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ART. I.—PLAIN THOUGHTS ON THE ETHICS OF INVESTMENT.

PART II.

BEFORE tracing the moral effect of this view of our subject, it may be well to examine the texts on which it was grounded and the inferences drawn from them.

Clearly, the Old Testament passages do not condemn usury as intrinsically evil, for after saying, "Ye shall love the stranger," the law adds: "Unto a stranger thou mayest lend upon usury." Paley warrantably infers that it was forbidden to be taken from Israelites alone, "in order to preserve the special distribution of property among the chosen people, to which many of their institutions were subservient." The Jews might rent their land, which was their chief possession; and rent seems in essence undistinguishable from interest. Looking at the context of the Mosaic prohibition, it seems plain that loans to needy brethren, not for business purposes, were specially in view; and the references in the Psalter and Prophets are doubtless on all fours with the interdictions in the law.

But the New Testament? Well, where does that condemn investment? A parable of Christ seems to commend it. "Trade ye [herewith] till I come." "Lord, thy pound hath made ten pounds." "Well done, faithful servant!" Then, to the slothful one: "Thou oughtest to have put my money to the bankers, that I might have received mine own with interest." I know it is argued that if this implies that interest is right, then it is right also to be a "hard," an "austere man." But surely that is a description of a severely equitable, if unpopular, master (to whom in the interpretation the Lord Himself precisely corresponds), drawn by a worthless

and lazy servant, and nowise endorsed by the Author of the parable!

As for "Lend, hoping for nothing again," no such text occurs in a rightly translated Bible. I know that the translation is somewhat doubtful; but even taking it as it stands in the Authorized Version, one fails to see how it condemns business loans at interest. Of course, bringing their own recompense, they establish no title to gratitude on earth or to the reward of disinterestedness in heaven; and it is self-sacrificing giving that makes us "sons of the Highest." For loving them that love us, and for doing good to our benefactors—as for lending to receive as much again—what *thank* have we? But is it suggested that to do the two first is immoral? Why, then, should the third be?

And where is taking interest mentioned by St. Paul in his numerous and exhaustive catalogues of personal and social sins?

In fact, the case drawn from Scripture against the morality of interest seems hopelessly to crumble away under cross-examination; and this was seen at last, when Reformation principles had led to the wide circulation and study of Scripture in the original and vernaculars, and to free criticism of the dogmatic glosses on it of ecclesiastical authority.

Meanwhile, it is plain that the condemnation of the remunerative investment of money, while fatal to mercantile progress, nowise made for high morality. Says Mr. Lecky: "The arms of industry were paralyzed, all expansion of commerce arrested, and the countless blessings that have flowed from them were withheld." The proscribed and hated money-lender was himself depraved by the estimate held of him, and, furtively resorted to, charged unscrupulous interest. Economy was discouraged and luxury promoted, the absence of facilities for profitable employment of money diminishing the incentive to save, and conducing to its dissipation in luxury and display. More than this, men were tempted to dishonourable evasions of a maxim opposed to the needs and instincts of social industry. Merchants compounded for disregarding it by bequests to the Church; casuists taught that interest was not evil if exacted, not as justly due, but as a debt of gratitude; or if paid of the borrower's free will; or only out of fear that otherwise loans might be refused him in future; or *on* special occasions (their nature being left vague); or as compensation for failure to return a loan on the day named (*damnum emergens*); or as an equivalent for diminution of a lender's income from productive enterprises (*lucrum cessans*); or when *the arrangement is favourable to the borrower.* Other illustrations may be found in Dr. White's remarkable

book—to the wonderful research of which my paper is much indebted—"The Warfare of Science with Theology," vol. ii., chap. xix.

Protestants at last developed the theory that usury only means illegal or oppressive interest: albeit, there is no warrant for the distinction in Scripture terms, or the language of popes and councils. As early as Elizabeth, however, while the former was still illegal, "just rates" of interest, *under restriction*, were authorized in England.

Beginning with Protestant countries, the Church by degrees surrendered the untenable dogma altogether, Gerson, Calvin, Grotius, Simon and Cotton Mather taking a prominent part in discrediting it, and Adam Smith and Bentham following on it; the latter asking, if money was a "barren" thing when used to buy a cow? Under Pope Benedict XIV., in 1745, Rome herself gave way, and "Monti di Pietà," for lending to the poor (at appreciable interest), were established in Italy, Spain, the Netherlands, and afterwards in France, and at last in Ireland, under the auspices of the Church.

To-day, the mediæval edicts against interest resemble empty cartridge-cases littering a position abandoned by an utterly routed enemy. In England, the legal maximum of interest has been lowered again and again, till, early in the present reign, the Usury Laws were abrogated as futile; and the word "usury" is now conventionally employed to denote interest, not above legal limit—for there is none—but at unfair and extortionate rates.

An enormous development of investment has followed, and our commercial magnificence is a consequence. In England, over £320,000,000, or a fourth of the national *dividendum*, is received annually from investments by persons who have done nothing personally to earn it; and who, we would ask, will seriously maintain that such receipts are more contrary to the moral sense and well-being of the community than those from rent of inherited land or houses, or royalty on purchased patents, or payments for the use of a diamond-drill or a threshing-machine, a plough or a plane?

The last example is suggested by Bastiat's tract, quoted in Mrs. Fawcett's "Political Economy for Beginners," in which he instances James, a village carpenter, who makes a plane so as to improve his work, and earn more money. William, a neighbour carpenter, asks the loan of it for a year for nothing. James shows him this would be unfair: he must give him a new plane at the end of the time, and a plank in addition, in return for the advantage of its use; and William thankfully agrees. (Of course, the plane is capital: that helps a man to earn more money; interest is the plank.) If there is injustice

here, someone must be producible who is injured: who is it? Not the customers—they get better carpentry; not William, who borrows the plane again next year, because of the profit it brings him; while James is encouraged to invent fresh tools. The use of capital is presumably an advantage to the borrower; why ought he not to pay for that advantage? The owner goes without it—abstains from consuming it—and that abstention from his rights entitles him to compensation. Ruskin points out that James had no right to a new plane, as it would have worn out had he used it himself. Capital in money, however, does not wear out by profitable use, and the objection to the figure disappears in its application.

But it might be asked, Has the capitalist the same right to his capital that James had to the plane he made? A mighty question, but a separate one from that of the intrinsic morality of interest. My proposition assumes that capital lent is legitimately owned. And surely capital may be legitimately owned?

What is capital? As Mill taught us long ago, it is originally the product of labour, saved from consumption, and stored, through foresight and self-control, so as to be available to assist fresh production. Interest is property in this stored-up labour; and we must give the widest sense to "labour"; it must include ingenuity, contrivance, enterprise: surely there is no more immorality in taking payment for the service of these than for manual toil! A man's property in capital saved flows from his property in the labour that produced the capital's good, it may be rejoined; but investors in innumerable cases have not laboured to produce it; they are drones, feeding on honey others are collecting, eating bread in the sweat of another's brow; whereas all product of labour should go to the labour which produced it, and the skill directing its production. The answer is, It does all go to these: not necessarily to the labour of the present moment, but to the stored labour of the past. It is the deferred reward of bygone labour and abstention. It is to the original saver and storer it belonged, no doubt; but if it was his, he could dispose of it; and should he barter or give away its ownership, it does not on that account cease to be legitimately owned, and may claim its dues. To deny this is to repudiate all private ownership of property. That ownership is safeguarded (I cannot admit it is altogether created) by civil law, and its recognition (on grounds, plain men believe, abundantly warranted by our knowledge of human nature) forms part of our social system. That system might, of course, be altered, but at least it is moral, and is recognised as such by Christianity. As Mill puts it, If we accept the principle of private property, we must bear with the consequences of it; and most moderate-minded,

practical men, seem to hold that its retention, if only we can temper its operation with the Christian spirit, is far more likely to benefit the world we live in than the shooting of Niagara by its sudden abolition, or even its gradual extinction according to the programme of the Fabian Society. But, in truth, we might all safely become thorough-going Socialists to-morrow, if we were only thorough-going Christians to-day! Till we are, however, Socialism's full programme would mean an awfully perilous cataclysm. For the Socialist experiment can be no "experiment" at all; if it failed, it would fail, it has been truly prognosticated, in a community of ruined paupers, with no recognisable means of self-recovery. They had no private property in the first paradise, it has been urged—but neither had they any clothes. The abolition of the latter, as things go, might prove awkward. There will be no private property in heaven, I apprehend; but then this is not heaven, but England; and the two, unhappily, are not as yet exactly the same place. All this seems digression, but it appeared impossible to discuss the morality of investing capital without some notice of the alleged immorality in most cases of having capital to invest.

Let us consider what it would mean, if profit on money might only legitimately be received by those who employ it themselves in productive work. It would shut out from all advantage from capital not only the very young, the very aged, the afflicted and disabled, and tender women, but the Christian Church, trustees for widows and orphans (who may not risk trust-money in ventures of their own), and for charities; strictly speaking, all rulers, teachers, authors, artists, healers, defenders, and tenders of children, aye, and all thrifty working folk who put by in savings banks. It is the receipt of interest on capital that alone prevents multitudes of non-producers becoming a burden on the country, and turns them into promoters of its industries. To lay it down that all non-producing investors are illegitimate, were preposterous.

On the other hand, that non-producing or merely consuming investors are too numerous in proportion, is certain. The idle rich, equally with the idle poor, are destroyers of wealth; and the former are far the worst, setting, as many of them do, an example of self-indulgent luxury certain to be envied and imitated, with pestilent result to the *morale* of the community. It is these that bring investment into disrepute with the working classes, and make it seem an unrighteous thing; and some of us are profoundly convinced of the justice of a fully graduated and progressive income tax, and of extended limitation of the right of bequest, as self-acting corrections of the evils of which we speak; most importance attaching, I think,

to the latter. But these interesting questions are scarcely germane to the subject of my paper. Suffice it to say, that a wider distribution of capital is a consummation devoutly to be wished; but to treat investments at interest as immoral is assuredly not the way to hasten it.

We close with a few plain thoughts on two further questions.

If capital may legitimately be invested at interest, what are the moral principles that should guide Christian investors in selecting, and retaining, their securities?

First, I submit that, so long as his money remains under his control, an investor is morally bound to satisfy himself that it is not, so far as he is reasonably able to prevent it, employed for the injury of his fellows.

Thus, advantage should never be taken of the misery, the excesses, or the vice of our brother, even for remunerative investment of capital. Wretchedness will be ready to pawn its health, its self-respect, its character, for present accommodation; but no moral man will take the pledge. Scripture guides us by examples: the garment of the shivering, the wife or child of the impoverished parent, the ox of the widow, the mill with which the poor man grinds the meal for his family, should never be held as security. The tender of them shows that not legitimate profit on production, but the necessities of the desperate, are soliciting the advance: the case is one for charity, not investment. Shylock took Antonio's life-blood in pledge: it was constructive murder. Taking rent from the poverty-stricken will be uncongenial to a Christian; he will rather lose, than screw pittances from the starving; yet when such rents have to be relied on for men's livelihood, distressing cases of conscience will arise, which a wise man will avoid having to face if he can, but must deal with on their merits if he must.

A somewhat different case is the letting of house property to those who, as a matter of fact, use them for objectionable ends. In Melbourne lately houses occupied amiss were found to be owned by Presbyterian Church office-bearers. They showed, I think, that they did not know it, which cleared them; but it was an embarrassing situation. In a poor parish, I served in days gone by, houses used for gambling, and worse, belonged to persons of high-seeming respectability. I interviewed them. In one case two West-End ladies were owners, to whom I brought home their duty. On being made cognizant of the facts (they should have inquired earlier), they gratefully empowered me to set things right. In another case an indolent, but well-meaning, man was owner. He allowed me to turn his houses into respectable lodgings. Other landlords laughed at my representations, and I brought a statute of George III. to

bear on them, and purged away the evil by force. Of course, in such cases reasonable facility of knowing unfavourable facts is required to establish complicity with evil: others are essentially concerned with motive and purpose. But all fair precaution should be taken and inquiry made. In East London I knew two low public-houses whose rents supported a lecturer at a London church; but the houses had been let on a long unconditional lease, and remedy was difficult. It was applied at last—meanwhile, however, the church lost heavily in repute in the neighbourhood. The Victorian Government not long since issued postcards bearing advertisements of tobacco and spirits, at enormous profit to the Post-Office at a time when the Treasury was depleted. But hardly anyone would buy them, and an outburst of disapproval from the colony generally led to their speedy withdrawal. It seemed perilously near drawing national profit from the stimulation of self-indulgence, possibly of excess. Shares in breweries and distilleries are not investments that commend themselves to most Christians, and one cannot help admiring the partner who forfeited all his shares in a leading firm of this kind because it fattened on East-End drinking; yet moderate and practical men cannot condemn as immoral all the operations of the vintner and the victualler. It is pleaded for the Gothenburg licensing system that it involves investments of this kind that benefit rather than injure the community, but weighty opinions seem divided as to its true success.

By far the largest proportion of investments are of a very indirect kind. Capital in a vast number of cases is shared by a multitude of holders, many of whom, while assuming that their business is in promotion of legitimate industry, have neither the time nor the opportunity to investigate the details of its administration. Unhappily, the presumption that all is right because the direction seems in respectable hands is not always safe, and it is one of the weaknesses of financial combination that the sense of personal responsibility, and the power of control, on the part of generally conscientious persons, becomes attenuated. No doubt responsibility in such cases must be proportionate to the opportunity of cognizance of ill-doing; but, as I have remarked already, Christian ethics prescribe all reasonable precaution to shareholders and self-dissociation from all doubtful gains. Painful cases of casuistry must arise when a man feels bound to sever his connection with a questionable investment, and has to decide whether it is right even to sell his shares to someone else. Probably he will be right to take no profit on such sale; further responsibility is then taken away from him by another who, conscientiously, takes a different view of his duty—as he has a

right to do. The individual conscience must act in each case as before almighty God. The question will generally become of high expediency rather than of actual right and wrong. "Happy is he that condemneth not himself in that thing which he alloweth." We cannot divest ourselves of all responsibility in these cases; we must not be "partakers of other men's sins" through a careless and contented ignoring of the facts. "Qui facit per alium, facit per se," and if my agent, as such, does unrighteously, I am unrighteous myself unless I repudiate and sever myself from his action. I repeat, however, that ethics are concerned with motives and purposes, and the moral character of an investment is determined in each case by these. Not a Solon, not a Moses, not a Paul would think of laying down a detailed code or "Index" specifying enterprises which may not be invested in. That reproductive industries are to be preferred to the opposite does not involve the moral condemnation of the latter. The wish to invest successfully may be perfectly innocent: not all hope of good dividends is evil. There are noble objects which money may secure through investments morally indifferent (in the scientific sense), and wishing for it with a view to attain those ends may be consistent with lofty character.

Someone has said that "philaogyry," or the desire for money, for the sake of good that may be achieved with it, is a prerogative of rational men. "Thou callest me dog," says Shylock. "Hath a dog money?" The love of money for its own sake (in these days when hoarding is a thing of the past, commonly indicative of diseased intellect) really means desire for money for the sake of the applause and envious admiration of which the rich man is the object in society. If it is for this we are keen on our investments, the level of the moral thermometer is low. The same investments made with other motives may be highly moral. A poor candidate for orders in my diocese, through sagacious advice, gained splendid dividends from a claim, enabling him to secure a University education, marry a good wife, and take her round the world, thereby enlarging his ideas and becoming a more useful clergyman. Knowing this, I placed five pounds in that same adviser's hands for certain shares he recommended, consecrating beforehand all profit that might accrue to Church work. Passing to England, I forgot this. On returning, I had an envelope placed in my hands by the honest adviser. It contained my five pounds, unused. The mine he had intended it for had looked less hopeful than he had at first considered it; and that was the first and last mining venture of my life. There was no question, I think, of the morality of both of these investments.

I am assured by experts that, on the broad average, mining shares yield only ordinary interest; the fortunes made on them are chiefly by exchange and speculation.

Now, what is speculation?

Of course, all mining enterprise is in measure speculative, God having been pleased, in the way of nature, to distribute minerals out of sight of men, on a plan that cannot confidently be predicted. Hence, there can be no immorality in coveting capital in attempts to trace these—which means mining shares—a risk in the costly attempt must be involved. But by speculation we mean, I take it, investing money in shares in the hope that good luck, or the caprice of the market, or the unwariness of others, may enormously advance their selling value later on; and while no one can say it is wrong to reap advantage from what is called good luck (as, for instance, a "fossicker's" from a splendid find), greedy fishing for speculative profits without giving any equivalent for them in thought or labour is a mode of money-making perilous to character, likely to develop in our gains that tainting effect upon our manhood which money is capable of exerting. And speculation passes into gambling when reckless risks are run with capital, with no security but chance, in the feverish hope that some wonderful good fortune may enrich us out of all proportion to the capital we invest.

The immorality of this lies in the motive and spirit of it: the desire for gain without equivalent sacrifice or toil. As a rule, men do not get suddenly rich on ordinary and unquestionable investments. Great fortunes sometimes fall to speculation and gambling, but at the cost of others from whom the money is withdrawn; and it is the restless, dreamy craving after such increase that constitutes the pestilent inspiration of the gambler and the speculator.

Mining investment, then, is moral enough: mining speculation shades off from thoughtful and judicious financing into preying upon others' fancies and inexperience, while gambling in mining (or any other) shares is demoralizing in the highest degree.

I have said nothing about pawnbroking. Is it moral, or otherwise?

As we have seen, it originated with Christian philanthropy; but it does not smell sweet in public opinion. Still, the pawnshop and even the "dolly" shop are probably practical necessities to-day for a certain class of citizens. But it seems impossible to prevent their being availed of largely in cases where they furnish facilities for evil. Unquestionably they habituate many to unthrift, and are largely used by the vicious. In principle the pawnshop is nowise immoral; but

if a good institution "for the present distress," it is one with which society may hope to dispense some day without serious disadvantage.

Lastly, we have to consider very briefly the most difficult branch of our subject—the moral aspect of rates of interest on investments. And here we must distinguish interest from profits on working capital. What rate of interest on his capital is a non-producing investor morally justified in receiving? When does his interest pass into "usury"?

Professor Cunningham lays it down that the ethical rate of interest should be the average profit of legitimate enterprise. But this rule one finds it hard to accept: over what time and what area should the average be calculated? In Victoria for some time past enterprises ordinarily very remunerative have been yielding nothing. In the early days of a colony (as in parts of Australia now) or in out-of-the-way places, as the far West of America, it is well worth while to pay far more highly for the use of money—say 15 per cent. or 20 per cent. —than in Melbourne or New York.

Mill allots, out of twelve parts of productive gains, five to labour, three to talent, and four to interest on capital.

Surely the true ethical measure of interest is the fair mutual advantage of both lender and borrower. The case of the poverty-stricken borrower, as we have seen, is excluded, as belonging to another category. Neither party must be taken unfairly at disadvantage; it is a question of simultaneously remunerative borrowing and lending. Given workmen equitably paid, and employed under reasonable conditions, and management reasonably remunerated, if the concern prosper, the lender may fairly expect to benefit. The profits from underpaid labour, however, are usury. The fair rate of wage must be estimated in view of the current cost of living; and it can no more be ethically right for a shareholder to draw large dividends when labour is ill-paid and inconsiderately treated, than from a business intrinsically mischievous to society. Of course, as we have seen above, in proportion as his share in administration is direct and personal is his own moral responsibility.

As a rule, exceptionally high interest savours of moral unsatisfactoriness: either precarious security (which may impart the flavours of gambling on both sides into the investment) or unfair advantage taken of labour. If, however, interest falls very low, capital will naturally seek investments elsewhere, and employment diminish. The "usury law" of Heaven is still in force: "Oppress not the hireling in his wages, and restore to the debtor his pledge." All interest on

investments that hinders obedience to either of these precepts is usurious, and so far immoral.

The true correction of the love of money is that of the love of pleasure, and stronger love of goodness. Self-indulgence and money-grubbing will alike cease to be to his taste who has seen clearly what life is for and how to make the fortune of it indeed. But they will not be cured by railing at the rich, calling dividends peculation, or prohibiting all interest by law. What we want is dynamic, not mechanical, agencies, to check the economic evils of the time; and the power of moral forces and the human conscience seems, happily, counting for more and more, by degrees, in our social politics. Doubtless, "money wanteth her teeth grinded," as Bacon says; but his own suggestion for doing it is absurd. While Ruskin supports his diatribes against interest by an argument like this: "You can't eat your cake and have it too; but if you save it instead of eating it, what right does that give you to a cake and a half?" The error lies, of course, in the false analogy of cake to capital. Take the corn of which that cake is made. If that were saved and sown, would not the man who abstained from eating it be justified in looking for more than the original cake?

"Usury is the one vice," writes a recent pamphleteer, "that is never attacked in the pulpit"; but one finds, on reading further, that he means interest; and attacking that seems no part of a preacher's duty. Perhaps wise pulpit guidance on the ethics of investment is more in demand than in supply.

It cannot be denied that in the moral and spiritual sphere of thought money-making, whether by successful investment or otherwise, has a poor reputation. The greatest moral Teacher the world has seen calls money "unrighteous" mammon, and so it is from His (*i.e.*, Heaven's) point of view, so easily is it tainted with evil and falseness. "That which is least," He terms it; its sphere with Him is the "very little." Think of a millionaire's wealth so referred to! "That which is another's" He calls our money; not because it is not our's for present handling, but because it is on trust, after all. We cannot cleave to it, or it to us; unlike higher possessions, which are our very own, as the riches of our true and lasting self!

And yet, what immense moral importance, according to Christ's teaching, attaches to our right use of the ensnaring, tainted, insignificant thing, money! Like Eve's apple, like Samson's hair, what momentous issues are bound up with this trifle! "Make to yourselves friends by means of" it . . . "that they may receive you into the eternal tabernacles!"

Investment ethics tell sublimely on our immortal destinies. Oh, the best investment of our money is in "bags that wax not old"—"treasure in heaven that faileth not." A painted thing at Monte Carlo was overheard saying to another: "Me and the duchess has made a pot." The fellow-gamblers out of whom they made it will hardly be ready to welcome those two into "the eternal tabernacles." We were best to invest our money in making friends with it that will do that; not in making men our tools with it, or our flatterers with it, or our envious rivals with it, or our fair-weather companions with it; *i.e.*, making them in the end our victims with it and our enemies with it.

The reader will suspect a sermon if I enlarge on the best uses for money. But it belongs to the ethics of investment to remember that we may turn orphans into our advocates with it, make the widow's tears plead in our behalf with it, cause the famished to call down a benison on our meals with it! St. Martin invested a tattered man with half his cloak, and in the visions of the night saw Christ wearing it in the skies. Poetry, romance, no doubt; but I hope we need not empty all romance and poetry even out of our ethics!

Invest your money in doing good for Christ's sake, and you will have heaven for a safe, angels for cashiers, God for your banker, and One to welcome you when all the institutions, financial and other, of this world are "suspended, pending reconstruction," to a "city" of such unearthly wealth that jewels are laid down there as foundations for gate-posts, and gold is of so small account that they pave the streets with it, and trample it beneath their feet!

S. BALLARAT.

ART. II.—THE AUTHORSHIP OF THE PENTATEUCH.

No. XIII.

WE have now arrived at chap. xvii., which, we are told, belongs exclusively to P. It records the establishment of the rite of circumcision, and this, of course, is a "priestly" question, and must be described by the priestly writer. So obvious is this that neither Wellhausen nor Professor Driver think it necessary to give any other reasons for assigning this chapter to P than that the "promises to the patriarchs" in P are "*limited to Israel itself.*" There is, it is true, a distinct promise to the "patriarch" Abraham in this chapter, which, so far from being "limited to Israel itself," refers to Ishmael.