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what above has been insisted on, its marvellously great and enduring effects, it seems by the clearest historical proof to be conclusively established. And this is the recorded judgment of a historian of great power and independence of mind, the late Dr. Arnold of Rugby. "I have been used," he writes, "for many years to study the history of other times, and to examine and weigh the evidence of those who have written about them; and I know of no one fact in the history of mankind which is proved by fuller and better evidence of every sort to the understanding of a fair inquirer than the great sign which God has given us, that Christ died and rose again from the dead." The Christian, indeed, has other and deeper arguments to trust; he "has the witness in himself." It is not a teacher alone, or an example, however perfect, which he requires, but rather a living Saviour, to be to him the Source of life. The Atonement, assured by the Resurrection, the indwelling Spirit, the guidance and sympathy of a heavenly friend—these are his daily, hourly need, the staff and comfort of his perilous way. And only in confidence that, like the protomartyr, he too shall be enabled to say, "Lord Jesus, receive my spirit," can he peacefully and joyfully contemplate the unknown darkness of death. Into this inner sanctuary of faith the unbeliever, indeed, in his present mind, cannot enter; yet he, too, may draw a last argument from the testimony of those who believe. He admits that true Christian character and conduct have blessed, and still bless, the world. If, then, the believer assures him, as he certainly will, that the vitality and endurance of this character are derived from faith in a risen and living Saviour, will he not recognise in this a further evidence—subsidiary, it may be called, but of deep significance and far-reaching power—that "we have not followed cunningly-devised fables," but that our "Lord is risen indeed," and "is able to save to the uttermost them that come unto God by Him"?

HAY S. ESCOTT.

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#### ART. V.—SOME NOTES ON CAPITAL AND LABOUR.

EXTRACTS FROM MRS. FAWCETT'S MANUAL OF POLITICAL ECONOMY—(Concluded).

WE now turn for a short time to the dreams of the socialists. It must be remembered that there is no production of wealth without exchange, and that "exchange implies the existence of private property. The expression "exchange of wealth"

implies the existence of property. It also implies that property is possessed, not by society at large, but by individuals and classes. If property were possessed by the whole community in the same way as that described in the Acts of the Apostles as the custom of the early Christians, there could be no such thing as exchange of wealth. 'Neither said any of them that aught of the things which he possessed was his own: but they had all things in common.' 'Neither was there any among them that lacked: for as many as were possessors of lands or houses sold them, and brought the prices of the things that were sold, and laid them down at the Apostles' feet: and distribution was made unto every man according as he had need.'

"If the state of things described in these verses were general, the dream of the Socialist would be realized. Property would not be destroyed, but 'the exchange of wealth' would be a meaningless expression, for no one could exchange that which belonged as much to everyone else as to himself. The exchange of wealth consequently implies the existence of individual property."

"Modern Socialism, which has become a not inconsiderable force in recent years, demands the nationalization of the land and of all the instruments of production, that is of all capital. Karl Marx may be regarded as the founder of modern Socialism, and his work 'Das Kapital' is its chief text-book. Modern Socialism, which is frequently spoken of on its economic side as 'collectivism,' has in England taken the practical form of promoting the transfer to the State or the municipality of various duties and responsibilities hitherto devolving on the individual. Its adherents wish the State to fix the hours of labour, the rate of wages, and other conditions of employment; they also favour the acquisition of property and industrial enterprises, with or without compensation to their present owners, by the State or the municipality, as leading in the direction of the realization of their scheme for the complete nationalization of the land and all the other instruments of production. In every country some duties and responsibilities are discharged by the individual, and some by the community collectively. The division between individualism and collectivism is by most people regarded as a matter of expediency: the modern socialist regards it as a matter of principle, and loses no opportunity of minimizing the responsibilities of the individual and magnifying those of the State. He looks forward to a time when the State, having acquired all the land and all the instruments of production, shall be the absolute arbiter of the supply of all commodities; he is confident that this would cause all poverty to cease to exist;

competition would vanish, everyone would work for a short time daily (generally estimated at from two to four hours); all wants would be amply supplied, and everyone would enjoy abundant leisure. With the millennium thus existing in his imagination, he contrasts the existing state of society, usually exaggerating its defects and shutting his eyes to its merits. It should, however, be remembered that the evils of our present social system, whatever they may be, are, in the main, produced by defects in human nature, such as sloth, vanity, greed, selfishness, self-indulgence, and the like; and that as long as these exist they will bear their crop of ensuing misery. The modern socialists have not shown that their system will cut at these roots of moral and economic evil. On the contrary, some of them, by attacking marriage and the family, and by desiring to weaken parental responsibility, have sought to undermine what is morally the strongest part of the existing constitution of society. They would also take away what is economically the strongest motive which induces men and women to overcome their physical and mental repugnance to hard work—the desire to provide for their own wants, and the wants of those dependent on them. In newly-settled countries the stupendous labour that is required to ‘subdue the earth’ and render it productive will not be undertaken at all unless the settler can look forward to becoming the owner of the soil; nothing less than that is sufficient to induce him to overcome his natural repugnance to the years of privation and unintermitting toil, necessary to make it into a homestead yielding sufficient for the support of a family.”

“It must not be overlooked that every individual is capable of performing many different kinds of labour which are productive of well-being to the community in very different degrees. The community benefits not so much by exacting a certain amount of task work from each of its members, as by anything which stimulates each of them to do the best kind of work of which he is capable. For example, Count Leo Tolstoi, the Russian socialist, is a writer of fiction of the very highest order of merit. His novels have been translated into every European language, and are part of the most valued literary treasures of modern times; but under the régime of voluntary socialism to which he has submitted himself he now employs himself in shoe-making. The world is undoubtedly the poorer that Count Tolstoi can satisfy his conscience, which tells him it is his duty to labour, by sitting at his cobbler’s last, instead of doing intellectual work of which perhaps not five other men in Europe are capable. If the wants of every man and woman are to be satisfied, as the collectivists promise, by a few hours of daily mechanical toil,

the inducement to face and overcome the difficulties of the higher kind of production will be enormously, and perhaps fatally, weakened."

"There are many economic objections to be urged against socialistic schemes. In the first place, self-interest, one of the most powerful of all the incentives to exertion, is only partially operative; a man will not work with the same energy and zeal if the results of his labour are to be shared by the whole community of which he is a member, as he will if he is able to secure the whole fruit of his toil for himself and his family. In the second place, the existing checks to improvidence and recklessness with regard to the future are withdrawn. All the members of a socialistic society are supposed to be actuated by the loftiest sense of duty to their fellow-labourers. In the present order of things a poor man has to work hard to keep himself and his family, if he has one, from want; he knows that every additional child that he has will for some years be a constant source of expense; he, therefore, has the most powerful incentives to exertion and providence. But in a socialistic society such a man would know, whether he worked energetically and unceasingly or slowly and irregularly, that he and his family, however numerous it was, would be maintained; he would also know that it was quite unnecessary to make any provision in case of his own death, for his family would never be allowed to want. Ebenezer Elliott, the Corn Law Rhymer, satirized the defects of communism in the following verse:

What is a Communist? One who hath yearnings  
For equal division of unequal earnings;  
Idler or bungler, or both, he is willing  
To fork out his penny and pocket your shilling."

"A recognition of the tendency of socialism to weaken the prudential restraints on population led to the adoption in all the American communistic societies of the most absolute control over marriage and the number of births. Two of the most prosperous of the American socialistic communities are strictly celibate; in others celibacy is honoured and encouraged, and even in those societies where the opposite principle prevails, the governing body limits or promotes the natural growth of population as the prosperity of the community declines or increases, with as much ease as an English Chancellor of the Exchequer increases or reduces the income tax. It would therefore seem that, in avoiding the economic defect of weakening the prudential restraints on population, practical communism runs into the equally serious political defect of destroying individual liberty, and encouraging an

amount and kind of government control which a free people would find quite intolerable. This was notably the case in the socialistic constitution of Sparta, where the most minute affairs of daily life were watched and controlled by the central authority of the State."

"Notwithstanding these radical defects in socialism, the upholders of the present state of things ought not to condemn it as a monstrous and wicked absurdity. The present system does not work so well as to be absolutely incapable of improvement, and though it may not be thought desirable that an alteration of existing economic arrangements should be made in the direction of socialism, we ought to be ready to admit that some improvement is necessary in a community in which a considerable proportion of the population are either paupers or are on the brink of pauperism. It ought also to be remembered that some of the characteristic defects of communism are embodied in the existing state of society. The Poor Law system is practically socialistic. The system of paying workmen fixed weekly wages stimulates the motive of self-interest even less than it is stimulated in a communistic society. It is often remarked that workmen paid in this way only seem to care how little work they can do, and at the same time avoid dismissal. The remuneration of many of the servants of the State does not depend upon work done. Clergymen and ministers of State receive the same pecuniary rewards, whether they do their work ill or well, and in some cases, if they leave it undone altogether. These remarks are not made in order to uphold socialism, but to show that the proposals of the socialists should not be looked upon with hatred and derision, but should receive respectful consideration from all who desire freedom of discussion and action. If the defects of the existing system were borne in mind, and if it were also remembered that the early Christians were among the many religious societies who have practised socialism, it may reasonably be supposed that the denunciation of socialistic doctrines would be less passionate and declamatory."

For a complete consideration of the subject of capital and labour, it would be necessary to give a definition of *Value*; a definition of price; to show why there can never be a general rise in values, though there may be in prices; to speak of the functions of money, and of the value of commodities; to show how wealth is divided into rent, wages and profits; to speak of the rent of land, the wages of labour, and the profits of capital; to say something on trades' unions and strikes, and something on co-operation and co-partnership. We have but space for a very few concluding remarks:

(a) "*The Profits of Capital*.—It will not be possible here to

state the various agencies which produce the average rate of profit at different times and in different countries. The subject will be dwelt upon in a future section on the distribution of wealth. It is sufficient here to state that causes are constantly in operation which tend to make the interest of capital in all trades in the same country and at the same time approximate to an average. When capital appears permanently to realize higher profits in one trade than in another, these additional profits ought not in strict accuracy to be looked upon as profits of capital; they are either wages of labour, compensation for risk, for the disagreeableness of the occupation, or for its dishonourable reputation; or these exceptional profits may be the consequence of a natural or an acquired monopoly. Sometimes those engaged in a particular trade agree together to form what is called a 'ring.' A few years ago a 'ring' was made in quinine—that is, a few capitalists agreed to buy up all the quinine in the world, and, having done this, they proceeded to double its price, and thereby secure to themselves enormous profits. This is an instance of exceptionally high profits resulting from an acquired monopoly. When all the disturbing causes above enumerated are removed, it will be found that the interest of capital tends to an equality."

"The nature of capital has been already explained; it is now, therefore, sufficient to state that the profits of capital are the share of the wealth, produced by the joint agency of land, labour and capital, which is allotted to capital. The amount of this reward differs at different times and in different nations. In some countries capitalists obtain a clear return of £10 a year upon every £100 which they invest in trade, besides what they receive as compensation for risk and as wages for superintendence. When this is the case, the rate of interest is said to be 10 per cent. In most countries the average rate of interest is much lower; in England it is less than  $2\frac{1}{2}$  per cent."

(b) "*The Influence of Population on Wages.*—The greatest difficulty hitherto in permanently improving the condition of the labouring population has arisen from the fact that an increase of the wages-fund has been almost invariably followed by a corresponding increase in the number of the wages-receiving class. At the time of the repeal of the corn-laws, it was thought by some ardent repealers that the cheap food which the abolition of the duty on corn brought to every cottage in the kingdom would permanently improve the condition of the labouring poor; it was said that there would be no more starvation and no more pauperism. The workhouses, it was confidently asserted, would soon be in ruins. The result proved far otherwise. The cheap food which the repeal of

the corn laws brought to England stimulated a vast increase of population; the benefit which might have been derived from a plentiful supply of cheap food was absorbed by the demands of millions of hungry mouths. For a long time the principal effect on the labourer, produced by the repeal of the corn laws, was that cheap food enabled him, not to live in greater comfort, but to support an increased number of children. These facts lead to the conclusion that no material improvement in the condition of the working-classes can be permanent, unless it is accompanied by circumstances which will prevent a counter-balancing increase of population."

(c) "*The Importance of raising the Standard of Comfort.*— No circumstance would prevent over-population so effectually as a general raising of the customary standard of comfort among the poorer classes. If they had accustomed themselves to a more comfortable style of living, they would use every effort not again to sink below it. Ricardo says on this subject: "The friends of humanity cannot but wish that in all countries the labouring classes should have a taste for comforts and enjoyments, and that they should be stimulated by all legal means in their exertions to procure them. There cannot be a better security against a superabundant population." It is because there has recently been such a distinct advance in the standard of comfort among the agricultural labourers, that there is every reason to hope that the improvement they have effected in their condition will be permanent. The younger generation are prepared to enter other employments, to move to other localities and emigrate to other countries, rather than endure the life which their forefathers led. Many circumstances have combined within the last twenty-five years to raise the habitual standard of comfort among the English working-classes. Perhaps the chief of these is the Education Act of 1870. When people are educated, they endeavour by all the means in their power to release themselves from the degrading squalor which usually accompanies overcrowding. The spread of education is one of the chief means by which it may be hoped intemperance will be successfully combated. An increase of temperance would certainly raise the habitual standard of comfort. Education may have benefited the working-classes in yet another way: by developing their intelligence it would make them more efficient as labourers, and thus render it possible for them to receive higher wages without reducing profits. Increased facilities in travelling, and increased knowledge of the condition of their brethren in Australia, New Zealand, South Africa, America and Canada, have also tended to raise the habitual standard of comfort at home. A cabinet-maker, for

instance, would no longer submit to very low wages in England when he hears from a comrade who has emigrated to Australia that he could easily earn ten shillings a day if he came to Rockhampton or Sydney."

(d) "*Adam Smith's Five Causes which produce Differences of Wages in Different Employments.*—If competition acted freely among all classes of labourers, the inequalities of wages for the same work in different localities would cease to exist. There are, however, differences in wages in different employments which are permanent in their character. Adam Smith has thus enumerated the five causes which produce different rates of wages in various employments:

1. The agreeableness or disagreeableness of the employments themselves.
2. The easiness and cheapness, or the difficulty and expense, of learning them.
3. The constancy or inconstancy of employment in them.
4. The small or great trust which must be reposed in those who exercise them.
5. The probability or improbability of success in them.

To these must be added the limitation of competition among the higher and lower sections or groups into which labourers are divided, which practically limits the choice of a labourer selecting his employment to trades of about the same grade as that in which he was born. The son of an agricultural labourer, for instance, would be as powerless to choose the employment of a banker's clerk as he would be to select that of a Prime Minister or an Archbishop."

It would need separate papers to deal with the subject of trades' unions and co-operation. One of the most remarkable and successful experiments in productive co-operation is that started by Mr. George Livesey in the South Metropolitan Gas Company. At the beginning of 1896 the workmen held £25,000 in the shares of the company, besides owning a sum of £33,227 in the form of accumulated bonus, interest, and savings, making in all £58,000 owned by the workmen, besides the original bonus of £8,000.

In co-operative distribution the most celebrated example is that of "the Rochdale Pioneers. In this society the ready-money principle is strictly adhered to, and the goods are sold at the ordinary retail prices. The accounts are made up quarterly, and the profits are divided in the following manner: 5 per cent. per annum is allowed as interest on the shareholders' capital;  $2\frac{1}{2}$  per cent. of the profit is devoted to educational purposes; and the remainder is divided among the purchasers, each customer receiving an amount proportionate to the sum which he has expended in purchasing commodities at the store. The Rochdale Pioneers' Society,

which was started by workmen, and began in 1844 with sufficient capital only to buy one chest of tea and a hogshead of sugar, has achieved such a remarkable success that it has found imitators all over the country. In Rochdale itself there were, in 1894, three of these stores, with 18,785 members; a share and loan capital of £457,871; an annual trade of £391,080, and a profit for the year of £53,303. Mr. Benjamin Jones, in his book 'Co-operative Production,' gives many interesting examples to show that the co-operators in the North of England were really pioneers in many important social reforms; they devoted part of their profits every year to educational purposes; they instituted the weekly half-holiday for their employes long before the custom became general, and were earliest in the field in shortening the hours of labour; they also acted on the principle laid down by the Married Women's Property Act long before there was any legal sanction for their doing so. Co-operation in its various forms is one of the best products of the energy and self-help of English working men and women."<sup>1</sup>

The whole result of our inquiry is that it is not by vain batterings of the wings against the established uniformities of human society and civilization that amelioration in the condition of the labourer is to be produced, but by trying at various points to improve the conditions under which he lives. We must aim at increasing the sympathy, the justice, the rectitude of the employer. We must improve the skill, the intelligence, the morality, and the trustworthiness of the labourer. We must teach him the iniquity of reckless and early marriages. We must improve his standard of comfort. We must impress him with the value of thrift and co-operation. We must give him every opportunity of self-education and technical instruction. And we must show him how, in an infinite variety of ways, "God hath set the members every one of them in the body . . . and if they were all one member, where were the body? But now are they many members, yet but one body. And the eye cannot say unto the hand, I have no need of thee; nor, again, the head to the feet, I have no need of you. Nay, much more, those members of the body which seem to be more feeble are necessary; and those members of the body which we think to be less honourable, upon these we bestow more abundant honour . . . that there should be no schism in the body; but that the members should have the same care one for another. And whether one member suffer, all the members suffer with it; or one member be honoured, all the members rejoice with it."

<sup>1</sup> These extracts are given in the hope of directing our readers' attention to Mrs. Fawcett's "Manual of Political Economy."—Ed.