets both interest and profit ; if he owns the land in addition, he pockets rent besides ; and if he manages the business, he receives wages into the bargain.

Rent is payment for the use of the land, and includes agricultural rents, feu-duties, royalties, and wayleaves, etc. In loose everyday language rent frequently and erroneously includes interest on capital used in rendering the land more productive and useful, and also what is really interest and profit on money invested in house property.

Rent, interest, and profit, then, are simply different forms of usury. They are payments for the use of land and capital. The usurers, those who receive this as unearned income, are the legal owners of land and capital. Their victims, those who provide them with their income, are all those who do not possess any land or capital, or a sufficient portion to provide them with their fair

share of the collective income. This is not the view that has always been taken by those who have denounced usury. Ruskin's friend, W. C. Sillar, for instance, took the view sometimes held during the later and corrupt period of the Middle Ages, that in industrial and commercial undertakings the only possible victim of usury is the merchant or manufacturer who carries on business with borrowed money, and that when that individual carries it on entirely with his own capital, there is no usury in the case. But clearly there is usury in both cases, and the victims of usury are the wage-workers. For these people do not possess any land or capital, and yet must have the use of them, in order to obtain the necessaries of life. Such people, however, cannot go to a capitalist for a loan, as one capitalist goes to another. And yet they must have a loan of land and capital. Economic arrangements are such that they can attain their object only in this way: If they can sell their labour to a capitalist, they get access to or the use of land and capital, of course under the direction of the capitalist or his manager, and so obtain the necessaries of life. But there is usury here at bottom; for these people who produce all the wealth have to give up a part, the greater part, of the product of their labour to the owners of the land and capital for the use of these necessary means of production.

What, then, is the justification of usury? This is a question always carefully avoided by the upholders of things as they are. On what ethical

grounds do the Haves exact usury from the Have-nots? Anti-usury arguments are supposed to be ethically demolished when it is pointed out that capital as well as labour is concerned in the production of wealth, and therefore ought to receive a portion of it. Nobody disputes that capital is necessary. Land and capital are the indispensable means of production—and it is for this very reason that they must be made common property. The question is this: All wealth is produced by the workers, manual and mental, and the workers alone; it is certainly not produced by the non-workers; why, then, should the workers share the product of their labour with the non-workers?

Every one who has gone some depth into this subject cannot but be struck with the total absence in modern times of any consideration of this most important ethical question by those who pose as the teachers of morality, the ministers of religion. And by consideration is meant intelligent consideration, not mere unreasoning, conservative insistence on things as they are. Their exposition of the eighth commandment is of the crudest and shallowest kind. They denounce the robbery of the rich by the poor, but not the robbery of the poor by the rich. John Ruskin was emphatic, but strictly correct, when he told the Bishop of Manchester that he and his fellow-clerics had definitely taught through all their public life the "great Devil's Law" of the robbery by the rich of the poor in the two terrific forms, either of

buying men's tools and making them pay for the loan of them—Interest, or of buying men's lands and making them pay for the produce of them—Rent. It is the abstinence, as Ruskin adds, from these two forms of theft, which St. Paul first requires from every Christian, in saying, "Let him that stole, steal no more." Our clerics, then, unlike their early predecessors, refuse to deal, except perfunctorily and dogmatically, with these extremely important ethical questions: What is a just price? What is a fair wage? Is usury justifiable? Evidently considering that serious inquiry into these ethico-economic questions (if they are not settled for all time) lies outside of their sphere, they refer all such mundane matters to the political economists, whose function they entirely misunderstand. Similarly with the professional writers on ethics proper. With remarkable unanimity they confine their attention to the purely psychological and philosophical side of ethics. Practical questions of right and wrong they do not deal with. They shirk or overlook what seems to be the most important part of their duty. They too refer the matter to the political economists. The jurists do the same. What, then, do the political economists say?

Whoever has struggled with this question and referred to the writings of Adam Smith, John Stuart Mill, and other economists will have been struck with the fact that they never even attempt to justify usury. One and all seem to think that the mere statement of the matter of fact is

sufficient. They deal with the fact of the existence of rent, interest, and profit, and attempt to discover the "laws" according to which the relative amounts are regulated. They provide no argument in defence of the morality of usury. The fact is, the economists leave the ethical side of the economic question to the moralists, who, as has already been said, shamefully neglect their obvious duty, and any change in the present economic system is left to the practical politicians, of whom it must be admitted only the Socialists attempt to deal with these all-important questions seriously and practically.

Let us, then, drag out such arguments in favour of usury as we can find, and submit them to analysis. That usury is in part merely a premium for insurance against risk is an argument hardly worth considering. Any payment for risk cannot, since it is merely an insurance premium, be more than sufficient to cover losses—that is, to keep the capital intact. Considering the matter broadly, considering the capitalist classes as a whole lending to the non-capitalist classes as a whole, we can see that if no loss be incurred, no payment should be made, and that if loss be incurred, the payment ought to be merely sufficient to cover that loss. Again, considering the case of individual lending to individual, it is difficult to see how in the case of a risky adventure the mere promise to pay a high interest can make the venture a safe one, or indeed afford any protection at all. The high interest is of course only of value

if the lender has a sufficient number of investments to ensure his gains on some equalling his losses on others. But any actual increase must be accounted for on other grounds.

That usury is the reward of abstinence is the argument on which the capitalists seem to have staked their all. And yet, as Sidgwick maintains, Senior and his followers, who first used the phrase "Reward of Abstinence," did not use is as signifying any ethical sanction to the reward at all. However, if usury be the reward of abstinence, the reward surely goes to the wrong people. It is not the millionaire who suffers from abstinence, but the ironworkers who produce his dividends. It is not the landowner, but the slum-dwellers who pay his rents. The abstinence argument involves the paradox that the capitalist can both eat his cake and keep it. He can abstain from consuming his capital, and yet derive as much enjoyment as if he did not abstain. Consider the following supposititious case. Two brothers are left a fortune of £50,000 each. One of them, an admirer of John Ruskin, and, like his master, holding peculiar ideas about usury, refuses to take a penny of rent, interest, or profit, and decides to consume his capital. As a sensible man he does not wish to use up the money all at once, but to use it up gradually during his lifetime. He therefore arranges with the workers who are employed with his capital to pay him £1,000 a year, and consider it as payment of the principal. His brother, on the other hand, decides to abstain

from consuming his capital and makes his workers pay him interest on it amounting to 4 per cent. per annum. He therefore pockets £2,000 a year as the reward of his abstinence. At the end of fifty years, when his brother has consumed the whole of the £50,000 and that alone, capital of that value being now held by the workers, the usurer has received in all as interest £100,000, and still possesses the original sum of £50,000, his workers being as poor as ever. Wherein consists the abstinence of the latter, and why should he be accounted a benefactor to society rather than his brother?

The latter is typical of his class. Capital is there ; it exists, brought into being by labour, and continually renewed by labour for its legal possessors, who enjoy rent, interest, and profit on it, also produced by labour. There is no abstinence on the part of the capitalist at all. The story of William, the good young man who saves his money and lends it to the worthless spendthrift at a handsome rate of interest to repay him for his abstinence, is a fabrication of the defender of the present economic system. It does not typify the actual state of affairs. If it could be conceived, and it cannot, as having ever represented the facts, the philanthropical young man found philanthropy so pleasant that he took good care to make it impossible for the spendthrift ever to shake himself clear of the yoke that is not easy. According to the pretty story, William happens to be saving against a rainy day or with no special object,

and nothing is farther from his mind than the idea of saving with the express purpose of exploiting James. But the sole idea of the capitalist is to exploit James, to get something for nothing. His capital he never wants to use up. He would consider it the greatest possible calamity, and indeed the grossest injustice, if he were compelled to use it up.

The person who economizes and saves for future use is not defrauded or injured if others use his savings. Indeed, in a social system based on equal opportunity, such a person might find it difficult to save, because few things can be kept long without depreciation or entire loss, and few would want to borrow.

It is frequently said that there would be no inducement to save if no interest were obtainable. Professor Sidgwick points out the absurdity of such a supposition. And it is easily seen that, if people did not save, they would reap none of the benefits of saving. If they wished to buy an expensive article, say a motor-car or a yacht, or to take a trip round the world, they would have to save up for it. Moreover, in order to be supported by the community in sickness or old age, they would have to save by paying a tax to the commonwealth for the support of those already unfit for work. But as we shall show later, most of the saving, indeed all the necessary social saving, i.e. for renewal and extension of capital, should be done by the organized community, and not by individuals as now, so that

there will be none of the evils in a moralized economic system that result from our present system of individualistic saving, so ably exposed by such writers as Mr. John A. Hobson and Mr. J. M. Robertson.

There is, however, a truth underlying the demand for a reward of abstinence, although it has absolutely no force in present conditions. It is that, in conditions of economic equality and freedom, no person has any right to expect others to raise new capital necessary for the production of articles he may require, if he is able-bodied. This principle would be acted upon under a system of Economic Moralism. All capital required for production would be held as public property. This capital would be maintained then, just as capital is maintained now, by a sufficient charge being made for the articles produced to cover all the expenses of production and maintenance of capital, and even to provide a fund for the expansion of production as required. For new enterprises of every kind there will probably be more than sufficient capital to be got, without interest of course, from those who wish to save for one object or another, savings having naturally to take a concrete form. But in any case no undertaking will be supported with capital extracted compulsorily from any individuals but those for whose special benefit it is required.[1]

Böhm-Bawerk, the Austrian economist, in his voluminous and laboured work on Interest, maintains that present wealth is worth more than future

[1] Chapter VI.

wealth, and that interest is simply payment for the difference in value. But it is by no means the case that all present wealth is worth more than future wealth, for wealth is in its various forms more or less perishable. However, apart from this, it is, as has already been pointed out, conceivable and not at all improbable that in an economic system based on equal opportunity, the desire for deferred consumption would be so great that future wealth would be worth more than present wealth. Interest can be exacted now because such a large proportion of the people are without land or capital, and are therefore at the mercy of the owners of these, the means of production. Böhm-Bawerk and the orthodox economists who have assimilated his views overlook the fact that the question is not a merely economic one but an ethical one, and that it is morally unjustifiable for capitalists to take advantage of their less fortunate fellows. Böhm-Bawerk states an economic fact that is inseparable from an economic system based on the monopoly by the few of the means of production, and apparently imagines that the mere statement of the fact is its ethical justification.

The risk and the abstinence arguments have been considered, as well as Böhm-Bawerk's. There is still Henry George's ingenious argument. Henry George maintains that in certain branches of industry there accrues a natural interest which is due to the generative forces of Nature. In agriculture, for instance, labour is assisted to a very large extent by natural forces. Between seed-time and

harvest the farmer does comparatively little in his fields, the growth of his crops depending chiefly on the seed, the soil, and the atmospheric conditions. Henry George holds therefore that capital employed in such industries, in which it has the benefit of the co-operation of Nature, has a return which capital employed in the manufacturing industries has not. While the farmer rests from his labours, his flocks and herds and crops continue to grow, but when the weaver or engineer throws down his tools or stops his machines, no progress is made with the work on which he has been engaged. Henry George argues therefore that it is only just that all capital should be put on the same footing, and that capital that does not receive a natural interest or increase ought to receive an artificial one. But he misses the point altogether, which is to show why any capital at all should receive increase at the expense of labour, or rather why the capitalists should receive it. Not only so, but he contradicts his own teaching. For the whole of his book, "Progress and Poverty," with the exception of the chapter on Interest, was written to prove that private property in the forces of Nature should be abolished. He proposes to nationalize rent, but would allow interest to go scot free! The true solution is that private property in natural forces should be abolished in such wise that no payment could be extracted from anybody for the co-operation of Nature. The price of a commodity should depend on the average amount of labour required for

its production. The price of wheat, for instance, should depend on the average amount of labour required to produce it, no charge being made for the part played by Nature.

The arguments advanced in defence of usury having been examined, and no justification found that can be traced back to any ethical principle, the arguments against usury are now to be considered. The chief and all-sufficient argument is that it is the prime cause of poverty. It is the robbery of the poor because they are poor. The exaction of usury keeps the people poor. Karl Marx has given a vivid description of the hideously cruel manner in which capital has been accumulated. But leaving the genesis of capital alone and assuming for convenience of argument that it has been accumulated with perfect justice, what call does morality make now upon the capitalists in their present position? It is undeniable that morality, as man with his developed social sympathies understands it now, inculcates the assistance of the weak by the strong, with the fullest measure of their strength. But here we have the strong (that is to say, the strong in economic position) taking the fullest advantage of the weak. By their exaction of usury they keep the great mass of the workers in the depths of hopeless poverty. This action of theirs can be traced back to no other principle than that might is right. And that principle is the negation of all morality.

In the preceding chapter we dealt with the root

principles of morality and found in them the condemnation of usury. Let us now glance at the question from the point of view of the Christian Ethics. The countries of Western civilization are professedly Christian, and appeal may therefore be appropriately made to Christian Ethics. Let us consider the Christian teaching with regard to usury—that is to say, the biblical, the early and mediæval teaching, for in modern Christianity there are practically no independent ideas on the subject. The commercialist view is accepted without question.

From the very earliest times the usurer has been considered the enemy of the human race. The Hebrew word translated usury signifies the biting as of a serpent—that is to say, such as carries death with it, even when the wound is most insignificant. The Hebrew Scriptures condemn usury unsparingly as between Jew and Jew, although the Jew was permitted to "oppress" (note the word) the foreigner with usury. "If you lend your money to any of My people that is poor and abideth among you, you shall not urge them like an extortioner, nor oppress them with usury" (Exod. xxii. 25). "If thy brother be reduced in circumstances, and thou shouldst take him into thy house, take not usury from him, nor more than thou gavest him. Thou shalt not give him thy money at usury, nor receive increase of rent" (Lev. xxv. 35). "Thou shalt not lend money, fruit, nor any other article to thy brother at usury, but to a stranger. Thou shalt afford thy

brother everything he shall be in need of without usury" (Deut. xxiii. 19).

What can capitalists, who with few exceptions parade as Christian, say to this law, which is one of those Christ approved of? They have managed to obtain possession of all the means of production men stand in need of to enable them to work and live. It matters not whether they obtained possession honestly and justly, as they themselves maintain, or forcibly and fraudulently, as can be proved. The broad fact remains that they own everything their brethren are in urgent need of, and to obey the Divine command they ought to lend their brethren everything they are in need of without usury. But what do these Christian capitalists do? They extort from the workers more than half of the wealth they produce, for the use of the land and capital which these, their brethren, are in utmost need of. And, strange to say, the clergy, with few exceptions, justify this on the very ground on which is based the command against usury. They say, with the late Professor Flint, that capital (including land, of course) is so necessary to the workers, that they ought to be glad to pay for the use of it. The Bible, on the contrary, says that precisely because people are in need of anything, it is the duty of those who possess it to lend it, expecting no return. The greater the need, the greater the obligation to lend. "Lord, who shall inherit Thy tabernacle? He who gave not his money at usury and received not gifts" (Psa. xv. 5). "Will the man who lends at usury

and receives increase, live? he will not live" (Ezek. xviii. 13).

From the quotations given we can abstract the Christian definition of usury. It is the payment to the lender of anything over and above the loan. St. Jerome says: "Some people imagine that usury obtains only in money. But the Scriptures, foreseeing this, have exploded every increase, so that you cannot receive more than you gave." The same view is held by St. Augustine, St. Ambrose, and other early expositors.

But it is said that the Jews were permitted to take usury from foreigners, and that therefore the law was intended for the Jewish people only, in their home relations. St. Thomas, however, says: "To receive usury from the stranger was not permitted as a lawful thing, but rather tolerated for avoiding a greater evil, and this dispensation is not extended to Christians, who are bound to consider all mankind as brethren, especially under the New Law to which they are called."

That Jesus of Nazareth looked upon the practice of usury as iniquitous the whole tenor of His teaching proves. He condemns it as being contrary to the spirit and feeling of brotherhood. He says: "If ye lend to them of whom ye hope to receive, what thank have ye? for sinners lend to sinners to receive as much again. But love your enemies, and do good, and lend hoping for nothing again." Indeed, the only construction that can logically be placed on this is that not only did

He disapprove of usury but even of the expectation of the return of the principal itself.

The parable of the talents is frequently advanced as telling in favour of usury. But, on the contrary, it makes clearer the disapproval with which usury was regarded. The servant with one pound defied his lord, and used a very stupid argument. He was pounced upon at once and his argument was turned against him. His lord said: "Out of thine own mouth will I judge thee, thou wicked servant. Since thou knewest that I am an austere man, taking up that I laid not down, and reaping that I did not sow; then wherefore gavest thou not my money into the bank, and I at my coming should have required it with interest?" Clearly it was considered that to take interest was to take something for nothing, to live on unearned income, and that this was characteristic of a hard, greedy, unjust man.

There was certainly no doubt as to the meaning of Christ on the part of His early followers, on the part of the Christian Fathers, and indeed of the Church itself up to a comparatively modern period. The Church educated public opinion on the matter in such wise that conduct was regulated and laws were enacted in accordance with anti-usury views. Of course, theory or opinion was not always entirely logical, nor was the practice always consistent. However, in this country at one time the commission of the sin of usury was to be expiated with three years' penance, one on bread and water. At another time the usurer was outlawed and his

property confiscated. Dante expresses mediæval feeling when he relegates the usurer to the same circle of hell as the people of Sodom and Gomorrah. We have ample witness to prove that up to the Reformation the question of usury was considered of great importance and received the closest attention of the Church.

The technical names given to the various kinds of loans show how carefully each was considered and justified or condemned. Just to give an illustration or two. There was the loan called *Locatio et Conductio*, for which the lender was entitled only to hire—that is, to payment merely for the wear and tear of the article, he remaining responsible for all ordinary risks, such as loss by lightning in the case of a house. There was also the loan called *Mutuum*, which was the lending of something which the borrower would consume or use up, like grain, returning something exactly similar at the end of the specified period. There was also among many others the loan called *Venditio*, which deserves special attention. It was the lending of money to a merchant or trader to be returned with a share of the profits. The justification of this loan was a vexed question among moralists. Many condemned it outright, such as St. Ambrose and St. Augustine, who considered all merchants' gains to be fraudulent. The Church, however, holding that merchants really did useful work, and not quite seeing where to draw the line between legitimate and illegitimate remuneration, at last took tithes on merchants' profits. Thus was admitted the thin end of the

wedge which was ultimately to overthrow the anti-usury teaching of the Church. Besides this method of obtaining from a commercial partnership what was essentially usury, there were other ways by which the greedy and unscrupulous could evade the law and make people believe that their actions were consistent with justice and Christian morality. Payment was sometimes exacted for the mere possibility of loss or inconvenience arising out of the failure of the borrower to return the loan at the right time, although this practice was condemned without qualification by Pope Gregory IX. These exceptions to the strict letter of the Canon Law might have resulted, as Cunningham says, in every loan requiring a certain amount of interest, and the whole doctrine might have become a dead letter. But, as he adds, there was little inclination on the part of the authorities to connive at the evasion of the law, and the common sense of the public agreed in these matters with ecclesiastical decisions.

The break-up of the system became definite at the Reformation owing to a variety of causes, which it is not necessary to consider in this place. But the change had begun long before, and it was due in part to the ever-increasing complexity of the economic system, which rendered it difficult to see the rightness and wrongness of conduct in economic matters. The problem became too difficult, and moralists got bewildered. Indeed, it was insoluble with society developing on individualist lines. The only possible solution lay in

collectivist co-operation, and the world lost its way, and is only now finding out its mistake.

But the great reformers never quite gave up the old views. Zwingli, Luther, and Melanchthon considered usury to be contrary to the ideal, but thought it better to allow interest within certain limits as a compromise with the imperfection of man. Calvin—even Calvin—considered it not to be universally permitted, but only so far as it did not run counter to fairness and charity, and he held that no interest should be asked from men in urgent need. But are not the workers—the people who possess neither land nor capital—in urgent need? Calvin, like many others before and after him, was not clear on the economics of the question. In his time usury had unfortunately come to be considered immoral only in the case of loan interest, and Calvin therefore thought and said: "The borrower is not defrauded in having to pay interest, because he pays it out of the gain he makes with the money." But how does the borrower make this gain? We know that he makes it out of the necessities of those worse off than himself. Adam Smith fell into the same error, when he said: "As something can everywhere be made by the use of money, something ought to be paid for the use of it." There was always the idea of a big exploiter exploiting a little exploiter, with those really exploited at the bottom of the scale left out of account. Regarding the same thing, Böhm-Bawerk says: "Translated into modern terminology, this idea would run: There is loan interest

because there is natural interest." But again, what is the origin of natural interest? From whom is it extracted? Natural interest must be justified, and loan interest stands or falls with it. And yet Adam Smith had a glimmering of the truth, and Böhm-Bawerk is very much puzzled in consequence. As this learned Austrian economist says : "Sometimes he represents the capitalists as a class who live on deduction from the produce of other people's labour, and compares them significantly with people who love to reap where they never sowed." The fact that capital enables labour to be more productive does not of itself justify the appropriation by the lender of any of the fruits of the labour of the borrower. It has no ethical signification whatever.

Time could profitably be given to the consideration of the course of conduct that ought to be pursued by the individual who arrives at the conclusion that usury (or rent, interest, and profit) is immoral. This is an interesting question in Relative Ethics, but it is not one that the workers need trouble much about. The working man with a few pounds laid by for a rainy day in the savings bank or in the co-operative store may indeed receive rent, interest, and profit on his savings, but only a very short-sighted purist would condemn him for this, because, after all, he is really only thereby reducing the amount of plunder taken from him by the capitalist proper. Suffice it to say that the capitalist system cannot be reformed by the individual trying to conform in that system to

the ethical principles enunciated in Absolute Ethics with regard to usury. At the rise of Capitalism the individual, backed up by training, tradition, public opinion, and all the force of the Law and the Church, was ignominiously defeated in his attempt to keep true to the anti-usury ethics. What chance, then, has the individual now, when Capitalism is at its zenith? Usury is inevitable in a complicated commercial system based on private property and individual enterprise, and can only be abolished, with its evil consequences, riches and poverty, by taking the means of production out of the hands of individuals and making them public property, by establishing a real Commonwealth.

We have now proved the immorality of usury, not only from the ethical principles of the non-Christian moralist, but from the Christian ethics. As John Ruskin, on this subject, says with prophetic fervour: "Any honest and sensible person, if he chooses, can think out the truth in these matters for himself. If he be dishonest or foolish, no one can teach him. If he is resolved to find reason or excuse for things as they are, he may find refuge in one lie after another, and, dislodged from each in turn, fly from the last back to the one he began with. But there will not be long need for debate, nor time for it. Not all the lying lips of commercial Europe can much longer deceive the people in their rapidly increasing distress, nor arrest their straight fight with the cause of it. Through what confused noise and garments rolled in blood, through what burning and fuel of fire,

they will work out their victory, God only knows, nor what they will do to Barabbas when they have found out that he *is* a *robber* and not a king. But *that* discovery of his character and capacity draws very near, and no less change in the world's ways than the former fall of Feudalism itself."

CHAPTER III

THE ERRORS AND DANGERS OF SOCIALISM

AFTER considering the ethical basis of Economics and before passing to the economic framework of the new social system, we must devote some time to the criticism of Socialism, which has for nearly two generations been before the world as an ideal system of society, and has met with considerable attention and some support. It is a matter for congratulation that the main reason for the coldness with which Socialism is received is its identification with Communism, for such reception is evidence of a sane, healthy state of the public mind. Little real attention has been given by Socialists to the economic reconstruction of society. A good deal of loose, dreamy speculation has been indulged in regarding the effect of Socialism on religion, art, science, social life, the family, and sexual relations. But beyond the mere enunciation and parrot-like repetition of the cardinal economic doctrine of Socialism—namely, the nationalization of the means of production and exchange—the necessary but rather unattractive work of theorizing on the economic arrangements of the future has

not merely been neglected, but has been discouraged as utopian and unscientific. The simple declaration in favour of the public ownership of land and capital is vague and indefinite. The consequence is that people are mystified regarding the aims of Socialism, and Socialists themselves have no clear ideas about the future. The latter, however, frequently and emphatically assert that their ideal is Communism. In this connection it will be sufficient to consider here the views of only two representative British Socialists, Mr. Robert Blatchford and Mr. Keir Hardie.

William Morris is generally claimed by Communists as belonging to their school. But it is by no means clear that they have a right to claim him. He indeed called himself a Communist. But it is important to know what he really meant by Communism. Morris as an artist was a rebel against the fettering of mankind with rules and regulations from without, and wrote his charming fantasy, "News from Nowhere," as a protest against what he considered the cast-iron system of Bellamy's "Looking Backward." But Morris as a practical man recognized the necessity of "economic machinery" in the ideal State. What it would be he did not care to inquire. He was satisfied to say: "Time will teach us what new machinery may be necessary for the new life." It was the artistic side of the new life that interested him. In his lecture on "Communism," published by the Fabian Society, it is made perfectly clear that he applied the term "Socialism" to

the transitional stage and "Communism" to "true and complete Socialism." He considered the term "Socialism" as having been degraded, as having come to mean by most non-Socialists mere betterment of the condition of the working people up to a certain point. Morris meant by "Communism" "a real society of equals"—"a society of practical equality." He says: "I think the communization of the means of industry would speedily be followed by the communization of its product—that is, that there would be *complete equality of condition amongst all men*, which again does not mean that people would (all round) use their neighbours' coats, or houses, or toothbrushes, but that every one, whatever work he did, would have the opportunity of satisfying all his reasonable needs according to the admitted standard of the society in which he lived—i.e. without robbing any other citizen." Complete equality, then, is what he means by "the communization of the products." How this communization would be effected he does not consider. To illustrate what he meant, he said: "An anti-Socialist will say, How will you sail a ship in a socialist condition? How? Why, with a captain and mates and sailing master and engineer (if it be a steamer) and A.B.'s and stokers, and so on, and so on. *Only* there will be no first, second, and third class among passengers; and the captain and the stokers will have the same pay." The abolition, not of "Pay" but of caste and class, with the substitution of

equality of conditions and remuneration, was what Morris desired, and, as will be seen later, Mr. Blatchford's crude Communism would be worse than useless for this purpose.

According to Mr. Blatchford, under Ideal Socialism or Communism, of which he is in favour, "there would be no money at all and no wages. The industry of the country would be organized and managed by the State, much as the Post Office now is; goods of all kinds would be produced and distributed for use, and not for sale, in such quantities as were needed, hours of labour would be fixed, and every citizen would take what he or she desired from the common stock. Food, clothing, lodging, fuel, transit, amusements, and all other things would be absolutely free, and the only difference between a Prime Minister and a collier would be difference of rank and occupation." Practical Socialism, out of which Communism is to evolve, he regards as the preliminary, transitional stage. He considers Communism to be simpler and to have less machinery about it than the preliminary Socialism, and he thereby reveals what seems to be at the bottom of much of the hankering after illusory Communism—namely, the instinctive horror felt by artistic natures for all kinds of "economic machinery." But such economic complications cannot be got rid of, so long as the division and subdivision of labour and the interdependence of all parts of each country and of the world, as shown by the exchange of products, persist. In the desire for

Communism we find the yearnings of the artist for the simple life and of the commoner sort for a perpetual picnic, a free-and-easy, irresponsible Skimpole sort of existence. Advocates of Communism should ponder over Inspector Bucket's weighing up of Mr. Skimpole: "Whenever a person says to you that they are as innocent as can be in all concerning money, look well after your own money, for they are dead certain to collar it if they can; whenever a person proclaims to you, 'In worldly matters I am a child,' you consider that that person is only a-crying off from being held accountable, and you have got that person's number, and it is Number One. . . . Fast and loose in one thing, fast and loose in everything; I never knew it fail. No more will you. Nor no one."

Mr. Keir Hardie, in his book "From Serfdom to Socialism," speaks of Communism as "the final goal of Socialism." He says: "State Socialism, with all its drawbacks—and these I frankly admit—will prepare the way for free Communism." Again: "The slave dreams of emancipation, the emancipated worker of citizenship, the enfranchised citizen of Socialism, the Socialist of Communism." There is evidence that Mr. Hardie's views on the subject, like those of many others, agnostics, strange to say, as well as Christians, have been strongly influenced by a sentimentalism that has its roots in early Christian doctrine and practice. The Christian religion has sanctified Communism. Mr. Hardie says approvingly: "Christianity in its

pristine purity had Communism as its invariable outcome, and for nearly seventeen centuries the common people and their leaders believed Communism and Christianity to be synonymous terms." He quotes one authority as follows: "For seven hundred years almost all the Fathers of the Church considered Communism the most Christian form of social organization." Again: "The Sermon on the Mount, whilst it perhaps lends but small countenance to State Socialism, is full of the spirit of pure Communism. Nay, in its lofty contempt for thrift and forethought, it goes far in advance of anything ever put forward by any Communist, ancient or modern." Also: "Christianity on its social side can never be realized, if it is to be interpreted in the light of Christ's teaching, until there is full free Communism, and the very idea of private property has disappeared from men's minds."

It is regrettable that Socialist thinkers should speak with confident approval of a Communistic constitution of human society without giving closely reasoned grounds for their belief in its justice and desirability. The subject imperatively demands discussion, but something more is wanted than mere dogmatic assertion, especially when such assertion does not simply deal with the utopian dreams of individuals, but serves to justify and hasten measures for immediate application.

Socialists are quite evidently under the impression that Communism is a form of society much superior to what Mr. Blatchford calls Practical

Socialism, and that the natural and necessary evolution is from Capitalism to Socialism and from Socialism to Communism. Mr. Blatchford takes that view, and so does Mr. Hardie. But it is perfectly clear that the Capitalist system will not necessarily evolve first into Socialism and then into Communism, but may develop, and is developing even now in some directions, straight into Communism. There has already been an unconscious drift, in which Liberals and Conservatives have been most conspicuous, into Communistic institutions, such as free education and free libraries. But there is now also the conscious movement towards Communism. The Labour Party press forward among their chief reforms free meals for school children, while the Socialist and Trade Union policy, as approved by an overwhelming majority at the Belfast Conference, includes the free maintenance of children. The Independent Labour Party go farther, and advocate free education and free maintenance, not only at the school but at the university. Up to what age at the university, and whether all will have the right to a university education or only a select few, are questions that are never discussed ; in fact, the whole question, like many others equally important, has been neglected. Recently, too, we have had free railways, free tramways, free ocean transport, and free municipal baths advocated in the Socialist papers. There seems, therefore, to be a pretty widely manifested desire to enter immediately and directly into Mr. Blatchford's

Ideal Socialism, under which everything would be free. Besides, the revolt against Capitalism naturally encourages Communistic methods. It seems, and is, easier to give doles to the poor than to organize a social system in which there would be equality of opportunity, and the rich naturally would rather have "ransom" than Socialism. Moreover, the special taxation of the rich for social purposes, which is bound to come, will tend to degenerate into taxation of all for free institutions. In fact, all attempts to attain any measure of economic justice without departing from competitive Capitalistic conditions are necessarily Communistic, and operate through free institutions.

It is quite evident, then, that it is now we must make up our minds as to the merits of Communism. Mr. Keir Hardie, however, supposing like many that Communism lies in the far distant future, evidently deprecates immediate decision, for he says: "To dogmatize about the form which the Socialist State shall take is to play the fool. That is a matter with which we have nothing whatever to do. It belongs to the future, and is a matter which posterity alone can decide. . . . We have seen how mankind when left free has always and in all parts of the world naturally turned to Communism. That it will do so again is the most likely forecast of the future which can be made. . . ." It almost seems as if Mr. Hardie here throws his own warning to the winds; in any case, however, his forecast of the future is

based on a very slender theory indeed. But whether Socialists try or not to make a synthetic forecast of Socialism, which, by the way, Dr. Anton Menger rightly considers "not only strictly scientific, but absolutely indispensable, if the Socialist movement is even partially to realize its aims," it must be insisted that the choice of Socialism or Communism as an ideal to work for need not involve dogmatizing about the far distant future. We have Communistic institutions now, and are constantly having them added to and further instalments of Communism advocated. *We must make up our minds now about Socialism or Communism.* We are at a critical period of social evolution, and if we take the wrong road posterity will have wearily and painfully to find the right one.

The Communism Mr. Keir Hardie refers to in his book—the Communism of the great popular movements of the Middle Ages—was to some extent the outcome of erroneous religious teaching, and was bound up with religious contempt for the goods of this world; for by far the greater part, however, it was not Communism at all, but a demand for free and equal access for all to the land, and freedom from feudal, church, and other inequitable dues and services. Communism in the articles of consumption was never popular, and even among the so-called Communist fraternities of the Middle Ages and the Reformation period it was practised only by the comparatively few extremists. Most of the members of these

brotherhoods merely handed over what they considered superfluities into a common stock for the poor. The Communism of these movements cannot be regarded by us as an ideal to be struggled for, but merely as the expression of the religious and ethical feeling of the time regarding the social arrangements of an economically undeveloped period. It was the expression, although perhaps not the fitting expression, at that time, of the spirit of solidarity and mutual help, which today in our totally different economic circumstances requires quite other expression. Only under pressure of religious fanaticism or in situations of dire necessity have mankind tolerated pure Communism. Mr. H. G. Wells relates that the younger generation of Oneida Community reared in Communism revolted to an individualism so extreme that for a time it was impossible to borrow even a hammer.

It is impossible, then, to agree with Mr. Keir Hardie when he holds up Communism as the ideal on the ground that mankind is by nature inclined to adopt that form of society. There is further obstacle to agreement when he hints at the sacrifice of the individual for the benefit of society, apparently in defence of Communistic submission. He says that "the same spirit which leads the philanthropist to give time and money for the amelioration of the lot of the poor will, in the days to come when it is more developed, lead the same type of person to spend their strength and to find their highest good in ministering to the needs of

the commonweal." In the days to come, however, society will be organized on the basis of justice, and no one will be robbed of the fruits of his labour. The vastly greater number of people requiring help now from the philanthropist require it because they are being robbed daily by that gentleman and his capitalist friends. They could help themselves if they had the chance. That chance they will get under a system of Economic Moralism. In the days to come there will be only the crippled and the diseased, the orphaned young, and the sufferers from accidents and unavoidable natural catastrophes—there will be only these to minister to the needs of, and the organized community will provide for them, the burden, equally shared by all able-bodied citizens, being so light as to be scarcely felt. The old will have provided for their old-age pensions themselves by premiums to the State, and the young will be provided for by their parents, of which more anon. There will therefore be no need for individuals to sacrifice themselves and spend their strength for the commonweal, except in seldom occurring circumstances. There will doubtless be heroes of the mine and heroes of the sea, railway heroes and fire-brigade heroes. There will be martyrs to science and martyrs in industry. Social service requiring extraordinary personal sacrifice will always call forth the best efforts of the noblest men. But, apart from exceptional demands for heroism, every member of the moralist State, after fulfilling well-defined and comparatively light

public duties, will be free to develop his individuality to the full, and the commonweal will benefit in innumerable ways from the liberty thus granted. And yet in a sense, no doubt, the Pauline instruction will be translated into modern terminology and obeyed: "Whether therefore ye eat or drink, or whatsoever ye do, do all to the glory of God."

Socialists, still haunted by the nightmare of our present vicious social system, and unable to rid their minds of the present necessity for the sacrifice of individuals in the fight for the social and economic emancipation of the masses, imagine that the spirit of self-sacrifice will be intensified in the ideal State. There will be little or no need for it. Selfishness and all anti-social feelings and actions will certainly tend to disappear and be replaced by a keen sense of justice and solidarity. Sympathy and the social spirit will undoubtedly be strengthened, but they will have to act mainly on spiritual lines, material wants being automatically supplied by organized society. A prominent Socialist has said: "Most of my Socialist friends . . . are at heart Communists, looking forward to the day when none shall call aught his own of which his brother hath need." But it is now that our brother hath need. Now is the time for the practical expression of this sentiment by Communists. In a just economic system there would be no need to sacrifice the individual to society. Society exists for the individual, and not the individual for society, except perhaps in a

strictly technical scientific sense. Society is not an entity distinct from the aggregate of individuals composing it, and must not be erected into a fetish. As Herbert Spencer says, the end to be achieved by the State is the welfare of its units. Society, he says, having no sentiency, its preservation is a desideratum only as subserving individual sentiencies.

It is well to look this question of self-sacrifice squarely in the face, for by a natural psychological process self-sacrifice has come to be considered in certain quarters as noble and divine in itself, and therefore as justifying, and, indeed, requiring, the acquiescence of the individual in what must be regarded as illegitimate demands of society. It is well to recognize that it is at best a disagreeable necessity, and that all need for it must as far as possible be done away with. The selfish many have in all ages applauded the preaching of self-sacrifice, but they have carefully left the generous few to practise it, and have themselves reaped all the benefit, which is scarcely just. A little story, credited to Sir William Ramsay, throws some light on the riddle of self-sacrifice. Two little children of his acquaintance, after being tucked up in bed, were heard talking. "I wonder what we are in the world for," said the boy. His sister, remembering the lessons she had been taught, replied, "To help others." "Humph," said the boy, "then what are the others here for?"

Since Socialists persist in their attempts to

introduce Communism now, under the name of Socialism, and do not really relegate it to the distant future, every one who loves justice, liberty, and true fraternity must do his best to frustrate their efforts. Consequently Communist principles must be exposed and compared with the principles of morality applied to economics—i.e. Communism or Socialism must be compared with Economic Moralism.

The distinctive and differentiating principle underlying Moralist economic activities is that, while the capital required for the carrying on of these activities is public property, the cost of maintaining it, as well as the cost of the labour and of the materials required for the production of utilities, is borne only by the consumers or users of these utilities, each in proportion to his consumption. *Only those who actually get the direct benefit of the utilities have to pay for them.* A price covering all costs is placed on services and commodities, and this is collected from the purchasers.

The following are some of the Moralist institutions at present wholly or partially realized: Under control of the State, there are the postal and telegraph services, as well as its incipient banking and insurance services, also the lighthouse service; while under local public control there are works for the production of gas and electricity, tramways, docks, workmen's dwellings, public baths, etc.

Unfortunately, the trail of capitalism is over all these activities at present, rendering them im-

perfect from the point of view of Economic Moralism. But a further and radical application of Moralist principles would cause shortcomings to disappear, and would lead straight to complete Economic Moralism—that is, the public ownership and management of all the means of production, the public supply, by production and exchange, of the requirements of the community—namely, shelter, clothing, food, and all other articles and services required by individual members of the community, the co-ordination of all economic activities for the general or national good, and the abolition of all unearned income, except to the incapacitated, the remuneration of the workers being mainly in proportion to their diligence.

On the other hand, the distinctive principle underlying Socialist or Communist economic activities is that of *supplying the wants of the individual at the public expense, by public free services, the cost being raised by the taxation in one form or another of the general community*, as against the Moralist principle of collecting from each individual the cost of what is actually supplied to him. As we shall see later, in some, but only in some, public services the Communist principle of raising the cost by taxation is justifiable, for the sole reason that in these cases it is the only one possible.

The following are some Communist and semi-Communist institutions at present in existence: Under control of the State there are the Army, the Navy, the administration of the law, and assist-

ance to science and arts; while under control of local public authorities there are sanitation and hospitals, workhouses, police, roads, public lighting, water, education, libraries, and parks.

The extension of economic activities on the same principle would lead to complete Communism, which would mean free maintenance, not only of children but of adults, in short, to what Mr. Blatchford advocates—free everything.

But leaving generalities, let us scrutinize and compare Moralist and Socialist principles in their practical application. Take a simple and typical example of economic reform. In many cities the tramways are now public property—at least, to the extent that the entire management is in the hands of the public authorities. Unfortunately, tramways, like other concerns acquired by the public, have been bought—and at too high a price—with borrowed money, and until the loans, raised on the public credit, have been paid off it is only by a stretch of the imagination that such concerns can be considered public property at all. In reality they belong to the bondholders, although managed to a certain extent for the good of the public, the fixed rent allowing the public to make a profit—or a loss—on the margin. Besides, nothing being laid aside in many cases for depreciation, the public will find at the end of the statutory term that, although they have paid off the bondholders, they are left in hand with a property that requires almost complete renewal. Consequently, the public will have to continue their Sisyphus labours, and

go on borrowing and paying off loans. This is merely public management of capitalist property. What is wanted is the complete expropriation of the capitalist. The capitalist, as such, has no moral right to unearned income, to rent or interest, as we have seen. He has only a right to his principal, and even that is doubtful in some cases, if closely examined. It must be particularly kept in mind that step by step with municipalization and nationalization there should go the expropriation of the capitalist, by the special taxation of his class for the purpose of paying off loans raised for the transference of property from private to public hands.

However, apart from this, the Moralist method of assessment for upkeep is at present in vogue—namely, that of charging those who use the trams a sum equivalent to the cost of the services rendered. According to the Socialist plan, on the other hand, no charge would be made to those who travel, all the expense of running and maintaining the tramways being placed on the rates.

The objection to this, as to all Communist schemes, is that it would be unjust, and would curb the liberty of the individual. Under one form of taxation or another those who do not use the free tramways, or the free theatres or circuses, or any other free institution, are nevertheless to be taxed in order to allow others to have the use of them free, those who seldom or never use them are to pay as much towards the working expenses as those who use them constantly.

Socialist—that is, Communist—taxation would be intolerable. There would be nothing to prevent waste or to control the individual's consumption, no economic curb to the gratification of his appetites and desires, in so far as they might be provided for through the public free services. On the other hand, those whose demands on the free services might be insignificant would find their time taken up to meet taxes for objects benefiting them to a very slight extent or not at all. Imagine the artist, the scientist, the student, or investigator of any kind, who wants all the time possible for pursuits unappreciated by the public, although likely to benefit them in the long run, who is willing even to curtail his material wants in order to satisfy his mental and spiritual—imagine how he would appreciate having to meet taxes for the benefit of the careless, unthinking majority, perfectly well able to work for themselves. Even the ordinary citizen would revolt against being forced to do this.

Instead of the proper public officials, as under Economic Moralism, ascertaining the demands of the individual members of the community and setting out to have them supplied in full, or allowing private to supplement public effort, instead of allowing people to order what they want and to pay for what they get, which would permit of liberty and infinite individuality, under Socialism all the energies of the community would be absorbed in the production of certain commodities and services that might happen to be in great

demand by the majority. It would be left to the majority to say through their representatives how the whole community, including a dissenting and probably large minority, would have to employ their time. Scholars, artists, scientists, and all kinds of people of original and independent mind would be driven by elected mediocrities to uncongenial labour, and there would be no possible compensation for their forced and unnecessary toil on behalf of fellow-citizens as able-bodied as themselves.

These arguments hold good against Socialism in general. The particular instance of free tramways has been selected because it is as favourable an illustration as Socialists could choose. It is held that free tramways would be as reasonable as are free roads, free bridges, free libraries, and free schools, of which more anon. But the question has never been fully discussed, and yet a vital principle of Socialism is involved. Many approve of free tramways as a logical deduction from the general principle of free Communistic institutions. But free tramways are also advocated on the ground that the system would be cheaper, and it has been pointed out to working-men that if they pay £5 a year in tramway fares now, they would pay only £3 if the tramway expenses were placed on the rates. But what about the working-men ratepayers with no car line between their dwellings and their workshops? They would still have to trudge and yet pay rates for the tramways they could not use. And what

about those who from choice never perhaps use a car now or who pay far less than £3 in fares? The Communist arrangement would do them an injustice. If they do not take the cars because they have another use for their money, why force them to pay for others less economical or with different tastes? Great emphasis is laid on the saving that would result from the abolition (if possible) of conductors, the only saving. The Socialist system, however, would be a great deal more expensive than the present, for a much better service would be insisted on. A few citizens would probably not use the cars more than at present, but there is no doubt that most would use them, simply because they were free, on innumerable occasions, when they would never dream of doing so if they had to pay to a conductor the actual cost of each trip. Every ratepayer would feel aggrieved if he could not get a car whenever he pleased, and therefore the service would be increased enormously.

In short, the result of the obliteration of prices would be that economic values would not be known or comparative values calculable, and consequently every citizen would actually be paying indirectly for commodities and services on which he would never think of spending money, at least to such an extent, if he had to pay directly.

Again, take the Socialist or Communist institution of free education and the more extreme proposal of free maintenance of children. Since free education is regarded as a precedent for further

instalments of Communism, it is necessary to consider it carefully and determine at whose expense children ought to be educated.

As a general principle, children have rights, in which they ought to be protected by society. They are entitled to receive, not simply education and a beggarly meal once a day when at school, but shelter, clothing, food, education, and every proper attention from birth until economically effective, either from their parents or from the community. It is the duty of society to see that the children are not cheated out of any of these rights. But reformers, instead of trying to obtain for the children as an immediate instalment what is merely an insignificant fraction of their rights during school age only, by means of a Communistic measure which the public with healthy instinct oppose, ought to insist on society protecting them at once in all their rights during the whole period of their tutelage and getting the burden put on the proper shoulders—on the parents, who ought to feel it no burden. This would secure general support, for it is only a small minority of parents who are vicious or negligent. The public in their lazy way are not unwilling to protect the children, but will not assist such parents to shirk their duties.

All humane people admit that society's first duty is to get the children cared for. This certainly must be done, and if impossible on the lines of Economic Moralism, then on Communist lines. But the former is the practicable way, and the right way. However, if any concession to

Communism be made in the present system, only children whose parents are too poor to pay should be kept at the public expense, or preferably by a special tax on the very rich, for whose benefit the many are kept poor—but only as a temporary expedient, and this should be made clear to the public. As a matter of course, orphans and those whose parents are incapacitated for work ought always to be so kept, directly or indirectly. If this qualified and merely temporary Communism were the system, inquiry would be made into the cases requiring relief, and the result would almost certainly be that ere long the public would insist on work and proper remuneration being provided for all, which would remove all need for Communistic measures, for the majority hold back because of the evident want of discrimination in these matters between the deserving and the undeserving, the consequence being that the children are allowed to go on suffering. As regards merely negligent and vicious parents, on the other hand, these ought to be severely and effectively dealt with. In such cases there is far too much respect for the liberty of the individual—the adult individual, that is to say.

The logical sequence to free education is certainly entire maintenance of children at the public expense. Free education and free maintenance stand or fall together. But let us for the moment consider free education alone. What are the arguments in favour of this instalment of Communism? The all-sufficient argument in

the opinion of most people is that the general community is interested in having well-educated citizens, and that but for free education there would be a dearth of these, and a multitude of ignorant people, who would not merely be a hindrance in our competition with other nations, but would fill our jails and workhouses. That is the argument of the ordinary rule-of-thumb politician. While always maintaining that orphaned children and those whose parents are incapacitated for work must be cared for, and cared for well, by the community, the Economic Moralist replies that the purpose would be equally served by education being made compulsory at the expense of the parents, facilities of course in the shape of State schools being provided.

The supplementary argument (one of the slipshod Socialist kind) is that large numbers of the population are too poor to pay for the education of their children, and that consequently education must be at the expense of the general body of ratepayers. But surely the proper remedy is to make certain that no one is prevented from getting the full fruits of his labour, or, in the transition period, a decent living wage. If the income of the country were equitably divided among those who produce it, all parents would be well able to pay for the education of their offspring. The argument can only have force in a capitalist society, for everybody would be able to pay under a just system. There is no doubt that all normally constituted parents take pleasure

in providing by their own efforts for the wants of their children. It is a biological law common to man and the animals. It is not a hardship except to perverted or criminal natures. The hardship for man lies in his being prevented from doing this effectively and to his full satisfaction, owing to an unjustly inadequate income. This natural instinct ought not to be interfered with or weakened, for its activity tends to develop in parents a more acute sense of their wider duties as citizens. Unfortunately, the privileged classes take the view that it is better to grant a little Communism in the shape of free education and a daily free meal than real justice, which would render such Communism unnecessary.

The argument that education ought to be free because it is compulsory is puerile. On the same ground the State should bear all the expense to which it compels, for instance, the shipowner to go, in carrying out the Board of Trade regulations in connection with the building and equipment of his ships.

There is another argument which seems at first sight to be of greater force. It is argued that as all are interested in having the population maintained, every able-bodied person ought to contribute towards the expense of maintaining and educating the children. Communistic institutions under the present system receive a large measure of support because they afford an apparent, although in reality ineffective, means of rectifying unjustly unequal incomes. But under Economic

Moralism, with all incomes settled on the basis of justice, there would be no such excuse. The only reason for educating and maintaining the children at the public expense in those days would be the supposed justice of causing the childless to contribute to their support. If this were just, it would be the very refinement of justice, so much so that it is quite clear that the argument is simply an afterthought. Free education was introduced for quite other reasons than that of ensuring justice between man and man—reasons that appealed to the capitalist class, forced as it was by foreign competition to have a working class with a modicum of education. If the insignificant proportion of the total expense that would be got from the childless is realized, the feebleness of the argument is seen at once. Besides, fancy normal and therefore fortunate human beings, who are fulfilling their natural mission, clamouring for compensation from the comparatively few abnormal and unfortunate ones, deprived, in ninety-nine cases out of a hundred, by circumstances beyond their control, of one of the greatest of human joys!

But in what respect are all interested in having the population maintained? This parrot cry of "the social duty of parentage," although it can be traced back to the Biblical command to multiply and replenish the earth, has only been heard in recent times since the militarists took alarm at the fall of the birth-rate. The cry is to Dumdrudge to produce plenty of food for powder. Malthusians and Neo-Malthusians have

been shouted down. It is the fashion now to make all sorts of demands on the individual in the name of society, and such demands require to be closely scrutinized. What is this social duty of parentage? Why should society be maintained, if the individuals composing it do not wish to perpetuate their kind? There is no reason at all. Duly whittled down, this "social duty" is found to be, at the core, merely a protest against the horrible injustice of allowing the few who can be proved to have selfishly evaded parentage to get in their old age, if they reach it, any benefit from the labours of the younger generation even though they pay for it. Most people will think the price of such superfine justice too heavy.

As a last resort, Socialists have recourse to the argument that it is convenient for parents to have their outlays for children spread over all their working years, instead of crowded into the years of their children's minority. Should this be so, although it seems far from being the case, any arrangements for such a purpose ought obviously to be quite voluntary. There is no reason why the State, or indeed private associations, should not make such arrangements, to be taken advantage of by those who wish to do so.

It may be said that, even if the childless ought not to be made to contribute to the education and maintenance of children, the injustice is not worth making a fuss about, at all events to the extent of upsetting the present educational arrangements. That may be so. But as the existence of

free education is used as a reason for increasing Communist institutions, free education must be exposed in full ethical light. This point must be emphasized. Free education has unfortunately come to be considered an unassailable institution. There is, perhaps, no need for a special crusade against it at the present time, for it may be to a certain extent justifiable on the score of expediency, when established in a society based on inequality and injustice. But it is necessary to insist that it is indefensible *in principle,* and its use as a base of operations for further doses of Communism must be prevented. The corollary of free education, namely, the entire maintenance of children and of all youths right through the university, would entail a serious advance on the expense of merely elementary education. The Independent Labour Party advocate free maintenance and education, not only at school but at the university. How is this to be managed? Has the State to pay over to the parents periodically a sum to cover the cost of their children's maintenance? or to ensure its proper use, has it to give all the meals in the school and university dining-halls, and all the clothes, as found necessary, at the public baths, and so on? Beyond a doubt, if the public authorities are allowed to extract from parents the money the latter at present use for the maintenance of their children, and to pay it back to them for the same purpose, the tendency will be more and more for these authorities to take the spending power out of the parents' hands

and deal directly with and for the children. The people will never tolerate State endowment of the home, but if they did, the system would certainly tend to destroy the home. And after all, why depart from Nature's plan of having children reared and maintained by their parents? Why run counter to the best instincts of the race?

Apart from all the questions as to the mere allocation of the cost, the mere question of financial justice, there must be considered the effect of such a change upon the parents and the children, and upon their mutual relations. If parents are relieved of the maintenance, and consequently in great part of the management, of their children, their close interest in them will of necessity be lessened. The children, too, will be unresponsive to those who come little in contact with them, and have such slight control over them. The bond of affection will be loosened. Parental and filial love will wane. The home as the best possible training school of the citizen will no longer exist. The Communist arrangement too would tend to turn out children all after one pattern, with little or no individuality. Children require particular and individual treatment, which teachers and monitors dealing with them in large numbers cannot give. Only the parents, knowing intimately the peculiarities in constitution and temperament of their children, can give this. Indeed, the line of progress seems to lie in throwing even more responsibility on the parents than at present. The ideal rearers and trainers of children are the

parents, if they are capable and have the time. And ere long all parents will be capable and will have the time. True love of children, united to sympathetic and intimate knowledge of each individual, is the supreme qualification of the rearer and educator of youth, and in the parent more than in any hired person is this qualification likely to be found.

It is such proposals as the public maintenance of children that naturally give rise to the charge against Socialism of breaking up the family. Another of these proposals—a bare suggestion rather, constantly iterated, yet without a trace of constructive thought—is the State endowment of mothers. Certainly, Economic Moralists will agree that every widow with dependent children (and widowers, too, it must be allowed, should be put on a similar footing) ought to be granted a State allowance equal to what she and her family have lost through the death of her husband ; but in proportion as her duties to her children become lighter, she should have the pension reduced, and be provided with suitable work, for no able-bodied person of either sex should be supported at the public expense. But to relieve the woman from "economic dependence on her husband" by granting her in every case a State pension does not seem justifiable. It would be unnecessary, because under Economic Moralism, with the right to suitable work and full remuneration for it guaranteed to every one (and an approximation to this in the transitional period), every woman

would be economically independent of her husband if she did not choose to attend to what are at present considered her domestic duties. It is only when the rights of the children come into the problem that there is any difficulty. Both parents must be held jointly responsible for the proper upbringing of their children. If a man and his wife cannot live together on terms of equality and amity—if the woman, while bearing and tending the children, does not get a fair share of her husband's income (for marriage is economically a partnership), and has to work harder than he does, these would be reasonable grounds for forcing the man to contribute in due measure to the support of wife and children, and perhaps even for annulling the marriage also, but they would be no justification whatever for the State, by making a contribution to the woman from the public purse, to encourage the man to shirk his responsibility. And women ought not to be encouraged by a State endowment to marry men of this stamp; the perpetuation of the race by such contemptible creatures is a social calamity. Strictly, a wife who attends to home and children has in equity a right to the half of her husband's income and no harder work than his, and each ought to contribute equally to the family expenses. By marriage the man and the woman sacrifice their independence (although under Economic Moralism and during the transitional period neither would sacrifice economic independence) in order to gain something greater. There seems no reason

whatever for endowing maternity. The proposal is part and parcel of the project, already considered, of taxing the childless for the maintenance of children. The economic freedom of woman, the perfect political, social, and economic equality of man and woman, can be attained in a more reasonable and natural way. It is remarkable that Socialists should advocate free institutions, or community of goods in the State, and yet decry it in the family, to the extent of insisting on a separate purse for the woman, provided by the State. Communism in the family is the only Communism at all defensible, and yet there is revolt against it.

There is another and very important question in connection with Communism, which, however, opens up too wide a field to be dealt with here. It is the question of the Law of Wages. If free maintenance of children be provided, wages would fall. Provide free houses, and wages would fall still farther. This is one of the serious objections to partial and piecemeal Communism. Under the present system of private property in land and capital, any supposed advantages are illusory. No one would benefit. We should be no nearer our goal. We should have precisely the same state of affairs as under the old Poor Law, when the capitalists deliberately reduced the wages of the workers below subsistence level, knowing that they would be augmented at the expense of the ratepayers in general.

Economic Moralism

It has already been said that certain public services must by their very nature be conducted on the Communist-like basis of taxation, instead of according to the Moralist method of individual voluntary purchase. But they are not really Communistic, because the taxation for them is generally, and ought to be always, levied with the view of reaching only those who derive benefit from the services, and as nearly as possible in proportion to that benefit. These services must be maintained by taxation, because no other method is practicable. For instance, the Army, the Navy, and the police protect the life and property of all, and consequently all able-bodied citizens must pay for this protection. But as the protection is continuous, unceasing, and not intermittent, or contingent on the will of the individual citizen, he cannot buy five shillings' worth at a time as he can hire a seat in the theatre. By the very nature of the services, and the need of all for them, they can be maintained only by taxation, or the collection from each individual of his share of the total cost over a given period. And just in so far as services have these characteristics, they must be similarly maintained. But the admission of public services into this category must be granted cautiously. A jealous watch must be kept on all attempts to extend the principles of taxation to services capable of being conducted on the lines of "pay as you go."

Now, certain services that are continuous and incapable of sale in definite portions, are yet not

of equal benefit to all. Consequently the attempt should be made, and frequently is made, to assess the citizens in proportion to the benefit received. This method is certainly not Communistic, for *the Communist proposal is to have everything free and to take no measures to make use or enjoyment commensurate with productive effort.* For instance, for the maintenance of the lighthouse service, a service that might almost be said to be of equal benefit to all, dues are levied each voyage on every ship in proportion to the size of the ship and the number of lighthouses it passes. Such taxation is ultimately paid in approximately proper proportion by those for whose special benefit the dangers of navigation are mitigated, namely, the passengers and the consumers of sea-carried goods.

Take the case of the public roads. The abolition of the tolls is generally looked upon as a progressive step, and perhaps it may justly be so considered. But, for all that, the Socialist argument cannot be admitted as valid, namely, that as tolls have been abolished and free roads established, so should railways and tramways be free. It is worth while giving attention to this matter. The incidence of taxation for roads has not been kept altogether on right lines since the abolition of tolls, and it requires revision. Undoubtedly, the turnpike toll system had its drawbacks ; it was inconvenient for vehicles to have to stop every few miles to pay tolls, and the system of collection was expensive. But it had its advantages ; if toll-

bars had still existed, motor-cars, which are admittedly responsible for extremely heavy damage to the roads, would have had at once an equivalently heavy tax imposed on them. Now the wealthy owners get off with a very small payment in proportion to the damage they do. There is no reason why a special road tax should not be levied, periodically, on all vehicles in proportion to the estimated wear and tear they are responsible for. The rates levied at the toll-bars were devised with this object in view. With their abolition the new rates were levied on owners and occupiers irrespective of the damage done by the ratepayers, the consequence being that working men and other foot passengers have an extra and heavy payment to make for nearly all the damage done by heavy motor and other vehicular traffic. A periodical tax should be put on foot passengers—that is, on the general community—and it should be a comparatively light one, while there should be recovered from individuals and industries the cost of the destruction of the roads caused by their vehicles, which is easily enough calculable and adjustable. There is therefore no ground for the Socialist argument that tramways and railways should be free in the Socialist sense—in the sense of the total divorce of the use or enjoyment of services or commodities from the payment for them. Besides, roads cannot be placed in the same category as tramways. One cannot step out of one's house without making use of the roads, but there is no like necessity to use the cars.

Errors and Dangers of Socialism

The discussion of Economic Moralism *versus* Socialism would be incomplete without some consideration of the principles according to which labour ought to be remunerated. The impression exists that under Socialism the individual would receive an allowance in some way in proportion to his needs—a most indefinite standard. Under Economic Moralism he would be rewarded in proportion to his actual work. The vagueness of the Socialist proposal renders it somewhat difficult to deal with. But if we look into what is probably the inmost meaning of these apparently antagonistic principles, we find a possibility of conciliation and agreement. The Socialist has an honourable and praiseworthy desire to secure the protection of the weak. He therefore insists that as an act of justice the equal need of all individuals, whether weak or strong, for the necessaries, comforts, and luxuries of life should be recognized in practice. That is his sweeping demand, which he maintains for the reason that the economically unfit, those incapacitated for work by any infirmity, temporary or permanent, ought not in justice to suffer economically in consequence of their incapacity. The Economic Moralist agrees with this in principle, but has a different remedy. He contemplates providing specially for such people out of the national treasury, so that they would be as well off as if they had been able and willing to earn their living. The same principle would hold good in the case of actual workers less capable than their fellows. But here it would be more difficult to

apply it, for it is not easy to distinguish genuine inability from indolence and malingering. It is admitted that all workers are not equally capable, although in the case of the great majority there is really little difference, very few being much over or much under the average. Some can certainly turn out equally good work at a greater speed than others. Nevertheless, according to the Moralist precept that we should bear one another's burdens (that is, the consequences of accidents and of personal infirmities incurable by economic pressure), they ought to get only the same remuneration as those who, with equal diligence, turn out less work in the same time. This is quite acceptable in theory, but in practice, as has been said, a great difficulty lies in the discriminating of the diligent but slow worker from the lazy. In fact, discrimination is practically impossible except by the test of economic reward. It seems advisable, then, to remunerate workers, as far as possible, not in proportion to the time they have worked, but in proportion to the quantity and quality of the work actually done, in order to correct laziness and preventable incompetence.

But this check on labour does not necessarily defeat the Socialist principle, for the incurably slow or incompetent at certain work need not remain at work for which they are evidently unfit. Suitable employment could be easily found for them in other and equally useful departments of labour, where they would be able to earn as much as any one. For equivalence of functions is a Moralist

principle ; under Economic Moralism, all kinds of workers will be equally esteemed and as far as justly possible equally remunerated, due allowance, however, being made for unavoidably disagreeable or unpopular work—*vide* Blatchford's Prime Minister and collier under Communism. At the same time, the utmost discretion consistent with public economic efficiency would be allowed the individual as to the amount of work he would have to do. Remuneration being in proportion to work, the work done by the individual would vary with his desire for commodities and services. The most potent factor in the economic activity of ordinary mortals is the prospect of reaping the fruits of that activity, and only to the sentimentalist does this natural motive seem sordid. Socialism shortsightedly proposes to disregard it.

With respect to the much debated question of the reward of genius, the rarer kinds of aptitudes and abilities should not in equity receive a higher rate of remuneration than the common kinds. Genius is its own reward, and all it really demands is opportunity for its exercise.

Enough has been said to demonstrate the ethical and economic superiority of Economic Moralism over Socialism, and the necessity for discarding the latter. The main contention, namely, that the Moralist method of giving individuals in some kind of currency the value of the socially useful work they do, and of allowing them to demand and receive any commodities and services they are ready

to pay for, and to pay for them in proportion to their cost, is preferable from every point of view to the Socialist principle of providing gratis only such commodities and services as the majority may think necessary, by the forced labour of everybody, including the dissenting minority.

It is frequently said that in a truly democratic State there could be no State tyranny, that the people could not enslave the people. But the individual under Socialism would of necessity be tyrannized over by the majority, not intentionally, but because tyranny would necessarily result from the system, even if every citizen had all the virtues of an archangel.

Economic Moralism, on the other hand, stands for freedom and justice, and yet really includes what Socialists mistakenly imagine Socialism alone to stand for, namely, solidarity and mutual help.

PART II

THE ECONOMIC FRAMEWORK

SECTION I

THE IDEAL: BASED ON ABSOLUTE ETHICS

CHAPTER IV

PUBLIC OWNERSHIP OF THE MEANS OF PRODUCTION

THE ethical basis of economics having been discussed, the ideal economic framework of society—that is, its economic structure as suggested by Absolute Ethics—must now be considered. In doing this we must avoid the errors of the Utopists, who were led into them by the hopelessness of concerted national and international action in their time, and we must build up our ideal on the lines now indicated very clearly by modern economic evolution.

Only after developing our ideal in its broad features can we consider the shortest and most practicable way of realizing it, and see what steps can be taken in that direction in our present stage of social progress that would be justified by Relative Ethics.

Economic Moralism

The main principle that has emerged from our ethical investigation is the public ownership and management of the means of production, this being the only method of securing justice and economic independence in the modern system of wealth production—a system which, owing to its tremendous economic efficiency, is not likely to be given up, although many think, perhaps rightly, that this is more than counterbalanced by certain disadvantages. In primitive society the individual could get access to the land, and with his own hands make his weapons, tools, and implements, his economic independence being secured by tribal custom. The so-called "communism" of primitive and savage man, as well as that of the mark, the mir, and the village community, was really a mode of property-holding which secured to the individual access to the means of production. But war and conquest, and in later times the growth of commerce and of the division of labour, with the resulting complexity of social and economic life, conspired to break down these just primitive social arrangements and deprive the vast majority of mankind of their economic independence. This independence, it is beginning to be recognized, must be recovered. Man has up till now been swept along helplessly by the forces of social evolution. Now he begins to understand them, and to see how he can guide evolution and control his destinies. The people are going to secure on a higher plane that economic independence of which they have so long been deprived.

Ownership of Means of Production

Modern economic life has in the course of evolution arrived at the stage when production is to a certain extent socialized. That is to say, just as in the factory or the workshop the workers are organized in co-operative fashion for the production of wealth, which, however, is only in part for them, the whole of the civilized world is one huge co-operative concern, wholly devoted on its economic side to the production of wealth on the basis of division of labour and interchange of commodities. In other words, all parts of the world, all sections of workers, are interdependent. This world-wide economic system, however, so marvellously effective in wealth production, despite the great waste due to its management on individualist and competitive lines, is not run, any more than the individual factory, for the benefit of the people who do the work, but primarily for those who own the means of production, the capitalist classes. The collectivist principle operative in the production and transport of wealth must now be extended to the ownership and division of wealth for the purpose of economy and of justice between man and man. Accordingly, the means of production can no longer be allowed to remain private property, but must be publicly owned and used for the production of wealth for the workers only and for those unable to work. All must have the right to work and the right to just remuneration, those who are unable to work having the right of maintenance. Able-bodied persons must not have, as at present, the opportunity of living

on "unearned income," such as rent, interest, or profit, but must work for their livelihood. Moreover, unjust inequality in remuneration of labour must be abolished.

The means of production may be defined as all capital or material wealth used for the production of further wealth for exchange, and all land that can be similarly used. The term "land" includes mines, quarries, water power, and every other natural agent and object, although some land, such as that for dwelling-houses and gardens, as will be shown later, might under certain conditions be handed over to individuals for their exclusive use during a fixed period or for life, or even to be bequeathed to those who have been associated with them in joint ownership or enjoyment. The term "industrial capital" in its ordinary acceptation defines with sufficient precision the kind of capital which must be held as public property.

Whatever may be the mode of holding and managing public property, it must be such as will preclude the extraction of rent, interest, and profit on any pretext whatever. All capital would be the inalienable property of the nation, each generation maintaining it in efficiency and handing it on to the succeeding generation unimpaired. It would be held as a public trust, an essential condition being that no one must be taxed in any way for the maintenance of capital that does not minister to his wants. Every person, however, must contribute in the price he pays for goods and services sufficient to replace the capital expended in their pro-

duction, and to increase it in case of a legitimate growing demand.

The object of collective ownership and management is to supply effectively and equitably the material wants of all the people. Capitalism has failed, and by its nature must fail, to do this. The whole machinery of production must be used economically and efficiently for this purpose. This implies, as has already been said, work and corresponding wealth for every able-bodied person. The demand of the individual for wealth will necessarily be limited by his possible income as producer or pensioner, and this income will increase directly in proportion to the progress of industrial efficiency. But within these limits his demand will be effective. Wants will determine the work, and the more wants the more work. The common complaint that there is not work enough to go round would be obviously ridiculous in an economic system so organized. But the amount of work to be done by any person will be in proportion to that person's wants and not to those of others. Statistical information of the wants of the people will have to be obtained. In the capitalist system there is no organized collection of such statistics. Producers continue producing at their usual rate, or regulate production according to prices, or wait till orders come in from the merchants, who, again, are moved to give them as their stocks are depleted or as the prospects of demand seem roseate. Miscalculations as to demand are consequently made, which result in

over-production or under-production, and miscalculation is easy, because each producer is ignorant, not only of the actual demand, but of the operations of other producers, the result of course being feverish activity over a whole industry when a demand is felt, followed by a glut in the market and unemployment. Without accurate statistics of demand, producers work in the dark, and production is not kept commensurate with demand. Moreover, owing to the influx of capital into any industry that gives signs of improvement, the means of production in that industry are frequently increased until they far exceed the normal requirement. This is wasteful, and tends to impoverish the community.

Statistics of demand being absolutely necessary, a system of collecting them would be an essential feature of a society with a rational economic organization. Such a system in a crude form was one of the most remarkable institutions of the Peruvian civilization under the Incas. At the present time the retailers in any given district could without much trouble provide figures which would show the average consumption of the district. In the future there would be an effective organization for supplying the figures necessary for the maintenance of the equilibrium of supply and demand. Local distributive stores would be established in every district, and these would be in touch directly or indirectly with the central offices of the various productive guilds, such guilds covering the whole field of industry. The dis-

tributive stores would in this way supply the orders to the productive centres. There the experienced officials would be able from these returns to forecast the demand of the country, and thus keep the wheels of production duly in motion. What was to be produced would be decided by the consumers, as indicated by their demands, and not by the officials, who would merely set the machinery in motion for the satisfaction of the wants of the public. Not only would the general taste be considered, but individual consumers would be entitled to give special orders and have these executed at cost prices. The central offices of the guilds would perform such work as is now done to a certain extent in the co-operative movement by the Co-operative Wholesale Societies, and would do efficiently and economically what is done ineffectively by the whole class of wholesale merchants in the present system. They would deal with the demands from the different districts separately when giving the orders for supplying them, and would give them to the places of production nearest these districts. Population would be distributed more than at present according to the productive capacity of the various districts. Towns and cities kept up largely by the idle rich at present would lose population, which would cluster round the spots where production could be carried on most economically. Districts in which raw materials are obtained would not be reduced in population so long as the raw materials could be got most cheaply there, but some manu-

facturing districts might in the transition period suffer a great change in number of population, as, owing to anomalies inherent in the present individualist system, they may be situated in a geographical position economically unjustifiable, and even under the ideal system changes would sometimes have to be made. As every local community would owe its existence to the national demand for commodities which it was specially fitted to produce, all property in such a locality owned by the community in its corporate capacity and by individuals in their private capacity would have to be considered as an investment encouraged by the consumers of the commodities produced there, and consequently, if it were discovered that the same commodities could be produced more cheaply elsewhere, the question of " scrapping " all that capital and conveying the population to a new centre would be complicated, not only by the loss to the community of the property owned by it in its corporate capacity, but by the necessity of giving compensation, at the expense of the consumers of its products, to private individuals for the loss of immovable property for personal use and enjoyment in that district.

Each trade or industrial calling would have a central office of its guild or union which would connect the local branches of the guild. Each guild in actual practice would hold in trust for the consumers all the capital required in its industry, but it would be under national control, powers being delegated by Parliament to the guilds.

Therefore the means of production in any district would not be singled out and treated as the property of that district—that is to say, differentiated as municipal and national. For effective organization in production, each industry would be organized by itself for the whole country as a guild with control of the capital (public property) required for the production of its commodity. It would undertake to supply the demand for that commodity anywhere, and would aim at economy in production. If the commodity could be produced more cheaply on a large scale for a large district than in each locality within such district, this would be done. Prices charged consumers would be the same everywhere. The carriage of raw materials or manufactured goods into any locality being charged against the various kinds of goods exported from the locality (the main problem of economic rent being thus solved),[1] and the principle of remuneration[2] being the same everywhere, every locality would be equally favourable for consumers.

Let us take a few illustrations of the way in which the guilds would supply the wants of the community. These are given only by way of suggestion, for all such questions require much thought and discussion, and they have as yet received practically no attention at all. The proposals are advanced here tentatively and without pretension. Dogmatism on such subjects is ridiculous. In due time the proper system, firmly based on ethics

[1] Chapter VII. [2] Chapter IX.

and economics, will be evolved as the result of suggestion, discussion, and the logic of events.

The guilds would be very numerous, and as has been explained, each would be organized nationally for several reasons—for instance, for the purpose of coping with exceptional demands in localities, and for the purpose of comparison of conditions and remuneration of labour, as well as for ensuring equality of service to consumers.

To illustrate these principles, it would be well to consider one of these guilds in slight detail. Let us consider the economic machinery that would have to be set in motion in connection with the production of wheat from the time the demand for it is made to the time it is delivered raw or prepared for consumption. The consumers would order their supplies in the form of breadstuffs, flour, wheat for seed, poultry, etc., from the distributive stores, whose business it would be to forecast by the aid of experience and statistical data the wants of their respective districts. Each store would be in touch with one or more productive guilds. The bakers' store, for example, or the bakers' department of the general store, would instruct the local branch of the bakers' guild regarding the supplies required. This branch would produce the articles, and in its turn would keep itself supplied with the materials necessary for production, such as flour, fruit, salt, sugar, etc. It would, either directly or through a central office, order the flour from the mills nearest it, where it would always get its supplies, statistical returns

from the mills being sent periodically to the headquarters of the guild. The mill would order the various kinds of wheat required for milling from the central office of the millers' guild, which again would order them from the central farmers' guild. The latter would also receive through other channels the orders for seed wheat, etc. It would get as much produced in the country as possible with economic advantage, and would order the remainder from abroad. The farmers' guild would thus have to deliver the required quota of wheat to the various mills and distributive stores, and would arrange for production so as to save carriage as much as possible. Of course other agricultural products would be required, and the guild would aim at producing nearest the place of consumption the most perishable kinds of produce and such as were least easy to transport, to the exclusion of other kinds if necessary.

As regards prices, the farmers' guild would have to strike the average price of home-grown wheat. The necessary time expended on each kind of crop on each farm, plus the time cost of seed, of the depreciation of buildings and implements, as well as the carriage on goods for the farms, would be placed against the products in proper proportion. The average price of wheat would be affected by the price of the foreign-grown wheat bought for mixing and to supplement the home-grown. This average price would be charged everywhere, the reason for which will be adduced in the chapter on the Equitable Distribution of

Economic Rent. Similarly with the price of flour —the cost of the wheat, the labour and other expenses of milling in all parts of the country would be ascertained and a uniform price struck.

But another factor must also be taken into account. A densely populated district, densely populated because favourably situated for production, is able to economize in many ways owing to the very density of its population, a mill or factory on a large scale for the supply of local wants being more economical than one on the small scale necessary in a sparsely populated district. This is also productive of a form of economic rent. In strict justice the disadvantages in the latter case should be borne by the consumers of the product or products which the smaller community has been directed to produce, and the advantage in the former case should be shared by the consumers of the larger community's products. Therefore, although an average be struck for the whole country and that price be charged everywhere, the difference between the actual cost and the average should be credited the said consumers through the productive guilds in the former case and debited them in the latter. This does not involve much extra accounting, for in any case the actual cost of production in every district and factory would have to be ascertained before an average could be struck.

Now consider a problem of a somewhat different kind—say the incidence of water rates. The cost of collection of the water, whether in wells or

reservoirs, must be borne by the consumers at the average cost at the places of collection. But the water supply for a district or a number of districts might have to be brought from a great distance and at great expense. The difficulty of getting water might be one of the disadvantages of any community, especially established in a certain locality, as all communities would be, for the purpose of producing a commodity or commodities required by a section of the nation. Therefore, the expense of conveying the water (as also all other articles) ought to be borne by the consumers of such commodity or commodities, since it is for their benefit the community is settled in the locality.[1] The carrying out of the water scheme, however, would not be left to the local community, which might be careless of expense, since the cost would be borne by the consumers of the exports of that community. It would be left to the engineering experts, and with their experience and scientific knowledge they would as independent parties arrange for the delivery of the required quantity of water in the most economical way possible. They would have no temptation, like engineers and contractors in the present individualist system, to make work for themselves and exploit the public. By the exercise of foresight all such work could be so arranged as to give steady employment to a regular staff. But in case of an interval of unemployment between two such undertakings, a sufficient extra charge would be made for every

[1] Chapter VII.

undertaking, for the purpose of forming a fund for the payment of such of the staff as could not be drafted immediately into a cognate industry. If the waterworks supplied two or more localities, the cost would be shared. The delivery of the water to consumers—that is, the cost of pipes within houses—would be borne by the consumer, for such expense would depend on the size and arrangement of the house, which again would depend on the whim of the individual. A permanent staff of men would be required to maintain the waterworks and the pipes in good order, and would be employed by the productive guild concerned, a section of the engineers' guild.

Take now the case of the tramways. Here again the cost of materials and labour, which would be supplied by the proper branch of the engineers' guild, would be the same everywhere. The carriage of material for construction imported into the district would be placed on the exports,[1] but all the cost of laying and building and of running the tramways would have to be borne by the users and by them alone. If, however, owing to the nature of the ground, it is anywhere more expensive than usual to lay down tramways or to work them, the extra expense should be put on the exports, for, as we have seen, the disadvantages of a district must be borne by those for whose benefit the community is settled there. Similarly with lighting and local roads.

With regard to railways, the users, and they

[1] Chapter VII.

alone, must maintain the capital. The railways would have to be managed by a special guild. But who would decide that a new line should be laid down, and who would provide the funds? The question of the maintenance and renewal of capital will be fully dealt with in a later chapter,[1] but let us glance at the other part of the question here. Those who are interested ought to decide and provide the funds. But those interested are the consumers of the exports of the district to be served, for, as said, all carriage of imports into any locality must be placed on the cost of the exports.[2] These consumers, however, would be scattered over the country and would have no natural cohesion. Accordingly, their interests would have to be safeguarded by, say, the transport guild, which would have full information regarding the natural resources of the country, each district being under the eye of its own officials. The means of transport would as a matter of course be periodically surveyed with a view to economies and improvements. Full data would be procurable to enable the experts to come to a satisfactory decision, and this would prevent the construction of unnecessary railways, which frequently happens under the speculative and competitive capitalist system. Suppose a railway to be proposed for a district served only by a road and a river or a canal. As no one would lose through the competition of the new method of conveyance, as no vested interest would stand in

[1] Chapter VI. [2] Chapter VII.

the way, no one would be interested in withholding information or misleading the promoters. Neither would any one have any pecuniary interest to serve in having the railway constructed. The two systems would be considered impartially on their merits. All that would be required would be a calculation of the comparative cost. If there were no natural advantage that could only be exploited by a railway, if therefore no increase in the volume of goods or passengers could be expected, except such as would result from cheaper transport, the cost of carriage by the old system, which would be accurately known, say, cost of maintenance of roads, horses, carts, motors, barges, and cost of labour, would be set against the estimate of the cost of running the railway, maintenance of same, and repayment of loan capital, plus the expense of the old system in so far as it was still used. If the railway were likely to be a more expensive means of carriage than the old system, it would be an unjustifiable luxury.

We have indicated that every kind of productive capital must be raised from and maintained by the consumers of the commodities produced by it. It is to be managed and worked by guilds of experts, each guild holding its necessary productive capital in trust for the consumers of its products. But these guilds would have to be controlled by Parliament, which would also have to sanction new undertakings or extensions, and their actions closely watched in the interest of the public by local elective public bodies in touch with Parlia-

ment. The principal work of Parliament would be legislation for the regulation of the industrial arrangements of the country, and this work would be a simple task in comparison with the work of Parliament now. Parliamentary work at present consists largely of attempts to patch up a working agreement between the necessarily antagonistic forces of capital and labour. It consists of attempts, always abortive, and therefore continually to be renewed, to deal with problems of poverty and pauperism, with the conditions of labour in field, factory, and workshop, against the pecuniary interest of the capitalists. When the privileges of capital are abolished for ever, when all capital is held in trust for the common good, and there is but one class in the community, the main work of Parliament will be to lay down, for the guidance of the various guilds of experts, the particular applications of the recognized principles of industrial and general economic life. It will also be the final court of appeal for disputes between such guilds and the general public, and between individuals and any public body, guild, or trust. The guilds will be departments of the Government service, and their by-laws will have to be in accordance with the legislative measures affecting them. They will not have arbitrary powers, any more than the postal department or guild has now.

Parliament and the local councils, through which the voice of public opinion will make itself heard, will be valuable, not only in supervising the remun-

eration and conditions of labour, but in ensuring efficiency. Consumers under Capitalism have but little control over the quality and cost of goods or services. They may complain, and may get redress or may not. The complainer may deal with another supplier, with perhaps no better result. He possesses no other control. He must either persuade or frighten his supplier into providing what he wants at what seems a reasonable price. And owing to the increase of combinations and trusts this becomes yearly more difficult. Under the new system it would be useless to threaten to go elsewhere. Therefore, if the individual could not get his complaint attended to by applying to the local distributive guild, he would have to be placed in a position to appeal to a higher authority and an impartial one. The higher officials of the guild might be appealed to first, and if there should be no redress, appeal could be made to the local town or county council, whose principal function would be to deal with such disputes. If necessary the local council, or the individual himself, would carry the case to the law-courts, and in the last instance the Legislature might see fit to institute legislation to determine the respective rights of guilds and public. The same course might be taken by the members of any guild against the regulations of the guild.

The guild regulations themselves would be such as to discourage inefficiency. If one factory's products should cost more to produce than another's, it would be due either to antiquated

machinery or methods, or to inefficient labour. Be it noted, however, in passing, that this cost would not be put on the goods actually produced by that factory, because one price for the article would be charged everywhere—it would merely tend to keep the price high over the whole field. If the machinery were at fault, this might be tolerated because according to calculation it might be more economical to wear out the machinery than to scrap it. If, on the other hand, the methods were unsatisfactory, a new manager or new foreman could be drafted in from a better managed factory. If the workers were slower than others elsewhere, unless this were due to climatic or other unavoidable local conditions, such workers themselves must suffer for such a fault, and be paid for the work done at the average cost, and not for the time expended upon it.[1] Again, if the articles were of inferior quality, they would have to be sold at the price they would bring, and the producers would again be made to suffer. If the goods could be sold with difficulty or not at any price, the producers would have to be the sole losers, and if they could not improve, would have to be put to work better suited to their capability. The central office of each guild would have to compare the returns of the separate workshops and factories with each other, and not only encourage emulation, but punish defaulters by giving them reduced remuneration.

There would be no occasion for apprehension

[1] Chapter IX.

of supplies running short. One year's supply would vary little from that of another, and the control would be practically automatic. When production is adjusted to the needs of the community, its rate will be very regular, year in, year out. Fluctuations in fashion will be little known, changes in fashion arising for the most part only in a society with strong class demarcations, in which the privileged or upper classes always flee from the adulatory imitation of their dress and habits by the lower classes. In a system of economic equality this would disappear. Besides, the fact of all being economically in the same class would cause a steadiness of demand. Agricultural and horticultural production being dependent on weather conditions and being accordingly uncertain in result, a margin would have to be allowed to meet shortage due to bad seasons. On the whole there would be far less danger of scarcity of any article than in the present system with its want of co-ordination.

CHAPTER V

PRIVATE PROPERTY

UNDER an economic system based on Absolute Ethics every able-bodied person will receive an income for the work he or she is engaged to do for society, and every one will have the right and the opportunity to work. Those also who are wholly or partially incapacitated for work, by disease, or accident, or old age, will receive an equitable allowance from society.[1] The net social income will thus be dealt out to individuals to be spent. Charges for industrial purposes, such as for renewal of capital or depreciation,[2] will be made by addition to prices, and taxes for public purposes will be levied from individuals.[3] But after all deductions have been made, the individual will have a very large amount of purchasing power placed at his disposal. With that he will have to satisfy all his personal wants, except those already satisfied wholly or partially by the necessary free public services.[3] He will be at liberty to spend his income in what proportion he pleases on food, clothing, housing, furniture, books, amusements, travel, and anything else. And

[1] Chapter X. [2] Chapter VI. [3] Chapter XI.

he will be entitled to spend it at once or to save it for future use. Accordingly, private property will hold a very strong position in the future, and will in ample measure be within the reach of every one, instead of, as now, only within the reach of the few. The individual will hold strict proprietary rights, in so far as he does not share them voluntarily and by contract with others, in his house or houses, his furniture, garden, vehicles, animals, implements and tools for utility or pleasure. Full liberty will be accorded him to be as narrowly individualistic as he pleases with his own property, or to satisfy his social instincts by having community of property with such of his fellow-citizens as he chooses.

The right of sale will necessarily appertain to every proprietor, and to this no objection can be raised. People will undoubtedly desire to sell property they no longer wish to possess, and it would be unreasonable to put obstacles in the way. It would be bad economy to prevent the transfer of property from the person who no longer wants it to one who can make use of it. The only difficulty lies in determining the fair price and having the exchange effected on that basis. It would be quite impossible to prevent private bargaining and selling. Mistakes might be made as to the real value, but such transactions would be between a willing buyer and a willing seller, and, as is seldom the case at present, these would be economic equals. There would be little likelihood of a higher price being got for an article than

the original price, because the buyer would be able to buy from the distributive store at the original price, unless, of course, the cost of production had increased—and in view of progress in science and the arts, an increase would be less likely than a decrease. Objects of art and rare articles might command a monopoly price, but if the owner happened to prize them very much, he would require adequate compensation for the loss of them, and the determination of this might safely be left to those immediately concerned. The ridiculously high prices obtainable at present for pictures and articles of vertu are due to competition between the very rich, owing to these providing a means of gratifying their desire for ostentation. On the other hand, most sales of second-hand property might be made at lower prices than the real value if there were no facilities for sale. To obviate this injustice, the distributive store might institute a department for the advertisement or exhibition and sale of such property.

But the question of private property stands in close relation with another and more important one, namely, that of the liberty to be accorded individuals of conducting industrial and commercial undertakings independent of State management and control. In the first place, ought the State to protect itself by instituting a monopoly in all its industrial and commercial undertakings? Secondly, ought the State to prohibit individuals and companies from entering into such ventures as the State fails or refuses to take in hand?

Economic Moralism

If State monopoly is not necessary to ensure substantial justice between man and man, or to render a branch of industry or commerce an economic success, it has no justification. Considered in its ethical aspect, competition of private enterprise with the State would not be injurious to the workers so far as remuneration of labour is concerned, since no one would work in private employment for less than would be paid by the State. Strict moralists might find objection to the price charged consumers, if it were sufficient to yield a profit to the capitalists concerned. Objections to profit-making are unassailable, and with a high standard of morality profit-making would be eschewed by the promoters. In any case, for successful competition with the State, lower prices would have to be charged, or better commodities produced, in order to induce consumers to buy. This would be not only a material but a moral advantage to the community, as an example would thus be given to the State department concerned. If the department or guild should lag behind in its activities, it would be due to a slackening of the moral fibre of the staff of the department, and competition from without would be of public service, if this were the only way of giving it tone. But in principle every effort would be made by the public representative bodies to utilize within the appropriate department all the energy and ability available, and so preclude competition. There would, however, be very slight likelihood of such competition, the principal draw-

back being the lack of large accumulations of capital in private hands, and the consequent necessity of collecting capital in small sums from very numerous individuals, which would be a difficult matter, likely to be attempted, not for profit but solely under pressure of intolerable conduct on the part of a public productive or distributive department. It is, however, improbable that a public department would not be controlled otherwise—say, by pressure of public opinion expressed through local or national legislative and administrative bodies.

On moral grounds alone there seems no good reason to prohibit competition of private individuals with the State. But from the economic point of view it must be looked at askance The community, let us suppose, has capital invested in a certain department of industry. Owing to a new invention the same value of new capital would effect a great saving of labour and so cheapen the product. Clearly, under individualism, the new capital would render the old less profitable, if not quite useless, and the new capital would oust the old. All the loss would fall on one set of capitalists, although ultimately all such loss is borne by the capitalless workers, who provide others with capital to speculate or gamble with. But under the system advocated here the loss of capital would be borne by the community, and therefore that loss must be set against the gain. In some cases it might be advisable to scrap the old capital at once, and in others to use it up in the usual course, and intro-

duce the new only when the old had been quite used up. The problem would be solved quite simply. It would be a matter of arithmetical calculation. Now, if competition from without were allowed in this case, the private capitalists would force the public department concerned to scrap the capital at once, causing manifest loss to society. Evidently, then, such competition could not be allowed. There seems, therefore, considerable ground for upholding in practice the right of the State to monopoly in production and distribution. But as this monopoly right will be acquired in the transition period it will be extended as found convenient and justifiable, on all grounds, even if necessary to the exclusion of all competition. The evolution will accordingly be gradual and natural, and will be based on experience, and there seems, therefore, less likelihood of a serious mistake being made than if a peremptory decree put a stop to all competition and placed the economic destinies of the nation in untried hands. Individuals will certainly, during the transition period, take up enterprises that the State fails or refuses to take up. Further, there seems no reasonable objection to such liberty being allowed in certain circumstances even under the fully realized system. Permission however, would have to be got from Parliament, which might order the promoters and the public department concerned to debate the pros and cons before a parliamentary committee. If the department could show no good reason for refusing to undertake the business, it would be compelled to

undertake it. If it could show no good reason for prohibiting private individuals from taking it up, powers would be granted the latter, or they would be organized as a branch of the public service, if Parliament deemed it advantageous to the community. At the same time, Parliament would settle the terms on which the State at some future date might take over the undertaking if it should be on a private basis.

The right of private property involves the right of gift and bequest. At the present day the right of gift is hardly ever called in question, but bequest is limited to a considerable extent, and the limitation supported by the most active defenders of private property. Herbert Spencer holds that from "an expediency point of view" there are strong reasons that unrestrained giving should not be allowed. And as regards bequest, which is, as he says, "postponed gift," he justifies death duties for revenue if politically expedient under existing conditions. He also justifies further curtailment of the right of bequest on the ground that "as bequeathed personal property is habitually invested, power to prescribe its uses without any limit of time may result in its being permanently turned to ends which, good though they were when it was bequeathed, have been rendered otherwise by social changes." He says that "an empirical compromise appears needful," and that the power of directing property not bequeathed to children should be limited.

All this restriction or limitation of the right of gift and bequest is encouraged and justified by the present unjust economic system, and only under Economic Moralism would the right be relieved of such limitation. Under conditions of economic equality it would be unjust to interfere with the disposal a person chooses to make of his property. But under Capitalism the distribution of wealth is so obviously unjust, that it is admitted on all sides that the State should have for revenue purposes a substantial share of large estates at the death of the owners, although it is doubtful whether the confiscation of capital at death is superior to the confiscation of income during life. The principles of taxation under Moralism would necessarily be totally different from those at present in vogue, and there would certainly be no death duties—that is, confiscation of private property—unless there were no will and no near relatives. In the present system there is much to be said in favour of death duties, but on large estates alone, small estates, especially those bequeathed to near relatives, being most unjustly overtaxed.

The objection that Spencer raises against the power of the testator to prescribe for ever the use to which his estate must be put is valid only under Capitalism. As he recognizes, the capital sum is habitually invested, and since the rent or interest accrues for ever and ever, the absurdity is apparent of an individual dictating to subsequent generations the purpose to which the result of their own labour, not his, is to be put. Spencer is

obsessed by the capitalist idea of the principal sum or capital being productive for ever of rent or interest. Under Moralism every person might safely be allowed to direct the use of all the wealth he himself had earned, provided the object were lawful. There would only be the principal to spend, and it would necessarily be a modest amount and soon exhausted.

Similarly with Spencer's objections to "unrestrained giving," which, however, he short-sightedly confines to charity or almsgiving. He overlooks the fact that in a system like the present, with some immensely wealthy men and innumerable poor ones, it is possible for the wealthy to corrupt legislatures, administrations, and citizens, in many ways not yet recognized as illegitimate. The evil resides, not in the right of gift, but in the unjust economic system which renders possible such inequality of wealth.

As to the ownership of dwelling-houses, individuals would be allowed sites under certain conditions as to rent and eminent domain, on which they would be allowed to build houses to suit their needs and tastes, after the plans had been approved of by the authorities appointed to preserve the amenity of the district. As regards publicly owned houses, necessary for the nomadic part of the population, these would be let for periods at a rent that would cover upkeep, depreciation, and insurance. But the existence of such publicly owned houses would depend on the desire of

individual citizens to save a part of their income for future consumption and on the comparative importance of other necessary public works projected at the same time. Buildings for industrial or public purposes would be managed like any other form of public capital, and a charge would be made only for depreciation.

CHAPTER VI

RENEWAL AND RAISING OF INDUSTRIAL CAPITAL

ANY given capital would be renewed, or maintained, by the inclusion of a sufficient sum in the price of the commodities in the production of which it is concerned and in the price of the services which it renders possible. It would therefore be maintained, not by all the citizens of the State as under Socialism, but only by those who derive benefit from the commodities produced or the services rendered by its aid. After capital had been acquired as public property, no charge would be made for interest on it. The use of it would be free to all, but each person would, when buying any article, pay enough to replace the capital consumed in its production—in other words, to cover depreciation. Under Capitalism the consumer pays both for depreciation of capital and for profit.

In the transition period the nationalization of all enterprises recognized at any given time as suitable for collective ownership and management might be effected by the maintenance of the prices in whole or in part charged under private management, and utilization of the profit as payment to

the capitalists for their capital, on which of course no interest would accrue. Thus 10 per cent. profit per annum would pay off the capital in ten years, or 2 per cent. in fifty years. When the capital had been paid for, prices would be reduced to a figure which would only suffice for the upkeep of capital. The nationalization of capital is a simple matter from the moralist's point of view, although it presents grave difficulties to the practical politician. Capital has under Capitalism been almost entirely acquired and maintained by means which call for the sharpest ethical condemnation, and strict justice enjoins the confiscation by the State or aggregate of citizens of all except such as has been saved by the individual from his morally legitimate earnings. But if capital is to be paid for by those who have been robbed for so long, it is clear that each should contribute to the industries of benefit to him, in proportion to his need for them—that is, in accordance with the extent of his purchases. According to the same principle would capital be renewed under Moralism. In this way teetotallers, for instance, would not have to pay for or help to keep up breweries or distilleries.

Greater difficulties would be presented by the extension or increase of capital necessitated by the increase of population or by the development of the public taste, as well as by the starting of new kinds of industry or any forms of enterprise for which there might be a demand and which would require the raising of new capital.

Renewal of Industrial Capital

An increasing population would require an increasing productive capital. More food and clothing and other manufactures would have to be produced. Capital would consequently have to be increased in proportion to the increase of the population. Who ought to provide this additional capital, and how ought it to be collected? It would have to be raised either from the whole population or from the parents of excessively large families. In strict justice, the latter, as being wholly responsible, ought to supply the extra capital. That, however, would be impracticable. But with the population pressing on the means of subsistence, the general standard of comfort would be reduced, and the necessity of having to provide extra capital would alone be sufficient to induce the great majority of the population to adopt effective means of keeping the size of all families within bounds. How this ought to be done does not fall within the scope of the present discussion. In the capitalist system, in which wealth is taken from the workers like honey from the bees, and to such an extent that capitalists are able to save large quantities for investment, there is always a demand for labour to render the new capital productive. Were there no increase of population, there would be no need for fresh capital, which requires labour to render it valuable, except to oust what is in antiquated form or to provide for changes in demand. Whether it is expended by the capitalists on personal gratification or saved for investment is of little importance to the workers under Capitalism,

since they have to provide the capitalists with all the wealth produced except what is necessary for their maintenance. It would be otherwise under Economic Moralism. The pinch would be felt by all, and the cause of it would be made clear. Large families would have to be discouraged in the interest, not only of the community at large, but of the children, because parents depending solely on their own labour for the means of livelihood for themselves and their children would not be able to maintain their families in the standard recognized as proper by the community. But it would be difficult to arrange to keep the population exactly stationary, and therefore for every department of industry a reserve fund would have to be formed for the purpose of increasing productive capital when required. This reserve fund would have to be further increased to cover other contingencies. The public taste for any given commodity or service may develop or may fall off. Suppose that the taste for the drama grows to such an extent that new theatres are required to meet the demand, who ought to find the extra capital? Only those who frequent theatres ought to find it, and the whole body of them. At any given time when the supply is just equal to the demand, the conditions are the most favourable for the frequenters. If, however, some desire to go oftener to the theatre, or if new people acquire a taste for it, extra accommodation must be provided. The old and regular frequenters who are not responsible for the increased demand may resent an increase of prices, but can they in justice object? Under Economic

Moralism the capital invested in the drama will be enjoyed as free public property by theatre-goers, and as they would have no greater right to it than any other citizen, each would have to go seldomer to the theatre, or pay higher prices to provide ample accommodation for all. The confirmed theatre-goers who resented the higher charge would have inherited the theatre. It would have been provided by an earlier generation, and all they had hitherto been called upon to pay would have only been sufficient to keep the theatre and properties in repair. They might well help to erect other theatres for themselves and those with tastes like their own. The aim would be to charge a steady price to cover all contingencies, so that there would be no fluctuation to rouse resentment.

Provision for the necessary increase of capital in any industry would have to be made long in advance of requirements, so that it would not bear heavily on any, and would have accumulated by the time it was wanted. If the development of the public taste proved more rapid than expected, a loan might be obtained from the State bank. The bank would hold the reserve funds of all industries, and as some might have fallen in favour, the reserves of such industries would be available for the satisfaction of the public taste in other departments. The State bank would also accept the savings of individuals, and guarantee to repay them, when required, but without interest. It would take charge of the renewal funds and new capital funds of all kinds, which might have to accumulate before being used for their special

purpose, and a certain proportion might be available for loans to industries whose new capital funds had been outstripped by the demand. The bank management could easily arrange for the liquidation of the loans to meet current requirements.

Again, as regards large districts or municipal undertakings, such as waterworks, these should be provided for long beforehand by the levying of rates on the production of the district concerned. But the lack of foresight might in certain cases be compensated to a certain extent by a loan from the bank. Indeed, to render it possible for a certain section of the population to save, immediate consumption of borrowed wealth by another section must exist to a like extent.

How is capital to be raised for a new project? If there should be a demand, let us say, for a skating rink with artificial ice, where is the capital to come from? Not from either an imperial or a municipal tax. Nor from the State bank unless its repayment were guaranteed by individual citizens, and only then if there were a superfluity of capital seeking investment. Those who might be desirous of having such a place of amusement would have to subscribe the capital. If the place were for the use of the public, and not for a private club, a charge for admission would be made high enough to maintain the rink in efficiency and pay off gradually the original capital subscribed.

The problem of the maintenance and raising of capital under Economic Moralism really presents but few difficulties.

CHAPTER VII

THE EQUITABLE DISTRIBUTION OF ECONOMIC RENT

THE chief ethical requirement in economics is the prevention of the appropriation of rent, interest, and profit, either by the State for public purposes or by individuals as unearned income. This appropriation can only be rendered impossible by the institution of certain economic arrangements based on the public ownership and management of the means of production.

To a number of these arrangements we have already given some consideration. In the present instance we have to deal with one of the most difficult problems of ethico-economic reform, the problem of the equitable distribution of economic rent, which, although of very great importance from the ethical point of view, has never received any attention. What are the economic arrangements necessary to ascertain the rent and secure its equitable distribution?

Economic rent, or, to put it in another form, the physical basis of economic rent, will persist in every possible economic system. Differences in fertility

of the soil and of the mine, in proximity to market, and in the distance of the consumers of any given commodity from its place of production, can never be abolished. How are these differences to be equalized? How are the inhabitants of any district to be placed in as favourable circumstances as those of any other? In other words, through what channels are individuals to receive their just share of economic rent, and how is it to be determined? The solution that springs most readily to the mind is one according to which the respective public departments would charge for every kind of product a price equivalent to the cost of its production in the least favourable circumstances, as is done by capitalists and landowners now, and, unlike them, however, use the economic rent communistically. Socialists, as is well known, hold that rent should be State income. But reasons against compulsory or State communism, in whole or in part, have already been given, and therefore we must now discover some means of ensuring to each individual his just share of economic rent to spend as he pleases.

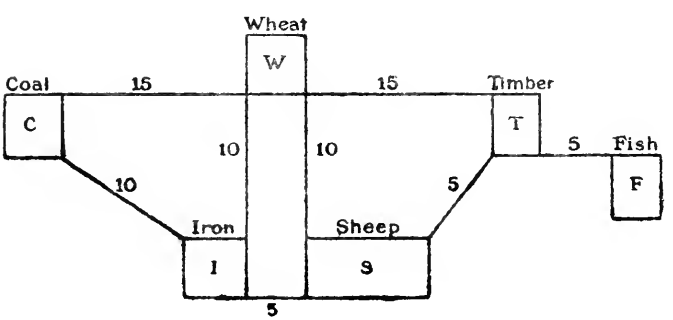
Let us deal in the first place with what is perhaps the most difficult part of the problem, and try to discover the law in equity of the incidence of transport—that is to say, how the advantages and the disadvantages of geographical position are to be equalized.

The problem must, to begin with, be reduced to its very simplest form for the clearer understanding of it and in order to facilitate solution.

Distribution of Economic Rent

Imagine a small economically self-sufficient community with the different raw materials obtainable only in widely separated localities. It is evident that each locality must import from the other localities all the raw materials it requires except that which it produces. Consequently transport, or the carriage of goods, will vary for each locality with the economic advantage of its geographical position. From this cause alone, apart from other causes which will be considered later, the cost of living must vary in these different localities. The problem is to discover how, and from whom, and in what proportion, the carriage of commodities is to be collected, so that the value of the superior position of this or that locality may be shared by the other localities, and the cost of living be made the same everywhere—in other words, so that this portion of its economic rent may be equitably distributed.

Let the following diagram represent such a community :—



Here we find that the producer in the wheat-growing locality W, dealing with all the other localities, has to pay carriage, calculated on the basis of distance alone, represented by the figures 15, 10, 10, 15, 20, or 70 in all. Similarly, the producer in locality I (iron) must pay in proportion to 50, and the producer in F (fish) in proportion to 75. These figures are modified by the nature of the commodities, some costing more to transport over a given distance than others. Here, then, we have in these three districts a great difference between their respective distances from the aggregate of producing centres. How can this difference be dealt with so that all the members of the community may be placed economically on the same footing?

It would be clearly unjust to compel the wheat-growers or the fishermen to pay more in carriage for their articles of consumption than the coal or iron producers. Who ought to pay for the relatively high cost of the living of the farmers and the fishermen but the consumers of wheat and fish, for whose benefit the former live in these expensive districts? It is part of the necessary cost of production of wheat and fish, which ought to be borne entirely by those for whose benefit these commodities are produced.

In the present system the wheat-growers and the fishermen pay the carriage of their articles of consumption from the place of production. It is included in the price of the goods. The consequence is that the cost of living is higher in some

localities than in others. This obvious inequity tends in the present system to be very roughly rectified by a difference in wages, which means, of course, that the extra cost tends to be placed on the price of the products of such localities. There is thus even now an approximation to equity as between wage-workers, although of course the economic rent of the cheapest localities is appropriated by the landowners and capitalists.

But we must have a closer approximation to equity. Still keeping before us the community already imagined, the simplest way of attaining this will be found to be to charge *all* the carriage of the imports into any locality in the price of the kind of goods exported from it. It would thus be paid by the consumers of that product, whether resident in its place of production or elsewhere. There seems no other satisfactory way of putting all citizens, wherever located, on an equal footing as regards cost of living, in so far as it is affected by the unequal economic advantage of geographical position. All the consumers of any given commodity, wherever they might be, would get it at the same price, for no carriage from the place of production would be paid by them. They would, however, pay, as part of the cost of production, carriage included in the price of the commodity, namely, the proper proportion of the carriage on all the imports into the locality or localities which produced it. This constitutes an essential part of the true cost of production, and each commodity would bear its proper share. In

a complex system with several districts producing the same kind of commodity, all articles would be procured by the local branch of the distributive guild from the nearest place of production, so that the carriage would cost as little as possible and economical production be thus secured.

But, it may be asked, instead of charging the carriage on the imports into any district as part of the cost of production of the exports, why not simply deliver every commodity—that is, every export—carriage paid, and charge all the carriage on the commodity itself in its price as part of the cost of production? The answer is that this export carriage on the commodity itself is not so truly a part of its cost of production as the carriage on the commodities used by its producers, or, to be correct, is not a part of its cost of production at all. The cost of a commodity relatively to that of others depends in part on the distance of its producing district or districts from the aggregate of producing districts. This varies greatly, and it is this that ought to affect prices. The carriage on a commodity from its place of production to its place of consumption is really a part of the cost of production of the commodities its consumers produce. The carriage of wheat to the diamond-fields or the coal-pits is no part of the production of wheat, and the consumers of wheat cannot in justice be called upon to pay it. This fact is not so clearly made manifest in our imaginary simple community as in actual conditions, in which in the matter of foodstuffs alone

there would be a choice between wheat, oats, barley, rye, pease, rice, etc., necessitating the true cost of each being charged for it, so that a just estimate of its true value might be made. The cost of a commodity affects the demand for it, and if the demand is affected by a false value, as it would be, it results in bad economy—that is, in the consumption of a commodity for which the demand would be reduced if its true cost were charged, and in the reduced consumption of a competing commodity whose price is overcharged. The producers in every district are entitled to the same cost of living as those anywhere else. Each district has its economic justification, its economic *raison d'être,* in the commodities it produces for exchange ; and the price of every commodity must be averaged, if there are several places of production, and that price made general. The purchaser of any commodity would thus pay the average price wherever he might be.

The fact, then, that the consumer of any given commodity would not bear all the expense of transport appears only at first sight to be a weak point of the solution. The purchaser of diamonds brought from a great distance would not pay the carriage from the diamond-fields. It would be paid by the purchasers of the kinds of goods exported from his locality. He would only pay his share of all the imports into the diamond-fields—that is, the carriage one way only on the goods exchanged. There seems to be some injustice in the former having to pay carriage on

what might be considered a luxury brought from a great distance. There are, however, only two reasons for considering this unjust, namely, that the article is a luxury, and that it is brought from a great distance. But it is impossible to differentiate between luxuries and necessaries. The vegetarian might object to pay the carriage on flesh for the producers of the articles he requires on the ground that it is worse even than a luxury. And it is equally impossible to make any differentiation on the ground of heavy carriage, because some of the commonest articles of food and wearing apparel come from the ends of the earth.

Thus far our hypothetical simple community, in which it is evident that the fundamental law in equity of the incidence of transport is that the cost of the transport of the imports into any district ought to be imposed on the purchasers of the kind of product exported from the district, whether the purchasers reside in the district or not, by its inclusion in the cost of production. This ensures, as we have said, every one getting commodities at the same price, and it also ensures the actual cost of production being arrived at and charged.

Let us now increase the complexity of our hypothetical community. We have already seen that with a number of districts producing the same kind of commodity for export, the average cost of production, including carriage of imports into these districts, must be ascertained and charged. If, however, not one but several kinds of products were exported from any district, how would the

amount of carriage on imports to be charged against each kind be ascertained? The obvious way of overcoming the difficulty would be to distribute the carriage on all imports over the various kinds of goods exported, each kind of goods being debited its share in proportion to the total labour time expended locally in its production. This would be a close approximation to justice.

But to go still farther. Imports would be required also for workers in the district employed in supplying local needs—plumbers, joiners, painters, artists, actors, scavengers, clergymen. It would be hardly possible to ascertain how much each class of export workers contributed to the maintenance of these people, but the average for each district would vary little, and as these people would all be necessary for the whole body of export workers, the carriage on their imported articles of consumption would have to be charged against the exports of the district. Therefore, here again the plan of simply charging all the carriage into any district on the commodities exported would apparently meet the demands of justice.

This question regarding the equitable incidence of transport charges, which is merely broached here, while it is one of the most important of the many that must be answered before justice can be introduced into economic arrangements, is one of the most difficult in constructive economics, owing to the mental confusion caused by the extraordinary intricacy of exchange under Capitalism, and even when the simplicity of exchange under

Economic Moralism is grasped, it presents considerable difficulty.

Meantime, there are no proposals that can be put over against the solution just suggested except that of free railways advocated by Socialists. It is difficult to say what is meant by "free" railways. Vagueness, as in the case of all communist proposals, is its most prominent characteristic. The railway working expenses, such as cost of maintenance and the cost of labour directly engaged in transport, must be raised in some way. If not by charging the cost of transport on the goods carried, it can only be done by means of arbitrary taxation, every one being taxed, not in proportion to the use he makes of the railways, but in proportion to the fraction he forms of the total population, or perhaps in proportion to his earnings or savings, or their economic equivalent under Socialism, whatever it is, or to his supposed ability to pay. No argument is brought forward in favour of the change, the mere fact of calling a service "free" seeming to throw a magical glamour over any such proposal. But it would be an unjust and uneconomical system: unjust, because the individual would not have to pay in proportion to the socially necessary carriage in connection with the production of the articles he consumes, but would be obliged to pay a share of the total expenditure bearing no proportion to his demands on the transport system; uneconomical, because he would be unable to practise true economy, the real cost of production of any article not being

shown or charged. It cannot be maintained that the result is practically the same whether the total transport expenses are divided equally among the adult population, each being charged with the average cost per head, or whether the average cost of carriage on goods imported for the use of the producers of any commodity or for use in its manufacture is collected from the buyers of that commodity. There is really a great difference. In the first case, every individual must pay his share of the total, whether he consumes much or little, while in the second the individual has it made possible for him to purchase what he does require, much or little, at the actual cost of each article averaged over its consumers.

Having given a rough sketch of a proposal for equitably distributing the advantages of proximity to producing centres, we must consider how the advantages of fertility—i.e. economic rent due to fertility—can be equitably shared. Take the wheat lands. Land under wheat varies in fertility. How are the prices to be fixed? On the best land it costs less labour to produce wheat than on inferior lands. Neither the actual producers of wheat nor any section of consumers must under Economic Moralism reap that advantage for themselves. All districts of comparatively low economic value, occupied owing to pressure of population, must receive their equitable share of economic rent. They must be levelled up. The plan for securing equity in this matter that at once presents itself

is that of averaging the cost of production all over the country. The agricultural or farmers' guild would be informed of the wants of the country and would get the wheat produced for each district with the least expenditure of labour in cost of production and carriage. The cost of production plus carriage on imports into the productive centres, as already described, would then be averaged from the figures received from the various agricultural centres. To charge this average price all over seems a perfectly fair arrangement.

There is, however, an objection to it, which must be considered. If in a simple self-contained community, such as has already been under consideration, wheat can be grown at S (sheep), although not so cheaply as at W (wheat), it may nevertheless be delivered at S more cheaply than from W owing to the saving in carriage. With the system of averaging it would appear that while the consumers of sheep would have a lower price to pay for sheep owing to saving in carriage of wheat, the consumers of wheat would have a higher price to pay for wheat owing to the higher cost of production at S. On the other hand, however, it is clear that if wheat could be grown at S more cheaply than at W, although not sufficiently cheap for export, owing to the distance from other centres of consumption, the wheat consumers would benefit. Moreover, as it is a clear gain to every person in the community that economy in production, which of course includes carriage to consumer, should be made a general principle, and should be the

guiding principle in every department, any loss in one direction is probably counterbalanced by a gain in another.

But the solution of the problem seems to be that while the consumers in all the various districts alike should be charged the average cost, the difference between the actual and the average cost should be collected from the consumers of the exports from these districts, when the actual cost is higher, and credited when lower—that is, added to or deducted from the prices. Naturally the actual cost of commodities delivered to the different districts will vary according to the economic position of the districts. The workers in any district must not be penalized if the cost be higher than the average, nor favoured if it be lower. Therefore they must be charged the average price. But the productive guilds which produce the exports would be provided with the figures of both the actual cost and the average cost, and would add to or deduct from the price of their respective products the proportional share of the difference. The agricultural guild would collect for wheat, for instance, from the district distributive guild the actual price of the wheat supplied, which would be produced in the wheatlands most economically convenient, both fertility and transport being taken into account. But the distributive guild would collect from the consumer the average price. If the latter were less than the actual, the difference would be collected from the exporting productive guilds of the district, and if greater the latter would be credited

with the difference. C's workers, for instance, would be charged the average price of wheat. If it were imported, the cost of carriage would be placed upon the price of the export, coal, for the production of which the workers are there. If it were found cheaper, all things considered, to grow the wheat at C for local consumption, the population at C would still be charged the average price ; but the difference between the actual cost and the average price would be credited or debited, as the case might be, to the coal guild, which in any case would save carriage, and the price of coal would be reduced, which would be just, for while coal-users ought to prevent those who work for them from suffering the disadvantages of the coal district by delivering all their articles of consumption at the average prices, paying the carriage themselves, they ought to reap the advantages of greater economy in production, if any. Under Economic Moralism there must be a system of strict accounting, not only for the purpose of arriving at the average price which is to be collected from consumers, but also for the correct appraisement of the economic value of every district and for the correct pricing of its productions. The actual cost of living must therefore be ascertained and charged against its productions. But the workers in any district must not be penalized if the cost be higher than the average, nor favoured if it be lower. Therefore they must be charged the average price.

Another problem in economic rent may be con-

sidered here. At present superior coal commands a comparatively high price owing to its quality. Although it may cost less to win, it costs more to buy. Undoubtedly the higher price prevents all the best class of coal from being used up in preference to the inferior. It may be said that in this way the interests of future generations are protected, but, looked at closely, it is apparent that under Capitalism the nation does not benefit, but only those who can afford high prices in the present or the future. But on what grounds would it be justifiable under Moralism to depart from the principle of basing price on the cost of production? If the price of the best coal were based on the cost of production, and if this cost were less than, or equal to, or even up to a certain point higher than that of inferior coal, every one would demand it. But it would probably be impossible to supply the demand. In that case, would the quantity allowed each citizen be limited, and would the demand of each be supplied in a certain order, decided, say, by ballot?

There would be no injustice in such an arrangement, but in addition to its inherent clumsiness, there is a serious objection. On the best coal there would be incurred heavy carriage to all parts of the country, which might be avoided if the demand for it were reduced, and inferior coal taken from more convenient mines. Coal consumers would not pay the carriage directly, but they would indirectly, and it would be to the interest of all to save this carriage. Therefore, if otherwise justifi-

able, prices would have to be adjusted to equalize the demand. Use values must to a certain extent be taken into account in the fixing of prices. No one will pay, or should be asked to pay, as much for an inferior article as for a superior one. In the case of a manufactured article the guild concerned in its manufacture would have to accept a lower price for the labour expended on it, and the loss would have to be borne entirely by the person or persons at fault, or shared between them and their fellow-workers in the guild. In the case of a natural product like coal, the use value of one kind of coal can easily be compared with that of another, and the relative values struck. The heat-producing-power, the rate of consumption, and the cleanliness can be compared and valued. If the prices were truly adjusted on such lines, it would become to most people a matter of indifference what kind of coal they used, and consequently the coal nearest the place of consumption would naturally be taken. The prices charged on the various kinds of coal would only be sufficient to meet all the expenses of mining all the coal, the higher prices of the best coal being used for the reduction of the prices of the inferior sorts below the actual cost of production. Coal is simply the means of producing heat at a certain rate with certain accompanying discomforts. It is the possibility of heat that is bought. And it is the price of heat that should be made the same everywhere. But this implies various prices for coal, the heat-producer. Therefore the principle of selling at

the cost of production is really not departed from. In a sense this is another phase of the equitable distribution of economic rent. The districts near the deposits of the best coal would be economically in a better position than other districts, if prices were not adjusted in the way suggested. A question naturally arises at this point, one of great gravity for Britain at the present day. To what extent ought any given country to allow its coal and other mineral deposits to be exhausted by export to other countries? In a rational social system the question would not present such difficulty. Economically it is unjustifiable to work out the deposits of any one country to supply others that have deposits of their own, which, however, it may be rather more expensive to work. Such a system may suit the pockets of the generation that initiates it and a number of succeeding generations. But the patrimony of future generations must be jealously guarded. Later generations in the importing countries will have to work their deposits, not only for themselves, but for the country which at present supplies them, and the measure of economic loss would be the cost of transport of coal between such countries and the higher depreciation charges. The latter item is explained by the fact that if a mine is to be exploited at express speed, more miners will be required, and consequently more house accommodation, etc. As the life of the mine is shortened, the time will the sooner come when the mining village will be no longer required, and the necessary compensation

must be provided for by the increase of the depreciation fund through enhanced prices. As regards immediate action, the problem is not so simple. A large part of the population derive their livelihood from the exploitation of coal-mines for behoof of foreign countries. Stop or reduce exportation, and these people lose their livelihood. Under Capitalism the problem of finding other means of livelihood economically justifiable presents extraordinary difficulties. With an ethically reasonable economic system in working order, if the country were economically unfit to support such people without reducing the standard of living, voluntary emigration could be arranged. If the country were not fully exploited, that fact would be known, and they would be drafted into other industries without much delay or friction.

The economic rent of all building sites except those of dwelling-houses will disappear, for the causes which operate now in making one site more valuable, or rather rentable, than another will do so no longer. Shops, factories, railway-stations, and other buildings for productive and distributive purposes will have become public property. Monopoly rent, exigible under Capitalism, will not be charged for their sites, and their economic rent, that which arises from proximity to a market or from any other advantage of position, will be equitably shared, as already shown—that which, for instance, arises under Capitalism from position in a thoroughfare, which enhances the value of

shops owing to the large number of customers drawn from passers-by, and which is part of the profit on the larger turnover, having no existence under Economic Moralism. Stores for the exhibition and sale of goods will be placed in the most convenient situations, but as only the cost of labour and upkeep will be charged to consumers, there will be no profit and therefore no rent. All such buildings will be public property.

But what about buildings belonging to private persons, such as dwelling-houses? The question as to whether dwelling-houses should be private property or public property has already been touched upon. What is now to be considered is how much, if any, economic rent accrues on the sites. But in this connection there is first the question of the extent of site to be allowed each citizen for personal use. We must not evade the point by saying that this will be decided at the time in democratic fashion by the majority. The temptation to relegate all such problems to the future is great, but should be resisted. We must try to discover the principles according to which it ought to be settled by the majority or their representatives. If there were plenty of waste land unfit for cultivation in suitable position for dwelling-houses, the only limit to the land allowed each individual for private use would be the demand of his contemporaries and the probable necessities of future generations. If the only land available were under cultivation, what might be required for dwellings and gardens would have

to be replaced for that purpose by an equivalent extent of land somewhere else. This would probably mean an increase of the cost of production or of the carriage of agricultural products, and it would be borne by the consumers of the products of the district, not by the producers.

But it is clear that every citizen requires a site for dwelling-houses and a site free of any rent except such as might be offered in competition, should the site be particularly desirable within the free area available. The extent of the site would have to be limited, if cultivated ground had to be taken. But there would probably be little difficulty in practice, for although many might wish a garden, they would not wish a large one, as they would have to cultivate it themselves. Those who like large gardens would probably live in associated homes with large common gardens attached.

Within each area—village, town, or city—there will be some sites more desirable than others, although general opinion may not agree as to the desirableness, and there will therefore be economic rent to deal with, to determine, levy, and distribute. Economic rent in such cases is the value of any site superior to the least desirable site, which of course has no rent. The desirableness of any site will depend on the beauty of its outlook and surroundings, its climatic position, exposure to sun and shelter from wind, its proximity to the workplace of the tenant. In the present age comparatively few people appraise the

beauty of a site highly, but even now competition for a beautiful site, although restricted to a small number, is very keen. It will become keener as the æsthetic sense is developed in a greater number of people. The economic rent of such a site is nowadays settled by what the highest bidder will give, and the seller or owner pockets the value of it. Under conditions of equity, if economic rent should be exigible, it would have to go to those who are deprived of the right to enjoy the beautiful site, not indeed for personal use, but for the general embellishment of the communal surroundings. How is this amount to be ascertained? Can it be ascertained in any other way than by the competition of those who desire the place and are willing to pay for it? To all appearance it cannot. But how often might the occupier be disturbed, or have the economic rent increased? It seems unjust to disturb the occupier, or make any change during his lifetime, or the lifetime of his wife or lineal descendants, except perhaps at long and fixed intervals. But the occupier would be free to leave at any time, and then the place might be given to the highest bidder, and as all would have equal opportunity of earning, the amount offered would not be an inflated one, but would approximate to the just price. Climatic position would naturally be linked with beauty of position. But if the building were the property of the occupier or if the site had been improved and beautified by him, how would this affect the price of the site? Its full value could be ascer-

tained and the economic rent calculated by deducting the actual cost of the building and the improvements, less depreciation, from the total.

But what about proximity to the workplace? Homes for farmer and assistants must be provided at a convenient spot on a farm, for colliers and miners near the pits and mines, and for fishermen at the harbours. But in the larger towns, where manufacturing is done for export, houses for the workers in any factory will not necessarily be clustered round the factory. Some people prefer to be near their work, others to be far from it. Hence the whole area of the town will be open to all the workers. But among the applicants for a vacant house that person ought to get it whose place of work is nearest to it.

In a sparsely populated district inhabited only by a few farmers, fishermen, or miners, there will be certain necessary expenses which will be greater there than in a densely peopled district. For instance, the cost of education will certainly be higher where a small number of children must be provided with the varied and specialized education which can only be given economically in a populous centre. Such extra expense must be borne by the industries in which the parents are engaged and which exist for the benefit of consumers. Equal educational facilities must be provided everywhere, and the same fees must be charged the parents everywhere, namely, at the rate necessary to cover the average cost, but the

difference between this cost and that of the dearer districts must be charged against the industry in which the parents are employed. Similar treatment must be accorded to the expense of sending children in the country to a school at a distance.

In country districts there are fewer facilities for lectures, concerts, theatrical performances than in towns. But in the towns, on the other hand, there are not the same opportunities for country pleasures and sports. The final result will doubtless be that those fond of country life will settle in the country and those with other tastes will gravitate to the towns. Arrangements could be made for transference from one place to another as desired, as at present is the vogue in some branches of the Civil Service. Exchanges, either temporary or permanent, could easily be made. As regards lectures, etc., it seems likely that science will by means of electricity enable the lecturer, the singer, and the actor to reach their audiences simultaneously in all parts of the country both visually and audibly.

CHAPTER VIII

FOREIGN TRADE AND PROTECTION

THE question of foreign trade under Economic Moralism has two very different aspects. There is the problem of trade with other Moralist countries, and there is the problem of trade with non-Moralist countries.

The simplest problem is that of foreign trade when all countries are Moralist, and this must be dealt with first. Under universal Economic Moralism there will be no temptation for any country to increase its wealth at the expense of another, or to encourage the increase of its population for the purpose of using its superior strength in military aggression. As each country, however, plays its part in the economy of nations, it must be prepared to contribute to the world's general stock against fair exchange whatever it is fitted specially to produce, either in the form of raw materials or manufactured product. Owing to the ever growing facilities of communication the world is daily becoming smaller, and it will soon be generally recognized that the natural advantages of every country should be treated as international

property, and its economic rent distributed according to ethical principles.

Under Economic Moralism there will be no tribute paid by one country to the capitalists of another in the shape of dividends on investments. There will be no combination of capitalists to control prices, monopolize trade, and retain it in certain countries without economic justification, to use the power of the State to protect their interests by means of customs duties. The economic value of each country will be unerringly ascertained by the almost automatic collection of statistics. The cost of production of every commodity and service will be calculated in terms of human labour, uncomplicated by the vagaries of a currency based on any of the precious metals, or by prices regulated by supply and demand. The cost of production of any article in any country it will be possible to compare with its cost in any other country.

Let us simplify the problem, and consider the case of only two countries trading, say Denmark and Britain, cut off from the rest of the world. Denmark has no minerals, and must obtain them from Britain. Obviously, if Britain has all the advantages of Denmark and minerals in addition, and if Britain could support the population of Denmark as well as her own, without increasing the cost of production, it would theoretically be to the economic advantage of all to transfer the Danes to Britain. The cost of transport between Denmark and Britain would be a heavy burden on both countries, and the only economic argument

against the transfer would be one which would prove that the extra capital required at once in Britain for the increased population would exceed the savings at the disposal of the national bank for investment. If, however, there was a great desire to " save " for future use, the extra capital required for the transfer might enable such a desire to be gratified, for if the sum to be repaid annually were equal to the annual cost of the transport saved, the economic advantage of the transfer would be decisive. Although in actual practice expatriation on a large scale is out of the question, let us develop the argument farther on a hypothetical basis, in order to arrive at the fundamental principles of equitable international exchange of commodities and services. We must consider two contingencies, namely, the refusal of the Danes to be expatriated although it would be to their advantage economically, and secondly, the necessity of the occupation of Denmark because an increase of the population of Britain would result in an increase in the cost of living owing to the law of diminishing returns.

In the first case, the Danes would have to bear all the transport expenses. They would of course have to send goods in payment for the minerals. If it were arranged that they should send dairy produce, so much less dairy produce would have to be raised in Britain. All the transport of exports and imports would be paid by the Danish consumer of minerals. A similar arrangement would hold good for St. Kilda islanders or Skye

crofters, who would not leave their native place, if required for the same reasons.

In the second case, who ought to pay the cost of transport? If the Danes, then the cost of living would be higher in Denmark than in Britain, and such injustice would have to be obviated. This could be done by applying the law of the incidence of transport already expounded.[1] According to this law the cost of the transport of dairy produce to Britain would be charged on all minerals consumed in Britain and Denmark, and the cost of the transport of the minerals to Denmark would be charged on all dairy produce consumed in the two countries.

Now, suppose the cost of production of one or more articles to be greater in Denmark owing to natural disadvantage, say that of climate. Suppose dairy produce is dearer there. Are the Danes to work harder for a living because they happen to be left with a country of economic inferiority? Certainly not. Countries in the Moralist union must have the prices of commodities equalized. Therefore the price of, say, butter must be the same in Denmark and England. For this purpose the statistics of production, showing the time expended and the quantity of commodity produced, must be sent up from every farm and factory to a district office, from every district office to a higher one, until they reach the national office. But they must go farther. They must reach an international office, where international prices would be struck periodically.

[1] Chapter VII.

If, then, agricultural produce cost more in Denmark, and if the quantity required by the Danes could not be produced with less labour in Britain, Britain must export to Denmark sufficient to compensate for the actually higher cost of living in Denmark. Farmers and their assistants in Britain and Denmark would receive payment for the labour time they expend in production, so that they will be paid at the same rate in the one country as in the other. The Danish agriculturist will not suffer because he is unable to produce as much as in Britain with any given expenditure of labour. Neither will the consumer in Denmark. The price of agricultural produce will be the same in both countries.

But this condition of things would have an important effect on the trade between the countries. Britain would be in the position of debtor to Denmark. If it requires 120 men in Denmark to raise as much agricultural produce as 100 men in Britain, the extra 20 per cent. would have to be supported by the consumers in proportion to their numbers in both countries. If the populations be equal, Britain would have to export sufficient to pay off the debt of 10 per cent. Say, Denmark's agricultural population must receive in payment for labour £120,000,000, and the British get £100,000,000, the same quantity of goods being produced in each country. The cost of living with regard to agricultural produce would evidently be 20 per cent. higher in Denmark, unless by equalizing prices the cost were spread

over all consumers equitably. By equalizing prices £110,000,000 would be got from consumers in Britain and the same sum in Denmark, and ten millions would have to be exported to Denmark to make up for the difference between the £120,000,000 paid to the producers and the £110,000,000 collected from consumers.

What commodities would be exported from Britain? If the cost of production of all commodities be the same in both countries, the commodities exported would be those that would cost the least to carry, and they would constitute a permanent export, for steadiness of demand and supply would be an essential feature of exchange under Economic Moralism.

But if certain commodities were produced with less expenditure of labour in Britain, these would be imported into Denmark, due account being taken of cost of transport. It would be the business of the central distributive guild of Denmark to learn where the commodities required by the Danes could be got with the least expenditure of labour. And this would be ascertained with the greatest ease from the statistical records. International exchange would be conducted on exactly the same principles as exchange within any given country. For economic purposes there would be no frontiers in the Moralist union. Land and industrial capital would be international property. Each guild would have an international office where all the statistics of the industry would be kept. The present demand, the geographical distribution of such

demand, the possibility of its increase or its decrease, or change of geographical distribution, would be recorded, as well as the present cost of production (that is, the labour time required), the geographical distribution of the productive centres, the possibilities of decreasing the cost, of changing the position of the productive centres in order to reduce cost of transport. Such head office might be situated in one country or another.

The same principles and institutions would serve when a greater number than two countries were included in the Moralist union. A problem presents itself in this connection. Suppose one of these countries to be very undeveloped (an improbable contingency by the time Economic Moralism is established), and the national production therefore costing much labour owing to the lack of all kinds of industrial capital. The inhabitants of that country would, nevertheless, be supplied at the average international prices with the commodities produced by themselves at such great cost, if it were deemed necessary to exploit the new country either in the general interest or for the benefit of certain classes of consumers. Therefore, the whole international commonwealth, or these classes of consumers, would suffer equally, and the imports into the undeveloped country would be heavy to meet the debt due to that country. It would consequently be to the advantage of all those who consumed the commodities produced there at a cost so much over the average of other countries, to reduce that cost by having the country

developed industrially. How should the capital be raised? We know how it is attracted to such a country under Capitalism. The hope of profit at a high rate attracts it. This sort of profit-making would be inadmissible under Economic Moralism. Who would benefit by the increase of industrial capital? It would be those who consume the commodities produced with its aid. Therefore, the capital should be provided by them. If the savings of the people in the international Moralist union were large enough to flow into this field of investment, the call upon the public for capital would not be so urgent. But if not, the increase of the selling price of the commodities for the more economical production of which capital is required would have to be greater, and it would be the equitable method. The founding of a colony to avoid overcrowding (which would yield no profit in the commercial sense) would have to be financed in the same way.

Now we have to consider trade or exchange of goods between Moralist and non-Moralist countries. Over the economic arrangements of a non-Moralist country the United Moralist States would have no direct control. The prices of the goods exchanged would be determined by the higgling of the market, or reciprocal demand, and not by the principles of equity. The goods that would be exchanged would be those which could be produced in the one country and not in the other, or which could be produced more cheaply

in the one than in the other. If one country had a product which could only be produced or obtained there, any other country desiring that product would be at a disadvantage in bargaining for it, unless it also had a product desired by the former country with equal strength. Merchants in a non-Moralist country placed in this advantageous position could demand a high monopoly price for such a product, or their Government could exact an export duty. Both kinds of imposition are unjustifiable in equity, and if carried to an extreme might justify a resort to force on the part of the countries that are thus penalized. If a country has certain natural advantages that are not shared to the same degree by another country, it is placed in a similar position of advantage.

A Moralist State trading with a non-Moralist State would have to conduct its negotiations largely according to the commercial principles with which we are at present unfortunately too familiar. But it would be in a peculiarly favourable position for bargaining. It would have the advantage of bargaining as one firm, through its special departments, with the competing firms of its non-Moralist neighbour. Without competition within its own boundaries it would buy at advantage from firms competing with each other for its orders, and, likewise, competing firms would have to give the highest prices possible for its products.

Commodities that it required and could only obtain from non-Moralist States it would have to buy at their market price, and by means of the

currency accepted in these States. In order to get that currency, if it did not produce it (suppose it were gold and it had no gold-fields) it would have to sell something in demand in the non-Moralist State or States. It would have to aim at getting such a high price for it that the quantity of imports purchasable by the proceeds would be greater than could be produced by it with the same expenditure of labour. On the other hand, the exchange might be to the disadvantage of the Moralist country. But it must not be forgotten that as the Moralist country would have no class drawing rent, interest, and profit, it would be able to compete in neutral markets with certain success. It would have the margin of rent, interest, and profit to work upon in cutting prices.

With regard to commodities that might be produced at home, but could be obtained with less expenditure of labour from non-Moralist States abroad by exchange of other home products, what would be the position of a Moralist State? If it has not undertaken the production of such commodities or only such quantity as can be more cheaply produced at home than purchased abroad (for instance, wheat from the best land, or minerals from the high-grade mines), there seems but slight ground for objection to foreign trade with non-Moralist States. On the other hand, even should it be proved that the labour expended in producing the exports is less than that required to produce the kind of product imported, nevertheless, if it has capital and labour engaged in any industry

the products of which are more expensive than those obtainable abroad, only after very careful consideration would such products be purchased abroad instead of being produced at home. An important point for consideration would be the prospect of a sufficient and constant supply at a lower cost than the home product. Another equally important question would be the expense of sacrificing the fixed capital invested in the business, and the expense of training the workers in another department of industry. These losses would have to be set against the computed gain, and the problem would then be a simple arithmetical one.

CHAPTER IX

CONDITIONS AND REMUNERATION OF LABOUR

UNDER Economic Moralism the difficulty of apportioning the net national income among the individual workers in accordance with the principles of justice will be considerable, but it will at least not be aggravated by the necessity of considering the claims of land and capital for rent, interest, and profit. The problems of the relative share of individuals of different ability engaged in the same occupation, and of the relative share of those engaged in different occupations, and of the share of apprentices or novices, as well as the question of women's remuneration, are in themselves by no means easy to solve, and so little attention has up till now been given to them that the immediate task is rendered more difficult. Members of the civilized portion of the human race have for so long been accustomed to the conditions imposed upon labour by the system of private ownership of the means of life and by competition among the property-less for work and wages, that their sense of justice has been seriously blunted or left un-

developed. The most obviously unjust conditions are imposed without compunction, and acquiesced in without a murmur.

Our present task is in the first place to consider the application of the principle of justice to these problems, and then the social and economic mechanism required to carry it into effect. It is the fashion in these days to disregard and deride all appeals to justice as if there were no such principle ascertained or ascertainable. But it exists in a more or less imperfectly developed form in the minds of all. In ultimate form economic justice is equal opportunity for every individual of obtaining happiness or pleasure in so far as this can be secured by human institutions. Man, as an individual, has always had to struggle against the injustice of Nature and the more grievous injustice of his fellows. The injustice done by man originates for the most part in his sense of the want of security for life and property in society and in the overwhelming predominance of his instinct of self-preservation over his social or moral sense except in certain states of moral exaltation, and a powerful secondary motive exists in his desire to emulate the successful in the battle of life. Economic Moralism, by guaranteeing security of life and property and equal opportunity of obtaining what makes life worth living, will remove all fear of personal injury or loss, all incentive to ignoble ambition, the ambition to triumph regardless of others. With the great injustice of unearned income for the able-bodied removed, along with

the equally great injustice of earned income bearing no relation to expenditure of effort, there would disappear greed, pride of caste, unworthy emulation, and all the other evils of which the root is unjust inequality of income.

Just economic arrangements are such as secure to every individual an equal opportunity of acquiring equal wealth with equal effort. This cannot be gainsaid. There is no need to quarrel about terms. Let this be called justice tempered with mercy, or charity, or anything else. Would the thing itself be desirable or not?

How, then, according to this principle would the net proceeds of co-operative labour be divided? Here lies the world of industry in all its immensity and complexity with division of labour and numberless kinds of occupations. How apportion the places and the reward so that every person will be able to get equal pleasure in his work, and equal reward with equal effort?

Let us first consider the arrangements for securing equal pleasure in work. Division of labour has its drawbacks, but it is not likely to be given up, although the life of the economically independent man found in primitive and economically undeveloped times has its charms ; for most men prefer to specialize, to concentrate their energy on one occupation ; moreover, it affords an infinity of choice, besides being as a mere economic device most productive. Most of us are deluded into thinking that we have freedom of choice at present. But in reality the few who exercise it have only the

opportunity of choosing their lifework in their early youth, when they are unable to know or weigh up the advantages and disadvantages of it. Under Economic Moralism it must be made easy to change one's occupation if one chooses. Arrangements must also be made that a person may have more than one occupation if he should so desire. Since the tastes of individuals differ, we find in diversity of occupation, with the option of changing it or having more than one, an opportunity of securing for all equal pleasure in work.

Many occupations at present are disagreeable and unhealthy. All must, as far as possible, be made equally healthy and agreeable. But there will remain some, such as mining, which can never be made pleasurable in themselves, and yet in a system of equal freedom workers will have to be attracted to them, and not driven into them. It is hardly likely that a man in such a system would incarcerate himself for hours every day in the darkness and dampness of a mine, if he could get work and equal wages above ground. After everything possible has been done to make all occupations equally healthy, safe, and pleasurable, further steps may have to be taken to induce a sufficient number of workers to engage in some of them. We know that the endurance of danger and discomfort for a good social purpose has an attraction for the nobler sort. But the community has no right to exploit such public spirit, and even should this spirit inspire a sufficient number to undertake the work, a proper reward would

have to be given in addition to the usual conditions and remuneration of labour. But the attraction referred to has power over man mainly in his romantic youth, and loses its force in later life, especially when family responsibilities are undertaken. It may be that many occupations, such as the miner's and the seaman's, will be fully manned by the youth of the nation, who as they grow older may change their occupation. On the other hand, other attractions than danger and discomfort may have to be offered. The most obvious and most feasible is a higher reward, or, as would be said under Capitalism, higher wages. Indeed, there seems no other way of arriving at a just valuation of services in different occupations than that of raising or lowering the reward of labour according as an occupation proves less or more attractive than required. But there would be drawbacks to such a system, and these would have to be carefully guarded against. For instance, it would be unwise to reduce wages in any occupation merely because a very large number of inexperienced youths wished to enter it. It would be unjust to use their competition to beat down wages. But if persons of years and experience applied for situations in it at lower wages, a general reduction might be found justifiable, although in such circumstances it would seem more just to allow the applicants to compete among themselves for the vacant places without disturbing the wages of those already employed. Of course, capacity for an occupation would have to be proved before a

person would be considered an effective competitor. There appears no harm in such competition between equals if it should be found necessary. There is no doubt that after the system has been for some time in operation, the relative value of labour in different occupations would be discovered and would remain a steady ratio. Experts in hygiene would take into account the nature of the work and its effect on mind and body, and their reports would be considered when the rates of wages were being determined. Exhausting work must be paid for at a higher rate than easy work, so that with equal effort equal income may be earned. On the other hand, work that calls for great learning or great mental ability ought not to be paid for at a comparatively high rate, even should the workers required be rather rare. Those will devote themselves to it who like to do that kind of work. The scholar or the scientist would be as much out of his element on a topsail yard off Cape Horn as a sailor in the study or the laboratory, perhaps even more so. The Kelvins under Economic Moralism will only be too glad to have a place found for them in which they can exercise their talents, and will not dream of demanding anything extra for their rare abilities, especially as practical equality of material circumstances will remove all inducement to acquire wealth for social display as under Capitalism, when men of even the greatest abilities, with the exception of the very few of rare moral sense, feel impelled to surround themselves with all the signs

of material success. But it will be said that for some occupations the workers require unusually expensive education, and therefore the remuneration would have to be correspondingly great. The answer is that this education would be given at the expense of the guild that had control of such department of industry, and the cost would then be imposed on the consumer of the goods or services in the prices thereof. Technical education would be at the expense, not of the individual or of the general community, but of the consumers who are to benefit by it.

Having considered broadly the principles that ought to regulate the remuneration of different kinds of work, we must now turn to the principles according to which persons in the same occupation ought to be paid. Ought they to be paid by results or according to efforts? If by results, the method of determining the relative amount would be very simple. If one worker produced a third more than another, he would receive a third more in wages. The measure of value would have to be the social time necessary. If in any given trade the total output and the total time were ascertained, the average time for any piece of work could be calculated. This is what would be charged to the buyer, and the producer would be paid at the same rate. "Piecework rates" would thus be paid, when the kind of work was suitable, there being some kinds for which only time wages would be practicable. An

exceptionally clever worker would therefore earn more than his fellow-workers in a given time. But in that case the maxim "equal reward for equal effort" would be nullified, for cleverness implies ability to do more than another with the same effort. Cleverness, whether of head or hand, like its opposite, ineptitude, is one of the many injustices of Nature. The clever man with a properly developed moral sense will feel it to be his duty, and his privilege and pleasure, to help his fellow-workers who are not gifted with his powers. The Founder of the Christian religion took this view. But many modern Christians hold that the clever or strong man must be left free to give or withhold assistance, and consequently object to any system that would not leave him a free agent. They approve of letting the acquisitive side of man's nature have full and unrestrained play, and of leaving to the successful the option of keeping his gains or of alleviating the sufferings of those worsted in the struggle with him. Most of these persons take up this position because at heart they really disapprove of equality and fraternity, except in vaguest theory. And if we ascribe the best motives to them, we can only conclude that in desiring the individual to be left free in this matter, they sacrifice unwittingly an important moral principle to a peculiarly individualistic and objectionable view of spiritual development. However, if a "clever" man refuse to acquiesce in the compulsory application of this ethical principle, he cannot logically object if his fellows refuse to act

on ethical principles in dealing with him, and the cleverest would be a helpless creature in such case.

The able man will not, cannot do less or inferior work, even if he does not get more than the average remuneration for it. It is more pleasurable to work in the manner that comes natural to him, and marks him as a superior worker. But there is a serious objection to what seems a perfectly just arrangement. If the able are to be paid according to efforts and not by results, what about the incapable? Are all those who are under the average to be put on the same footing? Is it possible to distinguish those who take as much pains with their work as the able, and yet are inferior, from those who are lazy, or careless, or indifferent? If all did their work with equal care and diligence, time rates would be the equitable method of payment. But some will not put energy or intelligence into their work. It is true that laziness or carelessness is due to imperfection of character inherent in the individual, and that consequently allowance should be made. It is perfectly true that justice enjoins assistance in such cases just as much as when the individual strives hard and yet, owing to some other mental or physical weakness, is not able to carry into effect what he so earnestly strives to do. But laziness and carelessness can in most cases be cured, and in no other way than by letting the lazy and the careless take the consequences of their imperfections. In the absence of this restraining influence man is prone to degenerate, and it is desirable to maintain

efficiency. If efficiency could be maintained by appealing to the sense of honour or duty, or by stirring up the desire to emulate, so much the better, and it is to be hoped that before long this method alone will prove sufficient. But at present the appeal to self-interest is most effective. There is another reason for allowing every one to bear his burden of incompetence or laziness, and it is that many workers, by no means lazy, like to linger over their work for the pleasure of it. Workers of this kind would have to be paid by piecework. Moreover, in a social system in which the great injustice of rent, interest, and profit is abolished, the injustice of inequality of remuneration, owing to inequality of ability, would be trifling. All things considered, therefore, it seems desirable to remunerate labour according to its results, but it seems more in consonance with justice to let this rule apply only to those below the average except in the case of the old, and to leave those who are thus found to be clearly incapable of good work in the occupation they have chosen, to pass over to other work more suited to their capacities, and of course equally useful to society, for all socially necessary work is equally useful and honourable. Those above the average would have no reason to complain if remunerated on the basis of time instead of piecework.

When the payment of novices is considered, there must be taken into account, not only the value of the novice as a producer, but the cost of his technical

education. There will be two classes of novices, adults and minors. There are many kinds of necessary work which the young can do as well as adults, and some which they can do better. The young should be utilized in economic functions as early in life as possible, and on tasks suited to their capacities. This is not the place to discuss the proper age at which a young person ought to be set to work. Suffice it to say that in all probability our ideas of education will materially alter. There is no doubt that at present the young are crammed with shreds and cuttings of knowledge, instead of being offered a systematic education which could be acquired much more easily and profitably and pleasurably later in life. We are too ambitious for the young, and are in too great a hurry to " finish " their education. It is all done with the best intention. It is done with the view of equipping them early for the competitive life before them, and especially for the competitive examinations which lead on to an assured position. Under Economic Moralism there will be no need for such feverish hurry. Consequently the young will be set to useful work early in life, and this work will discipline them and strengthen them in mind and body. It will be light and pleasurable, and as the hours will be short, there will be ample time for general education and play besides. How early they will be set to work does not concern us here, but it is within the scope of this essay to discuss the principle upon which the labour of the young

should be remunerated. As has already been said, the labour of the young must be utilized to the best advantage. Consequently the situations suitable for them ought to be left for them alone, and they ought to be paid for the time socially necessary for the work, just in the same way as adult and experienced workers. Their time should be considered as having the same exchange value as that of adults. Further, they ought to be paid for the time they have to expend in acquiring such technical education as may be deemed necessary by the guild to which they are attached. The cost of the learner's time, and that of his education—i.e., time of teacher, cost of books, apparatus, etc.—will be borne by the guild and charged to the consumers of the guild's products or services. Instead therefore of receiving as at present a small fraction of an adult's pay, the young learner under Economic Moralism will get full pay, to which he is justly entitled. But for want of experience he will not be qualified to spend wisely, and therefore the State and his parents or guardians will supervise his expenditure. Against his income must be placed the cost of his food and clothing according to standard, and payment for lodging and domestic attendance. After a reasonable amount for amusement, travelling, sports, scientific or scholarly pursuits, etc., which would be the same for every one unless there were special reasons for making an exception, the balance would accumulate in the State bank for the youth, and would be available for the purchase of house and

furniture or anything else on which he chose to spend it after reaching his majority.

If the guild bears the expense of technical education, as it ought to do, the person taught should in justice continue during his working days to do the work of the guild. But in this way his liberty would be restricted, and as we have seen, the right to change one's occupation must be accorded the individual. It would not be just if every one were allowed to change his occupation at will, and leave the expense of his technical education and of his ineffective work to be borne by the community or sections of it. A person should be allowed to change only after he has repaid such expense to the guild he is leaving. If the sum were a large one, it would be a serious matter, and if the individual had made a mistake in choosing his occupation and were not actuated by a light-headed desire for change, it would be an accident, the effects of which he should if possible be helped to bear by his fellows. The difficulty here is to discriminate between the serious and the frivolous. The most feasible way, it would seem, is to lighten the cost by a system of insurance against part of it, but it would be necessary to leave a considerable part to be borne by the individual concerned, so that it would act as a deterrent in cases where the individual might not have reasonable grounds for his belief that he would avoid in the new occupation the evils he sought to avoid in his previous occupation. The person who had made an unfortunate choice would

thus have to bear a large part of the burden himself, instead of having it shared with the rest of the community. The maxim that people must bear one another's burdens is set aside in this case, because of the necessity of preventing the degeneration that would set in if people were allowed with impunity to act unsocially, and also because it would be impossible to discriminate in the matter.

But the hardship would not be very great. In many, perhaps in most, occupations novices would advance from simple to difficult work by easy stages with the expenditure of but little special training. As it would be easy to pay the whole or the greater part of this expense, young persons with no strong predilections or marked aptitudes would choose such occupations at the outset of their career, and would avoid the occupations that required an expensive training until they were sure they could take pleasure in them for life.

Every guild would know the work required of it, for it would be determined by the wants of all. But while this would mean full employment for all in society as a whole, the number required in each department of industry would be strictly limited. Therefore novices would only be accepted as vacancies occurred, and in case of competition a test would be used for the purpose of ascertaining the fittest for the work.

In connection with this question is to be considered the case of persons ready to sacrifice to a certain extent their material wants for higher

purposes, say poets, scholars, artists, scientists, engaged on private and probably, in the commercial sense, unremunerative work. These would wish perhaps to work shorter time in their ordinary vocations than the average person, and the cost of their training would therefore bear a larger proportion to their output. The loss of this to any guild as well as the loss in the case of early death could be distributed by a system of insurance, but the guilds would be large and national, and the average in each guild would be practically the national one. In the case of those guilds for which a very expensive preliminary training is required, a minimum service might in justice have to be insisted on. But against these short-time workers there would be long-time workers who would be glad to take up the time vacated. Whatever arrangement might be made to secure justice in this matter, there would be no question of a normal working day applying to all workers. The greatest possible liberty must be accorded the individual as to the length of his working day, in so far as industrial arrangements can be made to prevent irregularity from interfering with efficiency.

Then as to payment of women workers. They would be treated exactly as the other sex. Some occupations would prove to be very suitable for women, although all would be open to them, if they could prove themselves fit for them. A woman's time would count for as much as a man's,

just as a minor's would count for as much as an adult's, even if the woman were unable to do as much or as good work as the man in the same time. It has been by no means proved that the female sex is inferior economically to the male sex. Each has its special qualifications. But even if it were inferior, it would have to be helped by the male sex to bear its burden of inferiority. Therefore it would be possible for every woman to earn as much as a man in any given time. They would be economic equals. The beneficial consequences would be great. In the case of marriage the wife might continue at her post in the industrial world, although she might have to withdraw for a season. The loss of income in such cases would have to be borne by herself and her husband equally. She would contribute along with her husband to the household expenses. The household work could be done by the guild whose work this would be, and both husband and wife could contribute equally, or if they decided that the wife should remain at home and do all or part of the work, she would have to receive payment from her husband, the amount to be determined according to the principles just expounded. The married couple in this case would have to live on one income, or in the other case if both were engaged in industry, and employed a person for the same time in their domestic affairs, they would each have to pay that person a half of their income, so that again they would be living on the equivalent of one income.

Conditions of Labour

With regard to invention and authorship, Herbert Spencer holds that one who has elaborated a mental product is defrauded if others use it without giving him the benefit for which he worked, and that without aggressing upon any one he may impose his own terms. Here, again, as we saw in a previous chapter, Spencer makes no attempt to ascertain the "true equivalent" for the labour of the artist or author. In a social system like the present, relative ethics permits the individual to make the best possible bargain for himself and to acquire as much material wealth as possible, because, owing to the insecurity of economic position, it is impossible to say when one has enough to cover all unforeseen losses and still afford a sufficiency for maintenance. It is this uncertainty that is responsible for the money-making propensities and the otherwise unaccountable selfishness of men and women of even high moral character. The artist, or thinker, as such, if relieved of anxiety for the material wants of his family and himself, would have no incentive in his own nature to insist on the highest possible prices for his work. The true artist and the true thinker desire above all things to give full play to their faculties and to express themselves to their fellows. Spencer seems to think that their work should have its exchange value determined in a different way from any other work. While considering that the greatest sum obtainable would be the "true equivalent," he indicates that this would be naturally based on the use-value of the work, and not on the cost of

production. But he does not show why such work should be placed on a different footing from other work. In equity an author or inventor has only a right to the cost of production of his work, and in a normal social system he will not desire anything more. This could be ascertained with considerable accuracy. In such conditions, too, it seems probable that such work will be done as a recreation, as a pastime, after the ordinary work of the day is over, and be given to the world without charge. An author or inventor would, however, be entitled to be guaranteed security from the exploitation of his work without payment.

There is now the question of discipline and organization within the guild. How would the affairs of a guild be managed? Who would manage them? To what extent would one individual be allowed to dominate others or be dominated by them? Would powers be extended to individuals or to committees? And would they be appointed from above or elected from below? Would the organization be hierarchical or democratic? How would disputes be settled? Would there be any danger of strikes? And how would the right to work be established on a firm basis?

It is self-evident that persons of ability and experience must instruct and direct less able and less experienced workers. Foremen, heads of departments, and managers have certain co-ordinating functions that distinguish them from the ordinary workers. Very often their work is not

more difficult but merely different ; and sometimes it is easier ; some are especially fitted for it. How would these officials be appointed? At present they are appointed from above—that is, by a higher co-ordinating functionary. But even now this higher power has frequently to consult those on what is considered a "lower" plane as to the suitability of the candidates. In the future those best able to judge of a person's suitability will have to make the appointment, and there is no need to dogmatize now as to who these would be—experience will show. But there will then be no pecuniary attraction to encourage competition for such positions. Owing to equality of payment and conditions, the greedy, pushful, showy, and superficial will have no inducement, as they have now, to elbow their way into places for which they are not really fit, and this would tend to efficiency. Candidates would have no other motive but their feeling of fitness and their love of the work. Their appointment might safely be left to their fellow-workers, to those who come into close contact with them and therefore know their worth. There would probably be no temptation to elect a foreman or a manager likely to allow laxity of discipline, because a standard of excellence would be insisted on in the last instance by the distributive guild, and if the products of any factory or workshop were below the standard in quality or over it in cost, all workers responsible for bad workmanship would perforce have their remuneration reduced by the central offices of their guild.

Appeal to properly constituted courts against any unjust dealings would necessarily be allowed. Such officials after being chosen must be accorded obedience, and be allowed to exercise disciplinary powers. But if they should prove incapable, they would be proceeded against. Every factory and workshop would require to have a corporate life and autonomy. Therefore a council of all the older workers, in number forming the majority of the total workers, would require to have certain important powers. Complaints could be carried if necessary to such a body, who would have the power to appoint a committee to investigate and report. Appeal could be made to higher courts in the guild itself, and finally to the national law-courts. Officials appointed in this democratic way would have to be obeyed until they were proceeded against and deposed in a constitutional way. Factories and workshops and all industrial bodies would appoint delegates to the higher courts of the guild to which they belong, and it would be open to any person to have a complaint against any other person or persons in the guild investigated and adjudicated upon. A workshop would therefore be managed by those considered by their fellow-workers to be the most capable, who would, however, be liable to removal in certain contingencies.

As to strikes, they would be almost unthinkable. At present the workers know that the fruits of their labour are taken by their masters, that they, the workers, produce unearned income for others. Thus antagonism exists. Strikes are the result.

But when all the produce of labour is returned to the workers, when work is valued by the average time required to do it, every one would know that he would get full credit for the work actually done by him. What would there be to strike for? Wealth would be automatically distributed according to scientifically ascertained and universally accepted principles. Every kind of work would be valued according to the social time required for it, and the worker would be paid accordingly. Conditions of labour in any department would be the same everywhere. The law-courts of the land in the last resort would insist on this. There might be room for dispute with regard to the wages and conditions of labour in one industry compared with those of another. But here again properly constituted courts would consider alleged differences and give their decision. With the abolition of classes and the existence of the sentiment of equality, with the fullest public consideration of all grievances, strikes would be very seldom called for.

As to the right to work, the wants of every individual create a demand for the labour of others, and require an equivalent of labour from that individual. There is therefore room for every one to work as long as he pleases, so long as the material means of existence are sufficient. Vacancies will always be occurring in every industry, and if the population increases, so will the workers be necessarily increased in every industry. With proper organization there can be no lack of work for all.

CHAPTER X

NATIONAL INSURANCE

INVALIDITY, OLD AGE, DEATH, FIRE, ETC.

THE economic loss resulting to the individual or his family from invalidity, old age, death, fire, etc., must under Economic Moralism be borne by the community. This is a deduction from the Christian precept that we should bear one another's burdens. The corresponding principle of absolute ethics is that the consequences of accidents, and of personal infirmities incurable by economic or other social pressure, must in so far as they result in a pecuniary loss, and as far as possible in other respects, be borne by the community. In other words, such loss is to be covered by the premium paid by every able-bodied individual for insurance against the risks common to all. This is not charity, but a business proposition, to use an Americanism. The strong must help the weak, in so far as such assistance does not demoralize, but in this case it is in a sense self-help, the strong adopting the most economical way of preserving themselves from possible dangers. It has its

ethical basis on the principle formulated by Spencer that the harsh discipline of Nature must have its results modified where this may be done without appreciably interfering with the further progress of evolution; but, after all, on lower grounds it is simply a common-sense arrangement for self-preservation.

A distinction may with advantage be drawn between taxation and insurance, the two modes in which such assistance can be financed. Although, broadly considered, compulsory insurance is simply a form of taxation, the term "Taxation" may in a stricter sense be applied to the system of collecting the cost of necessary communistic undertakings, such as national defence, public drainage, etc., which are of present value to every one, and the term "Insurance" to the system of collecting the premiums against certain risks or contingencies, such as invalidity, premature death, etc. The one is for a certain service or advantage, the other for a problematical one. Let us consider the question of Insurance now, reserving Taxation for the next chapter.

As regards Invalidity, in a certain sense this term might be held to cover inferior working ability of the individual due to physical or mental weakness at any period of life, but such economic inferiority is covered by the principles of remuneration fully dealt with in the preceding chapter, and "Invalidity" will therefore stand as the technical term for the temporary or permanent *cessation* of the ability to work. In such a case the victim

must be relieved by all the more fortunate members of the community and to the greatest extent possible, this measure being supported, not merely out of compassion, but for the self-preservation of the able-bodied themselves, because no one, not even the strongest and healthiest, is exempt from such risks. All illness, whether arising from disease or accident, must therefore be dealt with by a scheme of national insurance. And it seems only equitable that the victim should receive an income from the State at the same rate as that which he or she has been making during the preceding year, or not less than the average annual income in the community. A premium or tax in proportion to income would be deducted from wages, or a poll-tax levied sufficient for the average income. Although the income could not, perhaps, be spent altogether in the same way, it may be spent in another in compensation. Into the question of the safeguards required against malingerers, it is not necessary to inquire in this place. These are easily enough devised.

All medical assistance and requisites would be free, and the cost raised by a poll-tax. For hospitals and all medical treatment and advice the nation must be responsible. The individual must be safeguarded by the whole power of the community against the ills flesh is heir to. The main object of the medical service will be to prevent disease. Its motto will be changed to "Prevention is better than cure." But it will have only advisory powers except when authorized

by the State. It must by no means be allowed to erect itself into a tyrannical priesthood.

As a national service the medical profession could do more effective work than on its present individualistic basis, because the individual members of it would receive a better training, their work would be better distributed, they would have time for study, they would be relieved of worry about income, the commercial side of their profession would no longer harass them. The whole cost of their education would be borne by the State. Those who desired to enter the profession and who proved themselves on examination to be fitted for entrance would at once be set to their studies and receive salary. Should any of these be afterwards found to be inefficient or incapable, even after their class work was over, they would be forced to leave the profession and devote themselves to other work suited to their abilities. The utmost care would be taken in this profession, above all other professions or trades, to weed out the incompetent. The inexperienced medical man would probably be attached to a district where he would work under superior officers. He would accompany more experienced men, and would not be allowed to gain experience by experimenting on his patients. Even after having acquired sufficient experience he would have to report serious cases to headquarters, and in the case of the slightest doubt call in the assistance of more experienced colleagues. After gaining a wide general experience, doctors would specialize,

and the very best skill would therefore be available for every one who required it. The simpler cases would be left in the hands of the younger men, while to serious cases the older men would devote the greater part of their attention. A sufficient number of medical men would have to be employed to enable every one of them to have time, not only to continue his studies all his life through, but to allow him sufficient relaxation. One of the chief duties of the profession would be to educate the public in the laws of health and to popularize medical truths and theories. All scientific research and experimental work would have to be carried on by experts at the national expense. But all expenditure thereon would have to be under proper public control.

The proposals for invalidity do not quite apply to the provision in entirety for old age. Such provision must be divided into two kinds. There is the kind required if the individual is to retire before he is entirely unfit for work, and the other kind if the individual is to work until he is no longer able to do so. There is the greatest diversity of opinion as to old age pensions. Bellamy pensions off everybody in his Utopia at the age of 45. Other Socialists fix the age at 50, 55, or 60. Liberals make it 65 or 70. Moreover, those in favour of State pensions disagree about the amount of the allowance. It varies from 5s. a week to the handsome pension of a Cabinet minister. No attempt is made to base

the practice on principle. What is the principle as deducible from Absolute Ethics? The evil to be insured against is the inability of the individual to work as efficiently in his old age as in his younger days. The time when a person's powers begin to wane varies with the individual. If a person breaks down at a comparatively early age, he is the victim of misfortune, and is entitled to assistance, while an older but perfectly fit man is not. Provision of this sort for old age will be dealt with, exactly as similar cases earlier in life are dealt with, as under invalidity or under incapacity, as shown in the previous chapter.

But such provision is altogether different from what is known as a pension. A pension is payable at a certain age whether the pensioner is fit or unfit for his usual work. But a person fit for work has no claim on the community for assistance. Therefore, State pensions raised by compulsory taxation would have no justification under Economic Moralism. But there is no reason why there should not be voluntary insurance for pensions or annuities at various ages as the insurer may elect, just as under Capitalism. This in many cases would be preferred to individual saving for the same purpose. It is a clear gain to every one to be able to insure for such a pension by paying a small periodical premium throughout the greater part of his life, instead of saving a necessarily very much larger portion of his income which he may never be in a position to enjoy. The State actuaries could arrange the premiums according

to the insurance tables. And this would settle the disputes regarding the age at which pensions should be granted and the amount of these. The individual himself would make the choice as regards both age and amount. The State actuaries would make in every case of such voluntary insurance an allowance for the sum the individual might according to the law of averages be entitled to from the State in the form of an allowance on ineffective work or for total invalidity if he had not insured for a pension. And the State would be responsible for such contribution. But that would be the extent to which an old age pension under Economic Moralism would receive any contribution from the funds of the State, and the charge would be against the guild or guilds of which the individual was a member. On the other hand, the individual could, if he chose, save the money for his old age instead of insuring.

It would not be necessary for the State to insist on every one making provision for an old age pension. With the right to work every one could earn an income as long as he was fit for work, and for inability to work he would be covered by his State insurance.

As regards insurance against death, would this be compulsory, or optional, or would it be prohibited? It would be compulsory on parents of children not self-supporting, and for a sum necessary to support them while dependent. The sum would depend on the number of the children and on their age. The premium would decrease

as the children grew older, and cease when the children became self-supporting or if they died.

Would the State provide facilities or allow private enterprise to provide them for life insurance payable at death for any other object than provision for dependent children? If saving and bequest be allowed, it would appear unreasonable to forbid insurance of this kind. And yet there is an element of gambling in insurance which may have to be guarded against, and if found clearly injurious to the community or the individual legatee, prohibited.

Fire, lightning, floods, and earthquakes, and all possible catastrophes or accidents which might cause loss or damage to private property, could be insured against through the State insurance office, but only a minimum would be compulsory—sufficient, say, to meet the necessities of the insured and dependents. Above that minimum, private property up to its full value might be insured, but only at the option of the owner. Industrial capital would be compulsorily insured, but this would be simply a matter of State accounting, and the cost would be raised from all. It would be part of the working expenses, like depreciation, and would be included in prices.

CHAPTER XI

TAXATION: LEGITIMATE AND ILLEGITIMATE

LITTLE consideration has hitherto been paid to the line of demarcation between legitimate and illegitimate taxation. Discussion has for the most part had for its subject the legitimacy of public services themselves and not that of the method of collecting their cost. John Stuart Mill, discussing the functions of government, refuses "to limit the interference of government by any universal rule, save the simple and vague one that it should never be admitted but when the case of expediency is strong," and he deals at length with "the general principles of taxation." But these cover merely the incidence, and the time and manner of collection, as well as the expediency of the different kinds of direct and indirect taxation. He does not find it necessary to ascertain the principles according to which one public service should be "free," or supported by taxation of the public, and another should be supported only by those who demand the services and purchase them. These principles we must now endeavour to elucidate.

Taxation : Legitimate and Illegitimate

In connection with taxation we do not require to discuss the functions of government, for all national collective enterprise, according to the principles of Economic Moralism, is justifiable. We have only to concern ourselves with the manner of collecting the cost of any given public service. As every public service whatever, whether for the benefit of many or of few, is justifiable, the only question is the manner of its support, whether by taxation, by individual voluntary purchase, or by compulsory insurance.

But first we must consider a mischievous Socialist theory of taxation for revenue required by the State for "free services," which would result in gross injustice. Mr. Ramsay MacDonald in his "Socialism and Government" maintains that the income required by the State need not be taken from individual incomes (that is, presumably, by direct taxation), because the State in exercising its functions earns its income just as much as a personal income is earned, for it adds to national wealth and well-being. He argues that the main bulk of its income should be derived from natural monopolies like land, from politically created monopolies like liquor licences, from profits on communal services like the carrying of letters and the supply of gas and the running of trams—from what he calls the State's own creations of value. This proposal cannot be justified either by Absolute Ethics or Relative Ethics.

Under Economic Moralism there will be no land

monopoly, as already explained in the chapter on Economic Rent. Neither will there be any liquor licences, or "profits" on any State or communal undertaking. All such undertakings will be conducted solely for behoof of that section of the public which requires them and maintains them. It is clearly an injustice to increase prices on any commodity or service for the purpose of maintaining any free service—that is to say, to compel one section of the public to relieve any section, or the whole nation, of their duty to provide revenue for "free" services by which they benefit. Just as little can the proposal be justified for application during the transition to Economic Moralism. For the maintenance of the public free services required in any social system there can be no excuse for collecting the revenue from any but those who benefit by them, and as far as possible from each in proportion to the benefit enjoyed. To keep the prices of communal services high in order to make a profit means raising revenue by indirect taxation from the wrong people. The only just tax in the transition period is the income tax, and especially that on unearned incomes and on very high salaries. Unearned income might be taxed up to the vanishing point with perfect justice, provided sufficient allowances were guaranteed to all invalid citizens and for the support of orphan children, and there is therefore no excuse for resorting to indirect taxation of the kind indicated, or any other kind. The income tax permits evenhanded justice to be done between man and man. The taxation of

natural monopolies like land simply means the singling out of one section of the capitalist class for punitive treatment. All land and capital are only of value to their owners to the extent of their income-producing capacity. And all such income is equally stolen from the workers. In the market the price does not depend on the nature of the monopoly, whether natural or artificial, or whether the capital can be correctly termed a monopoly or not. It is grossly inaccurate to say, as Mr. MacDonald does, that a man with £100 per annum from Consols gets more direct benefit from the State than a man with £1,000 per annum derived from surgical skill, or a man with £500 a year from ground rents than a merchant pocketing ten times as much in profits. It would be unjust to differentiate between the owners of the various kinds of land and capital, even when the return on the original capital or investment is very high. To an overwhelming extent the holdings have passed out of the hands of the original investors at such a high figure that present holders simply receive what Adam Smith called the ordinary profits of stock. Again, to place a tax on suburban lands, in order to force them into the market for building, is prejudicial to all the interests of the country. It is a clumsy and ineffective attempt to get rents reduced. Tenements are run up on the open spaces, which either as private gardens or as agricultural land served as lungs for the city—and the citizens suffer. The problem of housing cannot be solved in this way. If land is obviously being

held for speculative purposes, and is really required for building, the proper public authorities ought to get powers to acquire it. When the community needs it, it should be acquired at its price as a reasonable revenue-producing investment uninflated by speculation in its prospective sale to the public. Socialists stultify themselves in advocating such roundabout and ineffective measures. Their false theory of taxation is based mainly on the "biological" theory of the State, with which they have been fascinated and which they carry to such an absurd and illogical extent as to regard the State as being a distinct personality with earning power.

Taxation is the legal collection of money by a duly authorized public body from individual citizens to cover the cost of public services, of which the cost of the benefit to each citizen it is impracticable to estimate or collect each time that benefit is enjoyed. What is collected may be a legitimate or an illegitimate tax.

A tax is legitimate if it is for the maintenance of any public service that is of equal benefit to all, or that benefits all more or less, and of which also the incidence is as nearly as possible in proportion to that benefit.

Legitimate taxation is such as that for the Army and the Navy, and all national defence; for police and the administration of justice; for streets, roads and bridges, public drainage and sanitation, public lighting, parks and gardens.

The cost of invalidity and old age allowances,

of the maintenance of widows and orphans, of hospitals and all medical treatment and advice, is excluded from taxation proper and falls into the category of insurance, as already explained.

Rates for gas and electric light are not taxes proper, but payment for industrial services strictly based on the quantity rendered.

Illegitimate taxation is such as that for the Church, for amusements, education, science, libraries, art-galleries and museums—that is, for everything that interests or is necessary for only sections, be they great or small, of the population.

Let us consider a number of the various services that must be maintained by taxation. Such services are to be distinguished by the impracticability of estimating the value of their benefit to the individual each time they are enjoyed. They therefore find their place by reason of their nature and not arbitrarily.

The Army and the Navy, and every service necessary for the integrity and independence of the State, i.e. the organized people, against foreign aggression (for there may be some Moralist States before the inauguration of universal peace) must by their very nature be maintained by means of taxation. Under Capitalism much discussion arises regarding the incidence of this and similar taxes, and it is necessitated by the inequality of the incomes of the people. Under Moralism there would be no trouble on this score. With equality of opportunity, if not of actual income (for some

will place less value on material wealth than others and will not therefore trouble to earn as much), an equal poll-tax on every able-bodied citizen, male and female, would be truly equitable.

Protection of the organized people against internal disorder, and the administration of justice, involving the maintenance of police, judges, and others, cannot be the subject of voluntary purchase and must therefore be covered by a general poll-tax, but much of the cost ought to be met by the fines or the labour of prisoners, who should be compelled to do the greatest amount of work consistent with health. Under Moralism prison labour could not have an injurious effect on the work or wages of any section of the community, as it must have under Capitalism. That arrangement would reduce the expenses in connection with the administration of the criminal law. It is a perfectly just arrangement that part of the punishment of those convicted of breaking the laws should consist of bearing as far as possible the national expenses necessitated by such conduct. The speculative questions of the extent to which a system of Economic Moralism would diminish crime, and of the proper methods of dealing with it, are beyond the scope of this work.

The expenses in connection with civil litigation ought also to be borne to a certain extent by those who come before the courts and are found to be in the wrong. Litigation under Moralism will presumably be rare. There will be little occasion for it, owing to the transfer of capital

and land from private individuals to the nation. Private property, the great source of litigation, will have shrunk to comparatively insignificant dimensions. Nevertheless, there will doubtless be disputes that will be carried to the courts, and the problem is to formulate a principle which will govern the distribution of costs. Some advocate "free" justice, and would meet all the expenses by taxation—that is to say, would make every able-bodied citizen pay his or her share of these public expenses. There is much to be said for such an arrangement under Capitalism, when the poor man is most seriously handicapped in any conflict with the rich. But under Economic Moralism it could not be justified. Were the law then as complicated, obscure, and difficult to interpret as it is now, there might be justification for making every one bear an equal share of the expense of interpreting it. And yet, simplified as it would be in direct consequence of the simplification of the economic conditions, it would no doubt cost much time to acquire a thorough knowledge of all its branches, or even any one of them. An elementary general knowledge would be required by every citizen, and it would be acquired by private reading or at public institutions at one's own expense, or when in connection with one's work, at the expense of the guild concerned. If owing to want of knowledge a person were to get into trouble, he would have himself to blame and would have to suffer the consequences. But there would be much legal knowledge which the

vast majority of the citizens would not try to acquire; and yet at one time or another the individual citizen might have need of legal advice. Although much seldomer than now, this he would with perfect equity have to obtain from experts, from lawyers in the public service, at his own expense. The maintenance of the law-courts, judges, and other officials would in great part be borne by the litigants. This maintenance would not be so great as it is at present in comparison with the cost of other services. But according to what rule would the cost be shared between the Government and the litigants? The party in whose favour judgment is given ought to have all expenses paid by the losing party, if the case were obviously a trumped up one, or they should be shared equally if it arose from a mutual misunderstanding on a point of law. But what share ought to be borne by the nation? It is not desirable that the share of litigants should be so heavy as to prevent a citizen with a grievance against another from asking justice, but it ought to be heavy enough to prevent the time of the judiciary being taken up with trifles. Litigation in great part might be avoided by the exercise of a little sweet reasonableness. With the natural sense of justice undistorted by the individualism and selfishness necessitated by the capitalist system, and with the reduction of the irritation and bad temper due to the straining of the nerves by the harassing cares and the worry of the struggle for existence, most disputes would be settled amicably. The

probability would therefore be that most of the cases coming before the courts would have their origin in the obscurity of the law, and in such cases the expenses should be borne by the State. It seems, therefore, that as at present the distribution of the costs would be left to the court, each case being decided on its merits. The guiding principle would be that if a dispute could have been settled by any ordinarily fair-minded person, the offending party or parties should bear a share of the national cost of maintaining the judiciary—in other words, they would have a fine inflicted on them, the amount of which would depend on the ability of the ordinary citizen to pay and on its efficiency as a deterrent.

A large proportion of disputes would probably be between workers, individually or represented by their unions, and the guilds or public bodies, bearing on remuneration of labour, hours of work, and other industrial conditions. The same principle would hold good here regarding allocation of expenses : the less excusable the action, the greater charge to the losing party, but in no case the charge a ruinous one. If the cost of the administration of justice be high in proportion to the cases tried, the whole country should share the expense, so that individuals should not have to suffer.

To turn to quite another branch of the public expenditure. We have mentioned the maintenance of roads as a legitimate subject for taxation.

Wherein do roads and railways differ, that the cost of maintenance should not be raised in the same way? The whole railway and its management must be in the same hands, as only specially adapted vehicles can be run on it and under strict regulations. Passengers and goods can be transported only by the rolling stock thus controlled, and it is therefore easy and inexpensive to collect the expenses of the railway from those using it. With the roads it is a very different matter. The same regulation of traffic is not required. Moreover, the rolling stock may belong to numerous owners and can enter the roads at many points, and so can foot-passengers, so that a system of tolls, though just, is expensive or ineffective, or both. But the present incidence of taxation is unquestionably indefensible. A tax on rentals apportioned between owner and occupier is unjust. Therefore, although taxation is evidently the proper method, its incidence must be changed. Certain roads have been made for specific industrial purposes. A branch road to a quarry ought evidently to be maintained at the expense of the users of the materials got from the quarry; a branch road on or to a farm, similarly, at the expense of the consumers of that farm's produce. The maintenance of such branch roads ought to be charged against the industry for the benefit of which they exist. Such expenses there can be no difficulty in assessing and collecting.

But there are the main roads and the cross roads. Who use these roads? Most of the wear

and tear is caused by vehicular traffic belonging to various industrial interests (some of which may be responsible for the entire upkeep of their branch roads), some of it even under Economic Moralism would be caused by vehicles or horses kept by private persons for pleasure, and some of it by foot passengers. All the expense of maintaining these roads must be collected from these interests and persons in proportion to the estimated wear and tear caused by each. This could easily be calculated with a fair approximation to justice. Each kind of vehicle would have a tax placed upon it in proportion to the damage it was likely to do, the heavy wagon and the huge motor paying at a higher rate than the little pony-chaise. Similarly an approximately correct estimate might be made of the expense incurred on account of animals, also those on account of foot passengers, but any part due to the unusually difficult nature of the ground ought to be charged against the industries of the district. Districts are inhabited because of their economic suitability and in proportion to it. The inhabitants are there for the purpose of running the industries for the consumers, and the lowest necessary charge for foot passengers made in any district should be taken as the charge for all districts, any surplus expense due to the character of the ground or difficulty in getting material for improving being charged against the industries.

The cost of maintenance in any district will be as exactly as possible laid upon those who

use the roads ; but the vehicles of an industry would perhaps regularly use roads lying outside of the district in which it is domiciled, and the possible heavy wear and tear may thus be charged to industries in the neighbouring districts. This would be the case with heavy motor-omnibuses running through two or three counties. It might be necessary for the district collecting the tax to pay part of it to those other districts, or if collected by a central authority for the tax to be allocated on some such lines. But that is a detail. Vehicles for personal use might have the freedom of the whole country on paying the local tax, which might in justice be kept by the district collecting it. Only the tax on certain public vehicles would have to be divided between two or more districts. The tax on vehicles for occasional personal use, too, would have to be lighter than that on regular industrial vehicles constantly on the road.

Streets in villages and towns of all sizes offer the same problem, and the same principle ought to be applied.

But measures would have to be taken to safeguard the interests of those who eventually pay a great part of the tax, namely the consumers of the exports of the district, who may be scattered over the country far and wide. There would be considerable temptations to local populations to incur unnecessarily great expenditure, if it were to be chargeable for the most part to people in other parts of the country. It would therefore seem advisable to have an impartial national authority

to supervise the management of roads and bridges, and to regulate all expenditure thereon.

Again, with regard to public drainage and sanitation, public drainage is all the common drainage in any district ; piping for drains within houses, and all drains (except when the ground is built upon admittedly on account of pressure of population) up to the point where they join a common drain, ought to be at the charge of the occupiers of the houses. The cost of the public drainage must be collected, not from the householders as such, but from the industries which are responsible for the existence of any given commune. Cost of drainage varies greatly, and depends on the situation, geographical, geological, etc., of the district. Therefore any advantage or disadvantage should be at the charge of those for whom the commune exists as a producer. The extent and therefore the cost of private drainage depends on the extent of the house property, and as that depends on the tastes of the individual, it ought to be at his charge. It may be urged that if local expenses could thus be imposed upon the general public, or rather the scattered body of consumers, there would be no inducement to local authorities to economize, at all events in conditions of low morality. But a national corps of engineering experts would have no local prejudices, and the planning and construction of drains all over the country would be in their hands and managed on the same principles everywhere. New systems of drainage and expen-

sive repairs would require the sanction of an unprejudiced body of administrators, and the interests of all would thus be safeguarded. Honesty, integrity, and efficiency will increase in the public services in proportion as inequality of income and treatment disappears.

For other sanitary arrangements, such as street cleansing, there seems no reason to charge any one except those who directly benefit. The expense should be covered by a poll-tax on all the able-bodied. On the whole the average charge would be very much the same all over.

As to public lighting, the same arrangement would hold good. But the lighting of common stairs should not be at the public expense. It may be defensible now, although even that is doubtful. But under Economic Moralism, if a number of families wish to live in common for the sake of economy or social life, they would have to pay for the lighting of their common property required for the convenience of themselves and their visitors.

With regard to public parks and gardens, golf-courses, bowling greens, and other places of like nature, open spaces are necessary for health and pleasure, but at whose expense are they to be maintained? The farming population do not require special places of this kind, nor do the small villages. Unless prevented by the tyranny of land-

lords, they have free access to field, wood, and stream. As a rule they have also private gardens, and for games an open green which costs practically nothing for upkeep. The dwellers in towns and cities are not so fortunate. Many have a considerable distance to go in order to reach the country, and generally landlordism confines them to the high-road, where they are suffocated by the dust and stench raised by automobiles. The open spaces are inadequate, and consequently require to be tended at considerable cost. Under Economic Moralism, with landlordism abolished, all woods and meadows and banks of streams, all moors and mountains, will be free to all, and every one will learn how to enjoy public property without damaging it. No expense need be incurred for the upkeep of such places. Even farm roads and paths by the sides of fields (the latter might be multiplied without cost) will be open to the public. In this way those dwelling on the outskirts of towns and cities will be as well off as those in the villages. But those in the centre, especially of the larger towns, would be at a considerable disadvantage. Should no compensation be given them in the shape of urban parks and gardens? Let us follow out the evolution of a town on rational lines. Every new extension would be made in such fashion as to preserve sufficient space and vegetation, not only for the purpose of securing fresh air for the citizens but of affording them opportunity of physical exercise in touch with Nature. As Nature within the precincts of a town

would necessarily be largely artificial, there would be expense incurred, and this expense would in justice be laid upon the industries of which the growth necessitated the development of the town. The expense, however, need be but slight, because the townsmen would have no right to have public gardens richly stocked with expensive flowers or exotic plants. The gardens and parks ought to be laid out in the simplest and most natural way possible with native plants, shrubs, and trees, which would be placed in a suitable environment for their perfect growth, with sufficiency of light, air, and space, the land of course costing nothing. An impartial administrative body acting under Acts of Parliament would be authorized to regulate the expense of such parks and gardens on behalf of the scattered consumers of the local products, who would be charged with the expense.

For games, such as golf, bowls, tennis, croquet, archery, and so on, sufficient ground would have to be set apart without charge, but the upkeep of the ground necessary for the games would have to be at the expense of those indulging in the pastimes.

Would there, then, be no lovely public gardens with rare and beautiful flowers? In certain educational centres there would necessarily be botanic gardens, but expensive flower gardens would not be maintained at the public expense by taxation. They would be established and maintained, like any other place of amusement or recreation, at the expense of those who desired to have them.

Taxation : Legitimate and Illegitimate

Now let us consider the reasons for condemning certain taxation as illegitimate.

Tithes, and indeed all Church endowments based on taxation, or rent, or interest, are justifiable. A Church is not an institution to which every citizen belongs or of which every citizen approves. Every Church exists for the benefit of a section only of a community, and no section of the people has any right to exact money in any way from others for benefits these others do not enjoy or desire. Under Economic Moralism the expense of preaching and teaching any kind of theological doctrine will be borne by those who have such doctrine at heart, and by them alone. If organized as a public department, unlikely as that would be, the cost of it would be borne by those availing themselves of the service.

Then as to education. The communistic financing of education under Capitalism has acquired such a firm hold that hardly any Conservative, or Liberal, or Socialist thinks that it requires any defence. It even forms a vantage-ground for the advocacy and extension of other communistic schemes, in which Liberals and Conservatives as well as Socialists are concerned. The only approach to a reasonable defence of such Communism is that in present conditions the workers cannot afford to pay for the education of their children. Such defence will not be possible under Economic Moralism. The only possible excuse for it would be that bachelors and spinsters

would be evading their "duty" to multiply and replenish the earth, and should therefore be compelled to assist parents, and people with small families would have to help those with large families. The answer is that it has not been proved to be a "duty." A dense population is far from desirable, and a pressure of population on the means of subsistence is productive of much misery, which results frequently in forced emigration and aggressive warfare. If people have not sufficient *joie de vivre* to have children, if they are pessimistic and desirous of race suicide, why not let such strains die out? Why penalize them by placing other burdens upon them which would rather increase their pessimism? Why force them to contribute to the expenses of people whose only virtue perhaps, if virtue it can be called, is a superabundance of philoprogenitiveness? It is an unwarrantable interference with the liberty of the individual and unnecessary for society.

Of technical education, again, there has in recent years been a great extension at the public expense. As has already been indicated, such education ought to be entirely at the expense of the guild concerned.

To what extent, if any, is Science to be subsidized by the State? It has had little assistance under Capitalism. A few meteorological stations, subsidies to a few polar expeditions, grants to a few museums, and little else, are what Science has had to thank the State for. Its cause has been

advanced by those who have worked for the love of it. Endowments have been given by individuals, and owing to the power of capital to extract rent and interest from the working people, these endowments seem to last for ever. Under Economic Moralism enthusiasts in greatly increased numbers will undoubtedly work for the endowment of research and of the spread of knowledge, but such endowments will have continually to be renewed, for what we call the capital sum will have to be used up, as there will be no rent or interest to accrue on it, no perpetual income.

The advancement of science, taking all in all, is most desirable, but there is the greatest diversity of opinion as to the comparative utility and worth of the various departments of science. It is true that even the apparently least fertile fields of investigation may unexpectedly at some time or other yield up truths of great value, throwing a wealth of light on problems of much interest and value to the human race. But at the present stage of civilization it can hardly be said that the knowledge still to be gained would be of *vital* importance to the race. If the race never discovered another scientific truth, future generations might lead a healthy and happy life in acquiring and applying the accumulated knowledge of the past and beautifying existence by art. There is therefore no clamant call for the endowment of science in general by the State. And even if this had not been so, it is doubtful if State endowment could be defended, for to give *carte blanche* to scien-

tific bodies for the endowment of science would possibly lead to the corruption of such bodies and their erection into a privileged caste, and to the re-imposition of an intolerable burden on the shoulders of the people. The people must keep a firm hand on the public purse, and resist the communistic claims of all kinds which will be made upon it. For this reason it is of first importance to determine the principles of legitimate taxation. Science will not suffer, but will rather benefit from being denied State endowment. The people being better educated and having greater leisure, there will be a greater number who will devote themselves with ardour to scientific pursuits. As Kropotkin points out, science is much retarded under Capitalism by the want of intelligence and education among the people, from whom scientists proper require much assistance in observation and recording work.

But the utmost vigilance will have to be exercised to prevent science making insidiously a parasitic lodgment on the body politic. There will be opportunity for it. The officers of health, physicians, and surgeons who will have charge of the hygienic arrangements of society will be expected, as already explained, to do their utmost to increase human knowledge in their department and at the public expense. But their expenditure must be carefully supervised by the public and its representatives. Grants will only be given on sufficient cause being shown, and the results will have to justify them. The scientists will have

to explain clearly what work they intend to do, and the benefits likely to accrue.

Similarly in the productive arts, which derive benefit from the applications of science, research will be required, and scientific men will be employed in various departments of these arts, just as they are to-day under Capitalism. Here again, scientists will have to justify their employment. The demand for such research in any department will come from the various producing centres, and will be made to the central authority of that department. To safeguard the interests of consumers that authority should not be allowed to employ these men and to place the cost of their maintenance and their experiments on the price of the articles of consumption, without first satisfying the public representatives that the work is necessary. A demand may arise from a number of departments for research work likely to benefit all jointly more or less. Special arrangements could be made to divide the expense equitably among them.

Free libraries so-called have been instituted by a philanthropic millionaire, who contributes most if not all the initial cost, with the stipulation that the community should tax itself for their maintenance. Under Economic Moralism every one will be able to pay for the use of a public library, and will not need the assistance of those who do not care for books, and do not make use of the library at all or in the same degree. The cost of maintenance can easily be calculated and

distributed over the average number of readers. There is no excuse whatever for communism in this case.

With regard to historical documents and their publication, and the great reference libraries like that of the British Museum, on what grounds is the State justified in incurring expenditure on them? The reproduction and publication of historical documents should be left to historical societies, of which there would be a greater number than at present. Even the acquisition and custody of these by the State might and ought to be financed by the freewill offerings of those interested in such work. When so much has been done under Capitalism by private effort in this direction, how much more would be done under Moralism, when the number of enthusiasts will be greatly increased. The cost of the housing and care of such collections under the State could be met by private subscription, and by payments made by the users.

Fine art collections would be financed in the same way, not at the public expense, but by private subscription, and by a charge for admission.

Museums would be similarly dealt with. But these would be mainly collections required by students of the various crafts and professions. They would have to be financed by the crafts and professions or guilds concerned, each for its own collection, and outsiders might be allowed the use thereof on payment of a fee or by courtesy.

SECTION II

THE PRACTICAL: BASED ON RELATIVE ETHICS

CHAPTER XII

THE TRANSITION TO ECONOMIC MORALISM

THE ideal economic framework having been sketched in its broad features, the practical work of converting the economic system of Capitalism into that of Economic Moralism must now be considered, necessarily, however, in but a cursory manner here.

But before considering the means of attaining the ethical ideal, let us glance at the probable effect of a system of economic justice on the production of material wealth. The present national income, according to various statisticians, ranges from £1,750,000,000 to £2,500,000,000 per annum, which equally divided yields from £200 to £260 per family of five. Under Economic Moralism the output of the nation would be enormously

increased, because the workers would be healthier and more efficient owing to the improved industrial conditions, would be better educated, and would have a better technical training. Moreover, the new industrial system, being conducted for the common good, would call forth the best powers of the people. The worker would reap the full value of his labour, and he would know that even if any mistake were made in allocating his share, it would benefit the whole community, and would not go into the pockets of any one whose object was to get as much out of the community as possible. The idea of the Common Weal would fructify. Capitalism deteriorates character. The workman knows that his masters get something for nothing, that they get "surplus value," and he is tempted to circumvent them. He may feel that he is entitled to "do" them, just as they "do" him. He adopts the commercial principle. This accounts for most of the slacking, this together with notions about overproduction and the necessity of limiting output. Then there is the fear of a higher production required from all without a corresponding reward, should a few work their hardest, the consequence being the "ca' canny" policy.[1]

Not only would the factor of labour be improved

[1] Wonderful stories are current of the production in the munition works during the War, unskilled women in some cases turning out, it is said, several times the quantity of work that skilled workmen produced in normal times!

by the substitution of morality for immorality in economics. The tools, machinery, and general organization would be vastly improved. Even now this country lags behind others in the application of machinery. According to Mr. Ellis Barker the United States of America use in numerous identical industries approximately three times as much horse-power per thousand men as does Great Britain. He states that the coal production per annum per person is more than double, principally because British miners are hostile to machinery and are bent on limiting output. His figures point to the easy doubling of the annual income of this country by the adoption of methods in use at present elsewhere. The hostility to machinery frequently found now would have no excuse whatever under Economic Moralism, because the worker would not be injured in any way by its introduction. The guild organization of workshop and factory would be much superior to that of the capitalist system. Collective control would be superior to capitalistic. It would be in itself an educative force, which would train the individual to pay regard to the good of the whole. There would not be, as at present, encouragement, nay, compulsion, to look after number one. But the backwardness of this country is not due entirely to the working classes, or even chiefly. The employing classes are very much to blame. A telling indictment can be made against them for neglecting to keep themselves abreast with the times in the matter of technical and scientific

improvements, and in industrial and commercial organization.

Then again the change from a competitive to a co-operative system of production would result in an enormous saving. There is little need to dwell on this point, as it has formed the theme of many a treatise. It is generally admitted, and the growth of the Trusts proves, that the expenditure on competitive trade warfare is unnecessary and a grievous waste. There is a positive waste in advertising and canvassing for business, in the clerking and accounting of innumerable competitive firms, and in the establishment and conduct of competitive businesses, more capital being invested than actually required for the production of the goods demanded, unnecessary railways and ships, unnecessary factories and workshops, unnecessary stores and showrooms. Accompanying this there would be an extraordinary saving owing to the improvement in the quality of goods. Goods would not be made simply for sale and profit, but for use, and their use-value would be ascertained, published, and guaranteed by the producing guilds. In the professions there would be an immense saving in banking and insurance. The present complication of numerous competing companies and their branches is a necessity only under Capitalism. Not a hundredth part of the present staff would be required for the simple operations of banking and insurance. But above all, would the lawyer fraternity be diminished, as well as Government officials connected with

the collection of revenue. This would free many for useful work.

An important new factor in the production of wealth would be the women and children. Women are engaged on much domestic work that is most unprofitable economically. It is important and indispensable, but if women were able to get employment for some hours in the week in some well-organized industry, doing effective work for a full wage, they would not waste time at home producing by primitive methods at prodigious cost of labour what could be made much more easily and cheaply outside by modern methods. Children too might have a high economic value earlier in life with advantage to themselves.

There would also be a very great saving effected by the prevention of loss of working time through strikes and bad trade. But more than all this saving in production might be the saving in consumption. One of the lessons of the War is that much of what has hitherto been considered necessary expenditure can be sacrificed without reducing the real comforts and pleasures of life. Professor Marshall calculates that perhaps 500 million pounds sterling annually are spent by the population of England in ways that do little or nothing towards making life nobler or truly happier. And Godwin and Owen asserted, even in their day, when industrial arrangements were so much inferior to the present, that to produce the necessaries of life would require only half an hour's labour per day '

Economic Moralism

There are two kinds of rules of conduct derivative from Relative Ethics. From the one kind, guidance is got for conduct in the circumstances that arise out of unjust economic arrangements; from the other, for that transformation of the social system which is necessary if the transition from Capitalism to Moralism is to be a conscious, directed movement. The latter kind is what concerns us here.

We have to discover the lines on which we should proceed in the task of establishing the economic framework of society on a moral basis, and some of the dangers that stand in the way. We have therefore to deal with the actual economic changes, and are more concerned with broad principles than with details. We have not to discuss methods of propaganda or the means by which the people are to secure political and industrial power and capture the citadels of Capitalism. Neither are we to consider here proposals for a minimum wage, for shortening of hours, better factory and workshop legislation—in short, any of the arrangements deemed necessary for the policing of Capitalism or the amelioration of its obvious evils. Although some of these may be of value to the workers, they are not steps to Economic Moralism at all, but merely to what Belloc calls "the Servile State." We have to confine ourselves simply to the economic changes that are distinctively moralist, too often lost sight of by labour politicians.

Economic justice, abolishing, as it would, poverty and all its evil consequences, and opening up for

the individual and the race illimitable prospects of happiness and progress, calls for the speediest materialization. Little as the fact is as yet appreciated by the people, it is the main thing, if not the one thing, needful in modern civilization. It alone can remove the incubus that crushes the workers of the world and is responsible for all the hideousness of modern civilization, namely, the dead-weight of the classes that subsist on rents and dividends, that draw unearned income, who, it has been truly said, will do anything but come off the backs of the workers. As has over and over again been pointed out, these classes are able to exact this income from the actual producers and rightful owners of it, because they have legal possession of the land and the other means of life. It is therefore evident that the land and the means of production must be taken out of their hands, and be owned and controlled by the community for the public good. Absolute Ethics calls for the expropriation of the capitalist classes. It demands the cessation of dividends, of all rent and interest, through the national appropriation of land and industrial capital.

In connection with this proposed economic change and affecting it according as it is answered, there is an important question in ethics. On what terms are the capitalists to be dispossessed? Nearly all industrial capital, as well as capital invested in land, and without qualification all the net returns on the same, are the proceeds of what must be termed, bluntly, robbery, although it is

not recognized as such by the law or by public opinion. Now, to compensate robbers is, on strict moral grounds, not permissible. Of course, if any person could prove that capital owned by him had been saved from what he had justly received as the fruit of his own labour, he would have a legitimate claim on the balance remaining after deduction of all the rent, interest, and profit that he had ever received. But with that exception, and if it were possible to leap into Economic Moralism all of a sudden, the ends of justice would be sufficiently served by the nationalization of land and industrial capital without compensation, and by every one starting afresh and on equal footing at the beginning of the new era, all those able to work being guaranteed equal income for equal effort, and the infirm being sustained by the State.

The objection to this proposal is not that it is too drastic, but that the work of reorganizing Society all at once on a Moralist basis is impossible, unless indeed the whole attention and desire of the public were concentrated on that work alone, which might perhaps happen at a time of great revolutionary ferment, induced by the foolish resistance of the capitalist classes to legitimate and, from the point of view of ethics, too modest demands, and their resort to arms and militarist methods of repression. In ordinary times the work will necessarily proceed slowly.

Let us, then, see how the socialization of all industry by slow degrees, the course most likely

to be taken, should be carried out, and how the capitalist should be dealt with, keeping in mind that rent, interest, and profit are morally indefensible and that most industrial capital has been acquired by the unjustifiable exploitation of labour. Let us eliminate the opposition of interested and ignorant persons, which is really the crux of the problem, and suppose there is a general desire to organize Society on an ethical basis, what steps would have to be taken?

It is calculated that the value of the land and capital of Great Britain amounts to about £9,000,000,000 sterling. It is therefore clear that it is beyond the power of the working people to buy their freedom, to compensate the capitalist, out of their wages ; and they ought not if they could. The only possible way, and the only way justified by ethics, is what the capitalist classes call " confiscation," which, however, ought to be called " restitution," and it will no doubt take, as it ought to take, the form of special taxation of the whole capitalist class for the purpose of compensating individual capitalists whose property is to be nationalized.

The method of nationalization commonly thought of is the occasional purchase of an industry by the Government, the purchase price being raised by a loan. But interest must be paid on the loan, and therefore, until the loan is paid off, the industry cannot be said to be in actual fact socialized. This cannot be too much emphasized. The rate at which its real and complete socialization can be

effected depends on the difference between the profits, if any, and the loan interest.

But when the people become convinced of the immorality of the capitalist system, they will not be satisfied with this slow process. They will not be content with this sham moralism based on loans from capitalists. They will insist on the real expropriation of the capitalist class, as well as the national organization of the various branches of industry. This can be done without inflicting any real hardship on the capitalist class. To those acquainted with the wrongs inflicted by that class on the working class it may seem unnecessary to give any consideration to the feelings of those who have been dominant for so long. But to the impartial mind it does not seem fair to single out the owners of the capital of the industries nationalized first, and deprive them of their capital or even of their dividends without compensation, letting other capitalists go scot-free. The whole capitalist class should have special taxation levied on it for the purpose of buying out the particular capitalists whose capital is being dealt with. No section of that class should be subjected to exceptional treatment. This is the orderly way of moralizing the economic system.

Let us illustrate by a concrete case. The nationalization of the railways is frequently spoken of. Their value is estimated at about £950,000,000. The average return on this is said to be about 4 per cent. It is doubtful whether even the Government could raise a loan of that amount

much under this figure, although after nationalization is well begun cheaper money will be got owing to the narrowing of the field for investment. But even if a profit of 1 per cent could be made on the transaction, and it were all used to redeem the loan, it would take nearly three generations to pay off the bondholders and make the railways really national property. The fact cannot be disguised that Economic Moralism cannot be brought about at a reasonable speed without taxing out the capitalist. You cannot make omelettes without breaking eggs. Very heavy death duties on large estates and a special income tax must be levied, rising to a very high figure on large incomes. This revenue would have to be earmarked for the redeeming of the debt on the nationalized industries. This is the fairest treatment the capitalist classes can expect to receive—fairer than their due. They are all put on the same footing, none thrown to the wolves to save the others, and they are even allowed an extension of time in which to continue their exploitation of the workers. They receive back their capital in full, and have only their unearned income curtailed.

The rate of expropriation need not be moderated in consideration of the capitalists themselves, because in the process it is not necessary to deprive them of any reasonable comforts and luxuries. It should only be regulated by the effect (and this brings us to the next and more important point) on the workers engaged in supplying the wants of the capitalist classes, or, to put it in another way,

by the ability of the Government to find work or income for those who would be thrown out of employment by the necessary change in the habits of the rich. For there can be no doubt that heavy taxation of the rich, by which the change must be brought about, would mean the reduction of their purchasing power and the curtailment of their demand for luxuries, and this would react on the producers of such luxuries and reduce their earnings or throw them out of work. It is the workers, then, who will have to be considered in the expropriation of the capitalists, not the capitalists themselves. And in this connection there is the further reason, from the Moralist point of view, that if the workers were allowed to suffer, their instinct of self-preservation would drive them to join the reaction. Even without such expropriation there is always a section of the population unable to get work, and yet with the present comparatively insignificant numbers, the problem of finding work for them has not been solved. It will become a much more serious matter when the expropriation of the capitalist begins. This makes the solution of the right-to-work problem the most important in what is called practical politics.

The present course of legislation indicates that the first steps in the amelioration of the condition of the working classes are, as Belloc points out, in the direction of greater security, in the direction of compensation for the loss of earning power, not only in old age and in ill health, but also through unemployment. The initial stages of the movement

have been passed, and although what has been done is most inadequate, it is certain that a rapid advance will be made. This is only a prudent method of bolstering up Capitalism by increasing the comfort and contentment of the working classes, and of blinding them to the fundamental and ineradicable defects of the system under which they are robbed of the greater part of the wealth they produce. But such reforms will clear the way for others, even more important, which, however, will have nothing to recommend them to the capitalist classes. The arrangements necessary to meet the claims of old age and invalidity present few difficulties, but it is otherwise with the question of unemployment, the question under consideration, the evils of which the working classes have always had to suffer more or less under Capitalism.

An economic problem like this cannot be dealt with here except in the most perfunctory way. Perhaps the question we can discuss most usefully is that as to the probable extent of the displacement of labour, and whether there would not be speedy compensation for it in other directions—that is, whether the normal condition of labour would not be soon resumed. Let us deal with the concrete, and see what would be done with the income tax exacted, say, for the purchase of railways. Certain railway shareholders would be bought out by public money raised by the taxation of all capitalists. What would they do with the money? And what would be done with the money formerly paid to

them in dividends? If the latter were used to raise railway workers' wages or reduce their hours by the employment of more men, the general demand for labour employable by that money would remain the same, but the purchasing power would be used by a different class, and would employ the producers of necessaries and comforts for the workers instead of the producers of luxuries for the well-to-do. This item would, however, be comparatively small. Again, what would be done by the railway shareholders, who would now have in the form of liquid capital that which income-tax payers would for the most part have spent in supplying their wants? They would try to find investments for it. One of two things would happen. They would buy those investments from people who would sell them either to spend their capital on their personal pleasures or, what is more probable, in order to re-invest it in new enterprises. In each case the same amount of labour would be employed in the end, but it would not be of the same kind as that formerly employed. Much, however, of the capital might be sent abroad to new fields of investment. How would that affect labour? If sent abroad, the result would, before long, be an equivalent activity in the export trades of the country, so that in the end there would be no falling off in the total demand for labour. In the meantime, however, labour would suffer.

The economic effects of the transaction are certainly difficult to forecast. All that can safely

be said is that in any case there would be a great displacement of labour temporarily, and that a considerable time would elapse before affairs would settle down. Not only much discomfort, but actual poverty and misery, would result until the displaced workers found other employment, unless special assistance were organized. It becomes therefore a matter of the very first importance to guarantee against pecuniary loss those for whom no work can be found. All economic change under Capitalism has hitherto caused untold suffering to the workers. The introduction of machinery and new industrial methods has always been accompanied by unemployment. The transition from Capitalism to Moralism will have the same results, if no provision be made to prevent it. Unless effective palliatives therefore are instituted, all measures of genuine moralist reform, which will necessarily increase unemployment temporarily, will receive serious opposition from large sections of the workers themselves. It is of course possible to exaggerate the extent of unemployment likely to be caused by the gradual introduction of Moralism, and opponents will not fail to exaggerate it. It may, however, be pointed out that a given tax on the rich has a disturbing effect on labour only in the initial stages. It is when the tax is first imposed that the trouble is felt. After a time economic adjustment follows and permanent equilibrium ensues. If therefore the tax is made permanent, labour will not suffer in any way after the first period is past, but considering the object

of the tax, will benefit. Again, owing to the subdivision of labour carried on now to a greater extent than ever before, labour has become more fluid. Workers can pass from one industry to another, and become efficient after very short experience. They have learned in the hard school of life to adapt themselves to changing industrial conditions.[1]

The best way of preventing hardship to the workers in this transition period is a problem the solution of which will have a determining effect on our conclusions as to the manner in which industries ought to be moralized. They will not likely be moralized in any rational order, at least at the beginning of the transition period. The

[1] The disorganization of the transition period will probably be not so great as has been generally feared During the War we are seeing a tremendous upheaval and disorganization, or rather reorganization, in our industrial life. The whole character of the industry of the nation is being suddenly changed, and yet there is no lack of employment or good wages, and therefore no need for the communism sometimes required in unusual circumstances, such as those connected with a shipwreck or a besieged city. This is a movement in our industrial life closely analogous to that of a sudden jump into a new social system. One of the most important lessons of the War is, that if everybody is by courageous State action employed on useful work at good wages, there need be no suffering and disorder in the transition period. The spending of the wages will provide, and fix automatically, the demand for labour and the direction in which it is to be employed.

process will depend greatly on the political and industrial exigencies of the moment, and the Moralist aim ought to be to take full advantage of every tendency towards the ideal, whether the industry involved be the most important or not. Even supposing that real socialization or moralization is not immediately adopted, and that it is merely the sham moralism based on capitalist loans, and supposing also that the economies and the profits are too small to permit of the loan being paid off, there is still a great advantage in having all or as many industries as possible organized under public control, for when the actual socialization begins—that is, the cessation in whole or in part of interest—not only would the benefits of socialization or moralization be secured to the general body of the workers, but, what is of even greater importance, arrangements could be made in perhaps the only effective way to prevent suffering among the workers thrown out of work by the change in the demand. For with industry organized for the public benefit instead of being in the chaotic state in which it is under Capitalism, work and wages could easily be found for every one. To do this under Capitalism is next to impossible, and to place a further tax on the capitalist for the purpose of supporting the unemployed in addition to the confiscatory tax, which by hypothesis is the cause of the trouble, is only to intensify it, and the reformer is landed in a vicious circle.

It seems reasonable to socialize or moralize first

the industries of vital importance to the community, those concerned with food, fuel, clothing, housing, and communications. Great strides in the municipalization of gas, water, electrical supply, and tramways have been made, as yet for the most part of the sham kind based on loans, for, as Belloc truly says, there has been no confiscation and therefore no real socialization or moralization. As regards nationalization, public opinion seems to be inclined to select three industries for first attention, namely, the railways, the mines, and the land. We shall therefore consider these. Opposition must be offered to partial nationalization—that is, to the nationalization of one or two railway systems or a few coal-mines. The State is certain to be saddled with the worst at the highest price, and the necessarily unprofitable returns would be pointed to by the reactionaries as the natural result of State ownership and management. Neither must extravagant prices be paid. The income allowed bondholders must be based on what they have been receiving and on what they might reasonably be expected to continue to receive under Capitalism. The capital sum to be paid them when bought out should be based on that income, due deduction being made for State guarantee and security.

Furthermore, when nationalized, industries conducted in the Capitalist system must be gradually approximated to the Moralist ideal. A complete transformation of economic arrangements on a truly colossal scale must take place in order to

ensure the materialization of our ideal of liberty, equality, and fraternity, and in order to work surely in the right direction we must have a clear idea of the new economic system. Under Economic Moralism how are the various industries to be organized and managed? What share in the management of any one of them should its workers have and what share the general community? How is capital to be raised for new industries or new developments of old ones? How are prices to be determined? How is economic rent to be equitably distributed (the solution of which problem affects the incidence of the carriage of commodities and so the working of railways)? How are wages to be determined (wages of workers of different trades and of those in the same trade)? How is technical education to be given and at whose cost? What is the dividing line between legitimate and illegitimate taxation? And so on. An attempt has been made in the preceding chapters to answer these and many similar questions, and until they have been answered we cannot well indicate how nationalized industries under Capitalism are to be gradually approximated to the Moralist ideal. Once nationalized, they must, however, before all things become responsible for the proper maintenance of those employed in them and for the proper support of their infirm and aged workers until sufficient national support is given them. Labour must be the first charge on them. As the bondholders are paid off, a profit will accrue, to which must be added the saving effected by the

abolition of sinecures held by directors and others, and the economies resulting from the cessation of competition and from the institution of effective organization. This will be available for giving the State-employed workers wages and conditions of labour substantially over the ordinary standard. At the same time, in all State industries unnecessarily high salaries must be discontinued. High salaries do not always, or even often, indicate high economic value. They are generally attached to posts for friends of influential people, or to bribe the clever and therefore dangerous wage-earners to become traitors to their class. The tendency ought rather to be in the direction pointed to by Bernard Shaw in his crude but startling and illuminating thesis on equality of income. Equal opportunity for equal income for equal effort should be our goal.

Benefit to the workers in the industries nationalized would afford a very good object-lesson to the public of the advantages of nationalized industry, although there is always the fear of envy causing ill-conditioned workers in non-nationalized industries to object to the higher wages and better conditions instead of agitating for the nationalization of their own industries. This done, that section of the public which makes use of the industries should derive benefit from nationalization. So long, however, as the general business of the country remains in private hands, any reduction in rates or prices would in most cases never benefit the public at all, but only enrich the

commercial classes, and such result must be avoided. The difficulty of getting the benefits mentioned to reach all sections of the public is another proof of the necessity of the State taking over industry after industry as rapidly as possible, even if no immediate profit could be made, for only thus can any benefits be secured to the people. It is doubtful whether any wage-earners except those in State employment, unless they were well organized, would be benefited except for a very short time by the reduction of prices, because with an increase in the purchasing power of wages which would result from the lowering of prices, the wages of those in private employment would fall in the end, and thus the capitalists would swallow up the benefits. On the other hand, the wages of the State-employed would not be reduced, provided of course that the people were vigilant and insisted on justice being done. The trouble, unfortunately, is that the people lazily let everything be controlled by the capitalist classes. The indifference and the slavish character of the working people is the greatest of all the dangers the reformer has to face.

The extra profits, after a certain point is reached, should be ear-marked for paying off the bondholders at a greater rate, but not by any means for reducing the taxation on the capitalist class exacted for purposes of socialization.

Finally, as has already been indicated, in all State-owned industries arrangements must be made for the easy passage from the present system of

working them to that required by the ideal of Absolute Ethics, and as one of the means to this end, parallel with the ordinary commercial accounting, there should be a system of calculating all expenses in terms of time, and the accounting must be such as will bring true economic values to light.

With these general principles before us, let us now briefly consider the nationalization of railways, mines, and the land.

With regard to the railways, the improvement of the condition of the workers could easily enough be arranged as an economic proposition. But how to benefit the public by the reduction of fares and freights? Under Capitalism any reduction in rates, except passenger fares, would probably, as has already been indicated, never benefit the public, but would only increase the profits in capitalist-owned industries and commercial concerns. Unless the reduction can be made direct to the members of the public, it will be absorbed by the capitalists who are still able to exact a toll from industry. Capitalist undertakings, at all events those on a large scale, ought not to get reductions at all, unless they could prove that a reduction would alone save them from ruin, when their claims would become worthy of consideration, and in such case a Government receiver should be placed in charge. Small farmers, tradesmen, shopkeepers, all those barely above the wage-earning class, and private individuals, should get first consideration—in short, all those who get least consideration

from railways now. But in no case should the reduction bring the rates below the economically justifiable charge. In so far as it is not done by the railway companies at present, the State railway officials must ascertain exactly the rates that ought to be charged on each line for every class of goods, and for passengers, in order to cover the expense of working that class of goods and the passenger traffic over that line. In many cases it will be found that certain districts and certain goods are being charged too much and others too little, the former because of little or no competition, the latter because of too much. Many districts in this way have at present a distinctly false economic value. This will have to be rectified under Economic Moralism, but even then any alteration must be made with great caution, only after searching inquiry and careful consideration. Although built on insecure foundations, industries depending on low railway rates cannot, because of the capital invested in them directly and indirectly, and the labour employed therewith, be transferred to the proper localities without much loss, and this must be set against the gain. Under Economic Moralism, as soon as it can profitably be done, such anomalies will be rectified, but without causing loss to private persons.

Now as regards the mines. The bondholders will receive interest, and there will probably be little profit, if any, but as in the case of the railways, whatever there might be, ought to be used

first for adequate improvement of the miners' conditions, then for the benefit of the consumers of coal, and the balance for buying out the bondholders, so hastening the progress towards genuine moralization. If there should be no profit, and yet miners' conditions must be improved, prices would require to be raised. This would have to be done with caution as regards the foreign trade. The cry that the foreign trade is endangered is raised whenever coal-miners agitate for better conditions. With the industry entirely in private hands, it is impossible to say whether there is truth in the cry or not. And it is this that makes the task of Parliament so difficult when demands are made for legislative measures restricting the working hours or instituting higher wages. Under Economic Moralism or with the industry nationalized under Capitalism there would be less difficulty. It would be possible as regards the home consumption to raise prices, for foreign competition would be excluded. With the foreign export trade it would be a more difficult matter, for foreign competition would have to be considered, and the foreign trade might give employment to a very large section of the population. If there were no other way of employing that part of the population, it might be found necessary to continue production for export at the old prices. But the workers could not be refused their full wages, and the loss in the industry would have to be charged against the State, to be covered by general taxation or preferably by taxation of the

capitalist class. In some mines wages below the usual standard must be paid, it is said, if they are to be worked at all. It seems unlikely that the miners accept these low wages because they are tied in any way to such districts except by the difficulty of finding work elsewhere. So long as coal is produced there at sufficiently low prices, the demand for coal supplied from these districts will be prevented from being directed to other mines that really have an economic excuse for existence. If the low-grade mines be closed, the demand will be directed elsewhere for coal and consequently for the displaced labour. It might be inadvisable to close the mines if the result would be the ruin of industries depending on cheap coal. Under Capitalism, if a mine does not pay and is not likely ever to pay, it is closed and the industries dependent on it are ruthlessly left to their fate, and so long as these industries remain in private hands it seems quixotic for the State to show any mercy to them by running a State-owned industry at a loss for their benefit. But out of such a predicament as that supposed there are only two ways of escape. Either the State must be prepared to support the unemployed until work is found for them elsewhere, or it must recover from the capitalist taxpayers the loss sustained in working certain mines, for it would be unjust to collect it simply from consumers of coal in proportion to their consumption, and, moreover, in so far as it was collected from capitalist producers it would be passed on to the public by

enhanced prices. But not only the effect on the workers is to be considered in the transition period but the loss of capital. Neither the one nor the other aspect gets any consideration under Capitalism. Capitalists ruin capitalists and workers with equal indifference. But under Economic Moralism, and even in the transition period, no economic change ought to be made without consideration of the loss of capital involved in the change. Such indirect loss must be set against the direct gain. Certainly, if believers in Economic Moralism succeeded in the transition period in controlling the State, they would have the power to treat capitalists according to the principles of capitalist political economy and commercial morality, and ruthlessly use their power to crush them out and thus force them to sell their business for an insignificant sum. But this seems hardly capable of justification from a moral standpoint, for although these capitalists are really in an economically and ethically unsound position, and are not entitled to receive better treatment under Moralism than under Capitalism, yet they too are in a sense the victims of a vicious system, and as such ought to receive compensation, not from the general community but from the whole capital class.

When a profit on the mines begins to appear owing to the buying out of the bondholders and after the miners have received proper consideration, reduction in the price of household coal through State distributive depots should be made,

also on that supplied to State industries, but not at all on coal supplied to industrial concerns still in the hands of capitalists, as there would be no guarantee that the public would be benefited by such a reduction.

Nationalization of the land is often glibly spoken of, but the difficulties connected with the nationalization of mines and railways appear insignificant when compared with those involved in land nationalization, although on close scrutiny they are quite surmountable.

Land on which buildings are erected could easily enough be dealt with. Rents and feu-duties would be paid to the State instead of to private persons, the State paying the agreed upon interest to the former proprietors and buying them out as far as circumstances would permit. The question of rent under Economic Moralism has been very fully considered, but the principles laid down could not be applied in their entirety in the transition period. As the landowners are gradually bought out by the taxation levied on the capitalist class in general, a surplus will remain in the hands of the State, which will have to be disposed of. This must not be used for the ordinary expenses of the State, such as have been mentioned in the discussion on legitimate taxation, but must be devoted to the immediate benefit of the people from whose pockets it has come. But can this be done? If all buildings were nationalized at the same time as the land, and rent charged for them as under

Capitalism, the rents of dwelling-houses could be reduced, and the people would get direct and immediate pecuniary benefit, full rent being still collected on all other buildings, factories, shops, warehouses, etc., as reductions in such cases would simply increase the profits of the capitalists. But unless house property is nationalized at the same time it is difficult to see how people could be benefited, for if the State returned them part of what they had already paid to private persons as house rent, rents would be almost certain to rise and the latter would benefit. One plan would be to give fixity of rents, or rather, prohibit the increase of rents, and then allow remission of taxation or rates based on rents. But even then competition would force down the wages of labour engaged in private employment as the purchasing power of wages increased.

Any surplus should be used for the more rapid buying out of the capitalists. One of the great dangers in the transition will be the temptation to dispose of all such surplus for communistic purposes, and this must be avoided at all hazards as being the most pernicious solution of the problem, leading as it would to a social system almost as irrational and iniquitous as Capitalism itself.

The nationalization of agricultural land does not necessarily mean the nationalization of the agricultural industry, although it would lead up to it. It would simply mean that the State would

take the place of the landowners, and, like them, manage estates and draw rents through the agency of factors or their substitutes. The steadily growing surplus in this department would best be used to buy out the farmers, organize them into a guild, and employ them to cultivate the crops ascertained by the newly instituted guild as necessary to meet the national demand. Between the consumer and the raw farm produce are various industries that would have to be nationalized in order to secure to the public the benefit of reduced prices, namely flour-mills, bakehouses, creameries, breweries, distilleries, etc. After the process is begun there will necessarily be further developments precipitated one after the other with ever accelerating speed.

But before this could go far it would be necessary to organize and socialize the distributing agencies. A great deal has already been done by co-operative societies to introduce a rational and economical system of distribution of products. In some places they cover a very large part of the field. The private retail trader must be eliminated to make way for Economic Moralism. He is being eliminated now by a process very painful for him, because the system on which his existence depends is economically unsound and is being replaced by a better even under Capitalism. If he throws in his lot with Moralism, he will receive compensation just as well as the landowners and factory owners. If Moralism be delayed, he will be gradually pushed to the wall and ruined under

Capitalism. It is inevitable. The nationalization of retail supply is just as important for the realization of Economic Moralism as that of railways, mines, and land, and every encouragement should be given to municipal and co-operative distributive agencies as a step in the right direction. It can easily be understood how it is absolutely necessary in the ideal system for the Government to know both the requirements and the resources of society or how useful it is in the transition period. By the national organization of all retail business, a complete knowledge of the requirements of the community will be got. With the State as practically the sole retail supplier, all producers as well as all consumers will get into touch with it, speculative dealing being thereby eliminated. The best economic results it will thus be possible to attain. With the consumers secured, it will be an easy step to nationalize any industry and conduct it on Moralist lines, as laid down in the previous chapters. It will, indeed, only be after the nationalization of retail trade that the nationalization of agricultural land will be effective in benefiting consumers—the mere nationalization of rent is a comparatively small affair. In fact, it is only after retail supply is nationalized that the nationalization of any industry can be effective in benefiting the consumers generally.

If before arriving at this point there should be an irresistible movement for the complete and immediate establishment of Economic Moralism,

the State would have to aim at getting with the greatest possible speed a full return of all the industrial activities of the nation and of all its requirements of services and of material wealth.[1] It would have to create machinery for the organizing of all industries as one national co-operative concern. All industrial establishments, large and small, owned by companies or private persons—indeed, every branch of service established to supply social needs—would have to be linked up together in guilds, a separate guild for each kind of service and each kind of product. The Government would have to establish a central office for each guild and announce to all proprietors of industrial concerns that they must affiliate themselves together through such guilds. Financiers who organize trusts and combines proceed on similar lines. It would be possible to collect the necessary information from these proprietors. They would have to make returns as correctly as possible of the number of their employees during the previous year and the time each was employed ; of the actual output of the product during the same period and its destination ; of the price and quantity of materials bought to be used in manufacture and where they were procured ; and of the amount estimated for the depreciation of tools, machinery, and buildings, together with the maximum working capacity and actual prime cost and value ; also

[1] Just as it has done this during the War in connection with a large proportion of the nation's industrial activities.

periodic returns of the orders received and being executed. All this would be required to inform the central offices of the community's requirements and resources.

As the currency would have in due course to be transformed into one based on time, and all prices and values expressed in terms of time, statistics of the time expended in production would be indispensable. The time actually worked by the employees in every factory and workshop on any given quantity of any commodity could be ascertained without difficulty, and the managers of any such factory could estimate the time expended in producing the raw materials or the machinery, etc., used up in such production, for they could get the figures from their suppliers. Before long all raw material and machinery would have the price attached to it in terms of time, as at present in terms of gold. But at the beginning the price would be available only in terms of gold. With all such information at its disposal the head office of each guild would be able to gauge the demand and calculate prices, and so gradually regulate industry on the lines laid down in previous chapters.

Besides organizing the producers according to the kind of article produced or according to the kind of service rendered, including in each industry all the various kinds of workers engaged in it, whether engineers, stokers, mechanicians, spinners, weavers, or clerks, the Government would have to get each kind of worker in all these various

industries organized into workers' guilds, one for each class of workers. Thus all the workers in tweed factories, for instance, would be organized into a tweed manufacturers' guild, and each kind of the various workers engaged in the production of tweeds would belong also to its own workers' guild, in which would be enrolled members of their craft engaged in other industries. There would be a head office and local branches for each guild.

The Government would now be in possession of ample statistical information regarding supply and demand and the resources of the country. As has been stated, it would be necessary for producers to mention where they got their materials and to whom they sold their products, for special note would have to be taken of the export and import trades with other countries and oversea possessions for the following reason: in the police regulation of industries under Capitalism and their management during the transition period, and even under Moralism itself, special care must be taken to avoid injuring foreign trade, unless speedy compensating benefits are certain to accrue, for, as has been indicated, the welfare of the workers must be safeguarded.

At this stage everything would be ready for completely socializing industry. The edict might go forth that henceforward no dividends would be paid. The object aimed at would be that each industry would only pay for labour done, and charge for the products only the price of the total

labour expended in their production, as already explained. The result would be that owing to the abolition of rent and dividends the reduction to approximately half-price of all commodities could be made. But at the introduction of the new system there would be a great falling off in demand, if steps were not taken to prevent it. As the capitalists would be deprived of their unearned income, their personal servants would be thrown out of work, and all those who had been supplying them with commodities and providing them with amusements, and performing other services for them, would find their employment gone.

How, then, could work be found for the unemployed? The result of the cessation of dividends would be the reduction of prices on all commodities. The purchasing power of wages would rise, and more services and more commodities would be called for by the workers. This would mean an increased demand for labour and almost at once all the unemployed would find work. The great problem would be solved.

During the transition period the policing of the capitalist system in the interest of the community will have to continue. But so long as land and capital are in private hands, little pecuniary benefit can accrue to the workers through governmental intervention, and much irritation and actual though perhaps only temporary loss will be caused the workers by State interference with economic

arrangements under Capitalism. Doubtless, insistence on sanitary and hygienic arrangements and on reasonable working hours would have a very real beneficial effect, but the advantages of, for instance, a statutory minimum wage are largely delusive. If increased wages be secured by any body of workers, these workers will no doubt be benefited, but not entirely at the expense of the capitalist class, for the latter, as the legal owners of the wealth produced by the workers, can recoup themselves by charging higher prices. As about half the wealth produced is consumed by the workers, the general body of the latter have themselves to provide half the increase. Therefore every increase obtained by a trade or a limited number of trades is got half at the cost of the capitalists and, what is a very serious matter for labour, half at the cost of the whole body of workers. Moreover, such increases are nearly always got by well-organized and comparatively well-paid workers and at the expense of the poorest classes. The only way of avoiding this injustice would be to increase wages all round, and this does not seem feasible under Capitalism. Attempts to get economic benefits for the workers under Capitalism are for the most part delusive and simply block the way to Economic Moralism, which is the only remedy.

In conclusion. The task of transforming the present iniquitous and chaotic welter of society into a well-ordered and just social system is a herculean

one ; but the human will and intellect has in other fields overcome difficulties quite as great, and will in like manner triumph in this, and carry to completion the most beneficent work man has ever undertaken. In these chapters the moral principles according to which wealth ought to be produced and distributed have been expounded with no pretence to profundity or exhaustive treatment, the economic framework that is the logical outcome of such principles has been sketched in broadest outline, and the necessary steps for its realization hastily traced. These subjects will more and more attract the attention of the people, and especially of thinkers, as being above all others the most important that in these days can engage the thoughts of men. It needs no prophetic eye to see that all these problems will ere long be discussed in the greatest detail and with the deepest and truest insight, and the solution made clear to the whole world.

Lest we forget :—

After the many time-honor'd and really true things for subordination, experience, rights of property, &c., have been listen'd to and acquiesced in—after the valuable and well-settled statement of our duties and relations in society is thoroughly conn'd over and exhausted—it remains to bring forward and modify everything else with the idea of that Something a man is (last precious consolation of the drudging poor), standing apart from all else, divine in his own right, and a woman in hers, sole and untouchable by any canons of authority, or any rule derived from precedent, state-safety, the acts of legislatures, or even from what is called religion, modesty, or art. . . . Underneath the fluctuations of the expressions of society, as well as the movements of the politics of the leading nations of the world, we see steadily pressing ahead and strengthening itself, even in the midst of immense tendencies towards aggregation, the image of completeness in separatism, of individual personal dignity, of a single person, either male or female, characterized in the main, not from extrinsic acquirements or position, but in the pride of himself or herself alone; and, as an eventual conclusion and summing up (or else the entire scheme of things is aimless, a cheat, a crash), the simple idea that the last, best dependence is to be upon humanity itself, and its own inherent, normal, full-grown qualities, without any superstitious support whatever. This idea of perfect individualism it is indeed that deepest tinges and gives character to the idea of the aggregate. For it is mainly or altogether to serve independent separatism that we favour a strong generalization, consolidation. . . .

WALT WHITMAN

INDEX

Ability, 200, 201
"Abstinence" argument, 68
Amusements, 145, 160, 229, 238, 240
Anti-usury laws, 78
Apprentices, remuneration of, 195, 206
Army, 228, 229
Art galleries, 229, 246
Artists, 209
Authorship, 211

Bain, Alexander, 23
Bank, State, 159, 206
Barker, Ellis, 249
Bellamy, Edward, 86, 220
Belloc, Hilaire, 252, 258, 264
Beneficence, principle of, 32, 51
Bentham, Jeremy, 22, 30
Bequest, right of, 128, 151
Biological theory of State, 228
Bismarck, 42
Blatchford, Robert, 86, 88
Böhm-Bawerk, E. V., 71, 81
Books, 145
Breweries, 156
British industry, inefficient, 249

Ca' canny policy, 248
Calvin, 81
Canon Law and usury, 79
Capital, depreciation of, 145, 155
Capital, industrial, 128, 155
Capital, industrial, renewal of, 145, 155
Capital, "scrapping" of, 149
Capitalism, policing of, 280
Carriage of goods, 133, 135, 139
Charity, Christian view of, 202
Christian ethics, 75
Christian Fathers, 77, 90
Church, the, 229, 241
Class legislation, 43
Clothing, 145
Coal, 175
Collective ownership, object of, 129
Collectivism during the war, 12
Communism, 85 *seqq.*
Communism, definition of, 99
Communism, drift to, 9
Communism of the Middle Ages, 93
Compensation, 37, 256
Compensation to landowners, 37
Competition as ethical regulator, 43, 57
Competition with the State, 147
Conduct, laws of right, 7
Confiscation of property, 152, 156, 255, 264
Consumers' influence, 142
Co-operation, voluntary, 48, 131
Cunningham, W., 80
Currency, 185, 193

Dante, 79
Death duties, 151
Democratic principle, 5
Distilleries, 156
Distributing agencies, nationalization of, 275
Domestic work, ineffective, 251
Drainage, 228, 237
Dwelling-houses, 128, 145, 153, 179

Index

Economic Moralism, definition of, 98
Economics, constructive, 8, 24
Education, 91, 104 *seqq.*, 229, 241
Education, technical, 201, 205, 207
Effort and benefit, relation between, 40
"Equal division of unequal earnings," 26
Equality, 22
Ethical basis of economics, 19
Ethical end, 23
Ethical writers' neglect of duty, 20
Ethics, first principles of, 19, 24
Ethics, absolute, 9, 25 *seqq.*
Ethics, relative, 10, 25 *seqq.*

Factory legislation, 252
Families, large, 158
Farms, 135
Fashion, 144
Flint, Professor, 76
Food, 145
Foreign trade, 177, 184, 191, 270
Fowler, Professor, 20
Free education and maintenance, 91, 104 *seqq.*
Free everything, 88, 91
Free tramways, 100
Furniture, 145

Gardens, 128, 228, 238
George, Henry, 72
Gift, right of, 151
Godwin, William, 251
Guilds, 130, 132, 148, 212, 279
Guilds, discipline of, 212
Guilds, method of working, 134
Guilds, national control of, 132
Guilds to hold capital in trust, 132

Happiness, the search for, 23
Happiness, the greatest, or the greatest number, 23
Hardie, J. Keir, 86, 89
Heredity, 33, 56
Hobson, John A., 71
Hospitals, 218
Household expenses, 210

Implements, 146
Income tax, 26, 226
Inefficiency, industrial, discouraged, 142, 212
Insurance, 209, 216
Insurance, death, 216, 222
Insurance, fire, 216, 223
Insurance, invalidity, 216, 217
Insurance, old age, 216, 220
Interest. *See* Rent
International property, 189
International rights, 184, 191
Inventions, 211

Justice, 15, 28, 29, 30, 33 *seqq.*
Justice, administration of, 228, 230

Kant's, Immanuel, categorical imperative, 30
Kropotkin, Prince Peter, 244

Labour, displacement of, 258
Labour, remuneration of, 141, 195, 214
Land, 128
Land nationalization, 273
Landownership, ancient, 36
Landownership, modern, 36
Law of equal freedom, 28, 29, 38, 44
Law of equal freedom modified, 33, 51
Law of preservation of species, 31
Law of wages, 115
Laziness, 203
Liberty of demand, 131
Libraries, 229, 245
Life, means of, 24
Lighting, public, 228, 238
Liquor licences, 225
Literary men, 209
Loan interest, 81
Local public councils, their function, 141, 214
Luther, 81

MacDonald, J. Ramsay, 225
Marriage, 210
Marshall, Professor Alfred, 251
Marx, Karl, 74

Index

Means of production—
  Access to, in the past, 126
  Definition of, 128
  Necessary to economic independence, 126
  Object of, 129
  Public ownership of, 125
Medical assistance, 218
Melancthon, 81
Menger, Dr. Anton, 93
"Might is right," 7
Mill, John Stuart, 30, 41, 66, 224
Mines, 128, 264
Mines, nationalization of, 269
Minimum wage, 252
Morgan, Lloyd, 57
Morris, William, 60, 86
Museums, 229, 246

National defence, 228
National income, present, 247
Nationalization. *See* Land, Mines, Railways
Nationalization, sham, 255, 263
Natural interest, 72
Navy, 228
Nietzsche, F., 23
Novices, remuneration of, 195, 204

Owen, Robert, 251

Parable of the talents, 78
Parks, 228, 238
Parliament, function of, 140, 150, 214
Pensions, old age, 220
Pictures, 147
Piece-work, 201, 204
Poets, 209
Police, 228, 230
Pollock, Sir Frederick, 36
Pope Gregory IX, 80
Population, increasing, 157
Prices, 133, 135, 145, 155, 167, 176, 187, 192
Property, private, 145
Public control of capitalist industry, 263
Public opinion, pressure of, 149

Quarries, 128

Railway nationalization, 256, 259, 264, 268
Railways, 138, 170
Ramsay, Sir William, 97
Rent, economic, 161, 163, 171, 178
Rent, interest, and profit, 40, 51, 60 *seqq.*, 155, 159
Reorganization of society, immediate, 254, 262, 276
Reorganization of society, gradual, 255
Reserve funds, 158
Right of property, 27, 38
Right to live, 24
Right to the use of the earth, 38
Right to work, 145, 215
Rights to the uses of natural media, 35
"Risk" argument, 67
Roads, 117, 228, 233
Robertson, J. M., 71
Ruskin, John, 65, 83

St. Paul, 66
Salaries, high, 266
Sale, right of, 146
Sanitation, 228, 238
Saving, private, 154, 159, 251
Scientific research, 220, 229, 242
Scientists, 200, 209
Security against economic evils, 258
Self-sacrifice, 94
Shaw, George Bernard, 266
Sidgwick, Professor Henry, 70
Sillar, W. C., 64
Smith, Adam, 66, 81, 227
Socialism, 85 *seqq.*
Socialism, fatalistic, 8
Solvitur ambulando, 8
Spencer, Herbert, 8, 24, 26 *seqq.*
State endowment of motherhood, 113
State interference, Spencer's view, 45
State and internal aggression, 47
State monopoly, 147
Statistics of demand, 129

Index

Stewardship, Christian doctrine of, 202
Stores, 134
Strikes, 214, 251
Supply, certainty of, 144

Tax, income. *See* Income tax
Tax, land, 227
Taxation, 145, 152, 217, 224
Taxation, Ramsay MacDonald's theory, 225
Taxation, illegitimate, 229
Taxation, legitimate, 228
Theatres, 158
Thomson, J. Arthur, 32, 56
Tools, 146
Towns, economic justification, 131, 167
Trade, bad, 130, 251
Tramways, 100, 138
Transition period, 247
Travel, 145
"True equivalent" for services, 41, 50, 211

Unemployment, 258
Usury, 61

Valuation, comparative, of services, 199, 201
Vehicles, 146, 235

War, the, 7, 12, 248, 251, 262, 277
Waste, 250
Water-power, 128
Water rates, 136
Wells, H. G., 94
Whitman, Walt, 5, 16, 283
Women, remuneration of, 195, 209
Work for all, 129
Work, free choice of, 197
Work, pleasurable and disagreeable, 198
Work, the unfit for, 145
Working-day, 209, 252

Zwingli, 81

Printed in Great Britain by
UNWIN BROTHERS, LIMITED, THE GRESHAM PRESS, WOKING AND LONDON