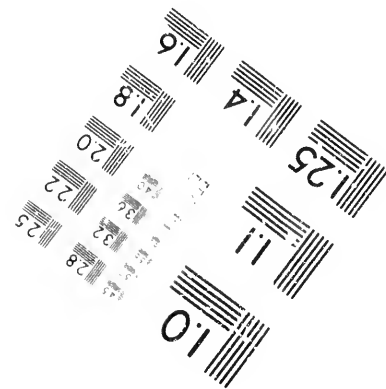
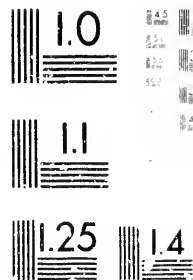
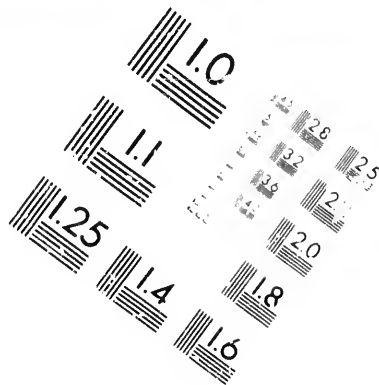


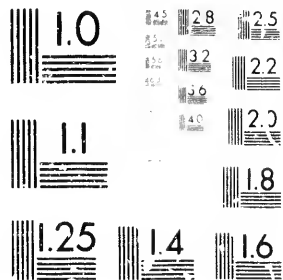
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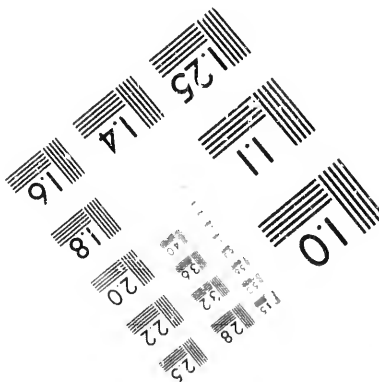
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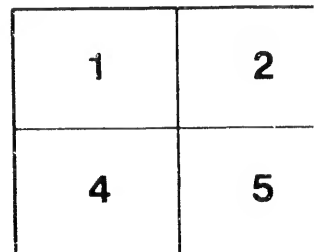
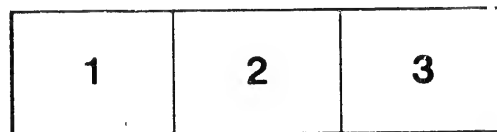
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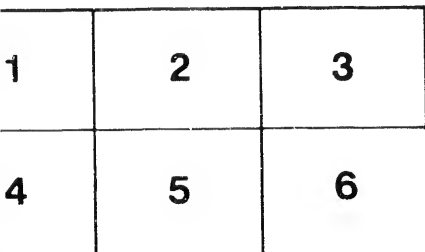
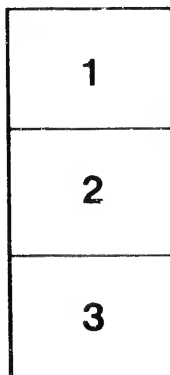
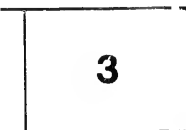
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THE CLAIMS OF CAPITAL CONSIDERED.

25-4
BY WILLIAM BROWN.



The conflict between labor and capital becomes more and more the struggle of the age. On both sides there are titanic powers engaged in what appears to be a headlong and indiscriminating war. There may be now and again a truce in the contest—there may be some kind of truce proclaimed—some good sort of people may approach the combatants and induce them for a season to lay down their arms. But to the calm looker-on it is evident that all the fine talk about mutual forbearance, sympathy and good will, is only a makeshift; that each party returns to work with its passions but restrained for the moment or for the occasion; and with not only the expectation of a speedy renewal of the contest, but with a determination, when the time again comes round, to fight it out to the bitter end. Is it not one of the strange things in this strange world that industry should thus be constantly arrayed against its own productions—the wealth of the world in constant antagonism to the producers of that wealth? After all that has been lost and won, can it be said that either party is in a better position, or permanently secure from further strife?

Providence is constantly calling us, by the events transpiring around us, to consider our ways. The struggle between capital and labor, whatever be the issue, ought to direct the mind of thoughtful and reflecting men to a subject of unquestionably the first importance in relation to the general well-being of society. On the surface of this question, and amidst the contending factions there, we shall glean little or nothing. We must dig deep for the information requisite to enable us to form a correct judgment of the matters in dispute. I propose therefore in the present paper to make some examination into the claims advanced by capital, with the view of ascertaining if, in any way or in any measure, industry, out of its resources, can yield to these claims; and will endeavor at the same time, to weave into my argument some essential principles in political economy, without a proper consideration of which, the great questions at issue will never be satisfactorily settled.

I need not trouble the reader with any long quotations from the economists in definition of the term "capital." It is sufficiently understood I daresay by the general reader. The following extracts from Mr. Mill's Principles of Political Economy will for the present suffice.

"It has been seen in the preceding chapters that besides the primary and universal requisites of production, labor and natural agents, there is another requisite without which no productive operations beyond the rude and scanty beginnings of primitive industry are possible: namely a stock, previously accumulated, of the products of former labor. This accumulated stock of the produce of labor is termed capital. The function of capital in production it is of the utmost importance thoroughly to understand, since a number of the erroneous notions with which our subject is infested originate in an imperfect and confused apprehension of this point.

[Montreal, & Rouss's Point, N. Y.
J. Lowell, 1876].

"Capital, by persons wholly unused to reflect on the subject, is supposed to be synonymous with money. Money is no more synonymous with capital than it is with wealth. Money cannot, in itself, perform any part of the office of capital, since it can afford no assistance to production. To do this, it must be exchanged for other things, and anything which is susceptible of being exchanged for other things is capable of contributing to production in the same degree. What capital does for production, is to afford the shelter, protection, tools and materials which the work requires, and to feed and otherwise maintain the laborer during the process. These are the services which present labor requires from past, and from the produce of past labor. Whatever things are destined for this use—destined to supply productive labor with these various pre-requisites—are capital."

The above extract may be taken as representing the views generally held by economists on the subject of capital. The definitions may be considered as in some measure correct. They are not such as, in the use of exact language, I would employ. I think a better and more guarded definition can be given—better in so far as it would close every door against the entrance of those "erroneous notions with which our subject is infested," of which complaint is justly made by Mr. Mill. I have elsewhere had occasion to remark that political economy, more than any other science, has been worm-eaten with that incautious language which a modern writer has aptly declared to be "the dry rot of the world." Bearing upon, as it does in every direction, the most vital interests of humanity, this great science demands, and can be satisfied with nothing short of, perfect accuracy in thought and expression on the part of all its exponents.

I define capital simply as *the produce, the tools, and the appliances of labor*. As a question of property, capital is the produce of labor—as a question of productive agency, it is its tools and appliances. This definition embraces all that can be said and all that can be demanded. The capitalist himself may feel alarmed at so simple a definition, and may be inclined to regard it as one of those "hard sayings" with which restless people are continually troubling the world. But as the sweetest kernel may sometimes be found in the roughest shell, so the most precious truths have not seldom come to us enclosed in the hardest sayings.

Having made this statement, I think it is fair, before proceeding further, that I should set forth what I consider the weak points in Mr. Mill's definition above quoted, a definition more or less objectionable according to the interpretation which it may legitimately bear.

He states that money in itself cannot perform any part of the office of capital, since it can afford no assistance to production; that to do this, it must be exchanged for other things; and that anything which is susceptible of being exchanged for other things is capable of contributing to production in the same degree. If this language be not wholly ambiguous, it sets forth that money, when exchanged for other things, then and only then becomes an agent in production; and that anything susceptible of exchange is, from that very fact, exalted to the rank of a productive agent. Now, money, in a high degree, is susceptible of exchange, and must therefore be included in the latter statement. There are thousands of products on which you may cast your eye every day as you pass the shop windows, which could not by any stretch of fancy be

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considered as productive agents; and yet they are all susceptible of being exchanged, else they would not be exposed for sale. The usefulness of the tools to the workman does not consist in the fact that they may be sold for money, or exchanged for other things; but that they are properly fashioned and fitly made by industrious hands to aid these hands in continued production. I think it is quite evident that there has been a notion floating in our author's mind—some indefinable idea, something intangible which he calls capital, and which he proclaims as superior to and independent of money, tools, and materials. He does not tell us what it is. It may be a myth; and we fear that thousands of good people, who think they know all about the matter, are in the same position with regard to this myth. It is not industry. It is no product of labor. It was never seen by mortal eyes, and yet men everywhere stand in awe of it. They would not dare to utter a word or pen a sentence to prejudice or discredit the existence of this ghostly shadow which flits around every man, which casts its mysterious influence over every Exchange, and which, like others of its kind insensible to either lead or logic, fills us all with some indefinable sort of fear and robs us of our very manhood. That Mr. Mill had some such idea in his mind is evident from his own words. What capital does for production, he says, is to afford the shelter, protection, tools and materials, which the work requires, and to feed and otherwise maintain the laborers during the process. If words have any meaning, what does all this imply but that there is something which is called capital, something over and above industry, which furnishes shelter, houses, factories, etc; not the tools and materials themselves, or the industry which produces them, but something else which "affords" or furnishes the tool and materials; not the food and other means of maintenance for our bodily frames, but something outside of labor which feeds, clothes, and maintains these frames. Can it be money itself to which he has reference? I can hardly say. His language on that head is that money is not synonymous with capital. And yet, in other parts of his writings, he leaves one under the full conviction that he fell into the error of attributing to money the power of feeding, clothing, and maintaining industry.

Mr. Mill seems to have taken all the good things which industry can produce, and, placing them in the laboratory of his mind, or rather in the crucible of his imagination, immediately there is separated something without form and void; having neither body nor parts; acknowledging to neither length, breadth, nor height; giving not the slightest evidence that it has ever been touched by the hand of labor: and forthwith we are commanded to bow down and cry, This be thy God, O Industry! Is there a man, with a spark of intelligence, to obey such a summons?

It is no trifling or light matter which now engages our attention. The subject is of such momentous and far reaching importance, and leads us away down into the midst of a world of such misery, wretchedness, and unrequited toil, that we may well be excused if we bring before the reader another extract from Mr. Mill.

"Suppose, for instance, that the capitalist is a hardware manufacturer, and that his stock in trade, over and above his machinery, consists at present wholly in iron goods. Iron goods cannot feed laborers. Nevertheless, by a mere change of the destination of these iron goods, he can cause laborers to be fed. Suppose that

with a portion of the proceeds he intended to maintain a pack of hounds, or an establishment of servants; and that he changes his intention, and employs it in his business, paying it in wages to additional work people. These work people are enabled to buy and consume the food which would otherwise have been consumed by the hounds or by the servants; and thus without the employer's having seen or touched one particle of the food, his conduct has determined that so much more of the food existing in the country has been devoted to the use of productive laborers, and so much less consumed in a manner wholly unproductive."

Now, if this be not a deliberate shutting of one's eyes and running full tilt against the impregnable walls of political economy, I do not know what is. It is not simply a mistake, an error—it is a thorough subversion of the method and order of political economy; an attempt to blot out industry itself from its position as the great factor in the world's production. It is not by a change in the destination of iron goods, or of any other goods, that a capitalist can cause laborers to be fed. It is not by paying wages to work people that workers are enabled to buy and consume the food which would otherwise be consumed by hounds and servants. It is not the "conduct" of the capitalist which has determined that so much more of the existing food has been devoted to the use of productive industry. The truth is, the acts of money paid by the capitalist are powerless in the case. The power is wholly on the other side. The production is entirely with the laborers. They do not use the capitalist's money; neither do they eat the capitalist's food. It is their own money they spend—it is their own food they consume. If the capitalist places tools in their hands, he takes good care that the workmen pay for their use through either of the only two possible channels—reduction of wages, or enhanced price of the things made. Wages are always paid in money, and the workmen have given full value for that money. The capitalist hands over to them certain little coins upon which he bestows no toil from the moment they come into his possession till the moment they leave—the workmen hand over to him the substantial evidence of a full week's personal toil and exhaustion. Whatever doubts may arise in the mind as to the earnings and toil of the capitalist, and as to the legitimacy of his great rewards, of one thing we may be certain—the men leave behind them, at the week's end, full and substantial value for the pittance they carry to their homes. At the same time I may be permitted to say that I am just as certain the noble mind of John Stuart Mill did not fully realize what was written when his pen traced the lines which I have transferred to these pages; and which, unhappily, are not by any means fitted to restore the beautiful temple of industry, so long laid in ruins.

All attempts thus to frame the system of political economy, or any of its great principles, on the life or death of a pack of hounds, or of a lot of domestic servants, or of a number of half-starved laborers, must, in the end, only expose our system, if not ourselves, to the ridicule of critical and intelligent men.

Industry is anterior to capital, and must, in the nature of things, be continually anterior to it, seeing that it is a principle (now happily being recognised more and more) that there is no value without labor. The savage who first fashioned a bow and arrow or hollowed out a canoe, illustrated the truth of this principle. It must ever be so. The fact that industry has gradually framed an

immense quantity of tools and other good and serviceable material, will never subvert the natural order of things. Were the proposition or theorem of Mr. Mill true, that industry is limited by capital, then there never would have been any capital. To say that industry is limited by the very things it fashions is manifestly absurd. If any philosophic statement is really necessary on the subject, I would reverse the theorem of Mr. Mill and say that *capital is limited by industry*—that whatever is yielded or has been yielded by industry may be assumed as having had its limits clearly defined by industry itself. When a man is toiling up a mountain, and a friend in passing gives him a lift to its summit in his waggon, on condition, we will say, that he drives and guides the horse; no one would allege that the journey had been halted, when it had been actually aided, by the horse and waggon. If to produce merchandise be the goal of life, as the top of the mountain was the goal of the journey, then capital, as I understand it, aids industry towards that goal. The power of physical endurance indeed presents a limit to industrial effort. Increasing age and feebleness will gradually impose a limit to effective force. Although it may be said, and said truly, that the fishes and wild animals and berries which sustain savage life are in a certain sense anterior to industry; yet it is also true that, as an industrial question, the labor necessary to secure them is anterior to the produce—the labor is first exerted, then the results appear. Those who hold that industry is limited by capital do not mean to set forth the simple truism that every created thing necessarily has its limits. They mean to propound something very different from that—indeed, so far as labor is concerned, a most dangerous and destructive heresy. To say that industry is limited by capital in the sense in which the economists use the phrase, is to say that the parent is the offspring of the child; that capital is the master and man the slave; that dead inert matter rules and reigns; and that intelligent and strong-limbed men must implicitly obey. In short, it is to put the dead in the place of the living; to take from industry its birthright, its blossom, and its crown.

Another of Mr. Mill's fundamental propositions regarding capital is, that it is the result of saving. This, he says, is the source, or relates to the source, from which it is derived. "We may say that all capital, and especially all addition to capital, are the result of saving." After what I have already stated, I think few, if any, of my readers will feel inclined to pin their faith to so foolish a proposition. But seeing that it has been elevated to the rank of an axiomatic truth in economic science, we do not wonder that this has further been set forth with all due solemnity,—a sort of twin brother,—that, when industry *abstains* from using its productions, then it is on the high road to prosperity,—a statement diametrically opposed to truth. It seems to me very strange that Mr. Mill should apparently have been so anxious to divert the mind away from the only true source of production, *labor*. By what sort of arguments does Mr. Mill seek to establish his proposition? By such as these: that, were all persons to spend all they produce, capital could not increase; that farmers, even in the simplest states of society, must save a little for seed over and above their personal consumption; that all that any one employs in carrying on labor other than his own must have been originally brought together by saving; that, in a certain state of society, the increase of capital has usually been

derived from privations which, though not generally called by that name, are essentially the same with savings; and so forth. Some of these are plain and simple truisms, and have little or no relation to economic science. Not one of them bears out the proposition that capital is produced or increased by saving. In fact, industry not only produces the capital, but cares for it afterwards, keeps it in repair, and thus "saves" it for use. Nobody will dispute the fact that, if a factory or piece of machinery is not burned up or otherwise destroyed, it will be found standing in its place ready for its work; in fact "saved;" just as nobody will dispute the fact that a horse is a horse and a cart is a cart, or that you cannot both eat and have your cake. Mr. Mill seems to think that all persons can spend all they produce, and that, in such a case, capital will not increase. All persons could not spend, in the sense in which Mr. Mill applies the term—that is that there should soon be nothing left for anybody—even in "personal indulgences" all they produce. The thing is impossible. But most producers part with all they produce in exchange for equivalents. It is incorrect to say that "all that any one employs in carrying on labor, other than his own, must have been originally brought together by saving." It was originally brought together by purchase or by labor. The man who has it, got it originally by exchanging for it his labor or the fruits of his labor, else he should not have it at all. Here is just an example of that "inevitable language" which not only leads so many readers astray, but brings into reproach a science which presents before the enquiring mind a field of investigation not surpassed in interest by any department of thought.

Over against all these statements I place the simple economic truth which a child may understand—that industry is the "source" of capital, and capital the "result" of industry.

But Mr. Mill could not shut his eyes to the obvious fact that every thing produced by mortal hands gradually decays and disappears; that "dust" is written over both man and his works. He therefore advances another theorem, that though capital is saved, it is nevertheless consumed. To save it for yourself you must, he says, have it consumed by some other person, not by yourself. Are we, then, to believe absolute impossibilities? If laid by for future use, he argues, it is not saved, it is then only hoarded. Why there should be any real distinction of this kind between the flour I sell to a laboring man to be immediately consumed by himself and family, and the flour I keep past me and consume in say three or six months hence, is a species of economic legerdemain I cannot comprehend. What is there involved that should cause the one transaction to be spoken of approvingly, the other, in terms of reprobation? Mr. Mill makes a vast deal out of what he calls the unproductive consumption of the good things of this life, such as wines, equipages, and fine furniture. He speaks of them being "destroyed" by being consumed, so as to lead one to infer that they are as effectually put out of existence as if some stout fellows, club in hand, had smashed them to pieces, bottles, equipages, and all. The thing is too preposterous to bear investigation. Is one man to be reviled because he makes for himself a handsome turnout—even though it be a four-in-hand, livery, cocked hats and all—and another to be praised because he is content with a creaking old cart? Is one man to be reproved because he grows a field of grapes, and turns out some punchyous of generous wine; the other

to be praised because he aspires no higher than a draught of good cider, or mayhap is content with a glass of milk from his cow? Is one man to be railled at because he makes for himself by his labor, or purchases for himself by the produce of his labor, a set of nice, polished, and comfortable furniture; and another praised because he is content to lie on a rough plank? There is no "destruction" in either case. The very object for which all labor is undertaken, personal satisfaction, has been equally attained in each of the cases supposed. To say that it would be better to have the labor which is expended in the production of all these good things diverted into some other channel, such as the production of more tools for the workmen, or capital so called; or to say, as Mr. Mill says, that society collectively is poorer by the amount expended in these things, is to say what is manifestly untrue. It would be to sweep away much that makes life pleasant and enjoyable; much that tends to the advancement and refinement of society. Setting morals aside, and looking at it only from an economic point of view, I could not have a word to say against the man who spends ten thousand a year on hunters, hounds and racers, so long as he expends the produce of his own labor. An economist whose recent death we all mourn held that abstract political economy is susceptible of reduction to a single equation—in the same way as Lagrange reduced abstract mechanics—the fundamental idea of which is, that every person seeks to employ his productive powers in the way which will yield him most. Whilst questioning the propriety of attempting such a reduction of this noble science, we may yet accept of the statement so far as it goes, or so far as it is related to production. And so it stands out in bold antagonism to the proposition of Mr. Mill. The position held by the economists, that "had men always consumed their produce in the gratification of their immediate wants and desires, there would be no such thing as capital at all," is so startling that one can scarcely believe it to have been advanced in sober earnest. There is not the least truth in it. It subverts the very order of nature. It puts aside, as of no moment, the very end and aim of all industrial effort. It is to gratify their wants and desires that men work and consume the produce of their work. Men do not eat up their ploughs and spades and harrows; they do not swallow their steam engines and their ships; but they clothe and feed themselves generally as well as they can, and they love to decorate their homes. The reverse of the statement of the economists is the truth. If men had not always consumed their produce in the gratification of their wants and desires, no such thing as capital would ever have existed; and they would all soon have descended to the position of miserable starvings. It is the steady production of all that is good, and the no less steady consumption of these good things which go, if men would but live and let live, to clothe industry with its productive powers, and to yield it to those satisfactions after which it constantly strives.

How is it possible, as Mr. Mill alleges, to save your products for yourself by having them consumed by some other person? The products are gone when they are consumed. Those who have consumed them have purchased them. They have put out an equivalent in their place. The original producer or owner has got an equivalent for them, something else in exchange, that is all. Is it

* Ency. Brit. 8th Ed. Art. Political Economy.

not a fact worthy of most attentive consideration, that the economists, in their desperate efforts to build up the present system, have been compelled to drag to ruins every vital principle in political economy, exchange among the rest?

Mr. Mill has a fourth fundamental proposition respecting capital, namely, that it supports and employs productive labor. This theorem must embrace money itself, for he speaks of capital "or other funds" devoted to the sustenance of labor. As I do not wish to weary the reader, and as what I have yet to say will bear upon the point, I feel as if the best answer I can give at the moment to this proposition is that, in the sense in which it is advanced by Mr. Mill, it is not true.

Here I part company with Mr. Mill, for how can two walk together except they be agreed; and it is far from a pleasant task thus to have to criticize one whose writings have, in many respects, done so much for the science of political economy. And yet, notwithstanding all the influence of his great name, much of what he laid down as fundamental principle must eventually disappear in presence of calm and sober reflection. For it is quite plain to me that Mr. Mill, like many before him, and like some others since, frequently though unconsciously suffered the powers of his great mind to be overborne by the vulgar, arrogant, and commonplace maxims of the commercial world. He is not alone in having taken up ideas, those regarding capital, so called, which go far to vitiate much of what he and others have written on the subject. I have in the course of my reading become more and more impressed with the necessity of watching like jealous sentinels at the very portals of our science, for once an error creeps in there is no saying whither it may lead. Well would it have been for us, humanly speaking, had the "little ones" of the daughter of Babylon been taken in their infancy and dashed against the stones. A vulgar error in political economy, as in Scripture interpretation, only needs to be sent forth with the endorsement of a great name, and forthwith a crowd of lesser mortals join the cry, and centuries may pass away ere it is run to earth. What would my readers think of me were I to parade before them the naked savages of New Guinea as samples of civilization and christianity? Or were I to enter a lunatic asylum, and shutting my eyes and ears to the outer world, proceed to reason as if what I witnessed there were a fair representation of human life and society? Would that be anything more absurd than to accept of the ignorant, degraded, hand to mouth multitudes, struggling all day long for their daily bread, and retiring at night like the beasts of the field to their miserable lairs, as the true and legitimate fruits of the workings out of industrial and economic science? And yet it is reasoning from just such data that has led numerous economists to fall into such errors and absurdities as these: to exalt money at the expense of labor—to view it as practically a productive agent—to invent the myth of the wages fund—to claim separate and distinct rewards for the tools and appliances of labor—to set money, true money, aside—to give the name of money to bits of paper, and thus to make the very acknowledgment of debt to industry a means of payment, so called, of its just demand—to set forth that "credit," or the getting of the proceeds of labor into one's hands without payment, is actually a blessing to industry—to fall into the perilous sort of security which accepts of what we see around us as the natural and inevitable condition of things—to

exercise, by sprinkling a few gold pieces around the base of the mighty mountain of paper, the heinous and constant deception of what is facetiously called "the specie basis" (that "cunningly devised fable" which has led such multitudes astray)—to pervert, under the pretence of paying by paper promises to pay, a universal suspension of payment, thus convicting us as a nation of being, like the Cretians of old, "always liars"—and to say and do many other things at which reason and morality alike revolt. In a word, the economists have labored hard and brought forth, not a mouse, but a monster.

I will now advance two distinct propositions or theorems on the subject of Capital, and then proceed to lay down a few principles in political economy, which, though they may be new to most if not all of my readers, in my judgment throw so clear a light over the whole field of Capital as, I trust, will induce those who love truth for truth's sake to follow up the very interesting subject for themselves.

- 1st. Capital, as such, cannot receive any reward from Industry.
- 2nd. Industry, as a productive agent, cannot afford any return to Capital.

Each of these theorems is the corollary of the other. If one is true, both are true. And if both are true, then it follows that there never was and never can be an equitable or other division of profits between labor and capital, between industry and the things which it produces. In that case, if capital be divorced from the producer, there cannot but be unceasing conflict between the two.

There is no such thing in nature, and therefore no such thing in political economy, as demand for labor. What is there to demand it? Is there anything outside of labor itself to demand it? Do men work for others or for themselves? Can money demand labor? Money is simply a product of industry, in general and gratuitous use by industry in the exchange of its products. It is produced by industry, is emphatically *for industry*, and surely must be owned by industry. It is designed for circulation throughout all the fields of labor, so that wherever a product of labor is found, there also will be found or ought to be found, another product of labor, money, with which to buy. In its universal and gratuitous use to industry, money may be said to be its very slave. It is where it should be when it is in the hand of industry; for the absolute title which labor gives to the products of its own toil can never be destroyed. Would there be any reason in calling such a thing as this, or calling buying with such a thing as this, a demand for industry? A series of buyings, on the part of the capitalist, from the raw material all through up to the finished product, is not production, for buying a thing or selling a thing is not producing it. It is simply an exchange of money for the products of labor, and the buyer, as such, is never the producer. You may please to call this continued series of purchases *investing*, but there is no production in it at all, not even to the extent of the most slender thread. Labor can only sell its products. For these there is a demand; and of these there is a supply. If you buy a human being from some one who claims to own him, and set him to work for you, you will have a slave in your possession. He never owns property, the produce of his toil. You simply keep him in life for the sake of what his labor will yield, by giving him a bare sustenance out of the things he produces; but it is impossi-

ble he can ever rise above the position of a slave. And yet, as you must well know, it is his labor which keeps you in life. If a system prevails by which the generality of men receive only days wages, and never own the things they produce, their position will practically be similar to that of the slave. They will get the bare necessities of life, nothing more. A home, a dwelling, with all its pleasant surroundings, they will rarely if ever own. They will remain strangers to all elevating and refining influences. They will see all the good things they create—the good houses, the good clothing, the good food, the good equipages, the good furnishings of all kinds—continually passing away, as if by some inevitable law, out of the hands of the many into the hands of the few, out of the hands of the producers into those of the non-producers. The stately steamships which they build will rarely carry them across the ocean on a visit of pleasure, or of recreation for their wearied frames. *Is not this the very condition in which we now find the industrial world?*

It is impossible, under our present system, that it can be otherwise. It is a provision in economic science that the human race is to be greatly advanced in culture, condition, and refinement, by the universal exchange of the products of every land, and by the profits realized in such exchange. If the whole earth had been of the same temperature and yielded the same products, there would have been but little occasion for different nations to seek each other out in order to exchange their various commodities. The diversity of climate, surface, and natural products, sustains foreign trade, and vastly increases the intercourse between nations. Now, men exchange their products with each other in order that they may secure a profit by the exchange. If there were no profit, there would be no exchange. But what is this profit? Men like to make as much of it as they can, but how few of them ever consider what it really is. I think the best definition I can give of it is, that it is *labor saved*. It is not a definition cumbered with words, but it tells the whole story. To save labor, we must labor. Men exchange the products of their toil for other products of toil, because they see that they can save their labor by so doing—they find it cheaper to exchange than that they should themselves make the things they are in quest of. Thus we are compelled to throw our skill and energy into one channel, and in that particular channel or branch of industry we naturally become proficient. This definition, so simple, brings before us at a glance the prolific source of all those vast emoluments which are represented by the general term "income"; all of it the fruit of industry; all of it the wealth of labor. Of course the true profit in every case is secured when the two products are exchanged at their true value—that is, at the value of the actual labor embodied in each, reckoned in but never arbitrarily measured by that article of universal use and desire which is taken from the mine; and which, though it be called a *medium* of exchange, yet exchanges nothing but the labor value it contains. It is evident, also, that this profit or saving of labor is a most powerful and important factor, though silent and unseen, in the progress of our race, bestowing upon us vast resources beyond all computation. And thus also we see how it comes round that the products of industrial skill and effort flow into the very channel—that of exchange—through which these beneficent forces are brought into full and best play.

Now, so far as the products of manual or muscular labor are concerned, it is obvious that the profit should fall to the lot of those who have actually embodied their personal toil in the making or necessary handling of the commodity to be exchanged. Wherever useful active labor is given, there profit should accrue.

Mr. Mill has, I think, entirely missed the point in his definition of profit. He is not alone, however, in this respect. He says, "the cause of profit is, that labor produces more than is required for its support." Now, this cannot be true, however well it fits in with the ideas of capital. Labor does not produce more than is required for its support. What object would it have in doing so? A shoemaker makes more shoes than he can himself wear out, but that fact is not the cause of his profit. He makes more shoes than he can consume, but he needs other things in exchange for the shoes. How could industry make profit out of useless surplus which would have to lie and rot? It is as striking as it is instructive to see with what regularity all the great staples of life are produced and consumed, consumption following as closely on the heels of production as night follows day. Even the luxuries of life are all called for and consumed, else they would not be produced. Has half-finished industry, as we daily witness it around us, more than it needs for its support? Would it not be glad to have a great deal more of even the necessaries of life, let alone its comforts and luxuries? The truth is, my definition of profit is too simple for the economists. Simple and truthful though it be, it plays sad havoc with a multitude of fine but baseless economic theories.

If these principles be correct, it becomes a question of gravest importance how or to what extent the laboring population, our working hired millions, can possibly receive profit on their labor. They make nearly everything that is produced. All the labor due that these things contain flows from their hands. But do they ever *own* the things they make? or do they ever exchange them? The ownership falls immediately into the hands of parties who have not labored and produced, and by them they are exchanged. And if it be needful, as it seems to me beyond all doubt it is, that the laborer or producer should personally *own* the things he makes in order to secure the lawful profit by their exchange; and if, as is the fact, the workers never own these things; then it follows that the millions of actual producers are inevitably shut out from all profit on their labor. This great source of elevation and progress is practically closed against them. The wealth, whatever it is, goes into another channel and falls into other hands. Industry produces it and loses it—capital claims it and gets it. Under such a system the doom of the working classes is effectually sealed. Though they produce the world's wealth, they have, in the way of reward, no part or lot in the matter. As a body it is impossible they can ever rise above that low plane of existence on which, from the cradle to the grave, they spend their unambitious, sad, and hopeless lives. Hence also we perceive how it is that all the vast resources, in the shape of machinery, now in the hands of industry, allied as these are with some of the most powerful forces of nature, have failed appreciably to affect for the better the condition of industry itself. Nations without values to exchange will either remain in an uncivilized state or become extinct. Industry, in the persons of its producers, never *owning* and exchanging the products of its toil, is reduced to the position of a beast of burden. Capital, the product of industry, and designed to be its best friend, thus

becomes, in the hands of the non-producers, its most dreadful oppressor, never halting even for a moment in its insatiable demands, but ever crushing our poor humanity beneath that hopeless bondage out of which death is the only escape. This is industry in ruins; and industry in ruins is, without doubt, humanity itself hastening rapidly to destruction.

But it may be urged that if the laborer gets \$5.50 a week, and it only costs him \$5 to live, he has gained 50 cents on his labor for the week. This would not show that he gained a profit out of the things made. It would only disclose the fact that he had been able, by extraordinary pinching, or denying himself some of the necessaries of life, to keep his expenditure within his income by 50 cents. Notwithstanding all that may be urged as to the little savings of a few of the more skilled hands, it is a notorious fact that the great bulk of workers are constantly living on the edge of poverty, and that the slightest stagnation soon brings them to actual want.

Think, also, of the radical difference between selling the products of industry, and selling, as it is called, a day's or week's labor, or labor separate from its products. Do men, in each case, meet on equal terms? Far from it. In selling the products of industry men do indeed meet on equal terms. If the thing is not wanted at the moment, there is no pressing hurry. It can lie a while. Labor is fairly matched with labor, service with service, value with value. But in the other case men meet on unequal terms. On the one side is the gigantic power of capital, of accumulated wealth; the factories, the houses, the machinery, the tools, the means of transport, all in the hands of non-producers—on the other helpless industry, wearied and anxious, wasted, broken down, with suffering at the door: on one side all earth's goodly products to fall back upon, on the other famished children it may be crying for bread. There could not be a more unequal conflict. In the disposal of commodities there may be a law of demand and supply, where each party brings with him his own supply and his own demand, but here it would be a shameful perversion of language to speak of any natural law of supply and demand as existing at all. If commodities are not in demand, they will simply cease to be made. But if labor, in its present sad condition, ceases to be "employed," as it is termed, it will cease to live. The forces at work are different, as well as the objects on which these forces are expended. On the one hand products of industry matched against products of industry—on the other hand all the products of industry arrayed against industry itself in the persons of its producers; in other words, against human beings.

Here we are brought face to face with the great question of human labor considered in the abstract, or as apart from the proceeds of the toil of the active, intelligent and responsible being in whom it is lodged. Can it be sold as a commodity can be sold? Have we considered how closely man's moral and material interests are linked together? Is it consistent with his dignity, independence, rights, and progress, that he should sell his labor otherwise than through the produce of his toil—that the great bulk of the world's commodities should never be owned by the people who toil for them—that the man and the material produce of his hands should be brought to the same level? It is a question of profoundest interest. I have my own thoughts on the subject, but for the present I must leave the problem in the hands of the reader. We know, at all

events, what a wise man said on the subject long ago,—“Also that every man should eat and drink, and enjoy the good of all his labor; it is the gift of God: there is nothing better than that a man should rejoice in his own works.”

It will help us much in our investigations if we bear in mind that it is not the material of which products are made, but the labor embodied in the product, which is sold. This truth comes too seldom to the surface. We appropriate nature's gifts—we sell only men's labor. From the richest and rarest of her products (the diamond for example) down to the cheapest and commonest of them all, the same truth prevails: it is labor only which can be sold. I would invite the capitalist especially to take this great truth in hand, and see whither it will lead him, and what it will do with all that he so fondly calls his own.

It may be necessary to remind my mercantile readers that they also must submit to the inevitable laws regulating value and exchange. Political economy has no special rules for them. They can be paid on no other principle than that on which the laboring man is paid. If they think that the mere touch of their fingers, or the mere act of purchase, separates in some mysterious manner a large portion of the world's wealth for their pockets, they are deeply mistaken. They can claim for their labor; for all *they* have got to exchange; for all the value *they* add to commodities; and for no more. Can one expect to reap where he has not sown? The broker who spends a few hours of each day rushing up and down the street must account for his labor just the same as the farmer who follows his plough. The laws of value and of the exchange of values embrace each with the same firm grasp. Labor demands at the hands of every man a service of some sort; and it must be a true industrial service if it is to come within the circle of exchange. Trade is but buying and selling. Exchange is the appointed channel through which a profit comes to industry; and though it cannot come unless an exchange is made, yet it does not come simply because the exchange is made, but because an exchange is effected of things in which certain parties have embodied a determinate amount of labor value. If any one presumes to intercept a portion, whether great or small, of that profit flowing to the producer through this, nature's own channel, he must, it is very plain, be able, by a labor title and by no other, to establish his claim to the share he appropriates, otherwise he will wrong labor *by taking that which does not belong to him*. Commerce is not a vast grab-bag into which a man may thrust his hand at pleasure. Possession is not necessarily ownership. Broad lands do not become yours because some marauding baron of old looked over them from some distant height, and said to sundry of his followers: “All this will I give you if you will fall down and worship me. Property got by fraud or violence must ever be a source of reproach and shame; property got by values incorporated with it by other hands can never be a cause for boasting; property accumulated as the result or equivalent of personal toil must ever be a source of honorable pride and satisfaction. The eye of truth itself can discover no flaw in the title conferred by an exchange of labor value for labor value; but it is a questionable sort of title which comes with property whose price has been greatly depressed by the urgent necessities of the man whose toil it represents. Are there many commercial transactions really able to pass through the ordeal of

labor? Have we much property in possession able to stand the fiery trial, and to produce, on demand, labor's grand and unimpeachable title?

The next proposition which I have to make is one of great importance with reference to the question of capital. It bears directly upon it, and, so far as it goes, presents an insuperable obstacle to its claims. It is this—*that in every act of exchange the profit is on the side of the man with the labor, not on the side of the man with the money.* I have elsewhere laid this down as a principle in political economy, and given, with some fulness, the argument in support of it.* Money is an absolutely unproductive commodity. Labor is finished with it from the moment it leaves the mint. Its general service to the human family in helping barter or exchange, and in placing in the hands of industry at all times absolute security for its work or for its goods, no arithmetical terms can fully embrace. But in its special work in the act of exchange between man and man, it can bring back nothing to its holder except the labor value embodied in the coins. Though we are in the habit of calling it a *medium* of exchange, it exchanges nothing outside of itself. Of course, if it did not circulate, men would not desire it. But it does circulate, and it does own value; and these are the reasons why industry accounts itself safe in investing its labor in it for the time being. Labor itself will permit no questionings on the point; for it considers itself, and justly so, absolutely safe in such an investment. With gold and silver in hand it not only feels secure, but is secure, and in the midst of the wildest panic, is perfectly serene. Nothing can equal a labor title, and gold and silver have that title perfect. Labor knows it gave toil for its specie—it knows the specie is always in demand—and with that in its hand, it can laugh in the midst of the greatest commotion. But profit on the bit of money, there is none. That was all settled for when it passed from the mint or from the hand of the man who dug it from the mine. Profit can only accrue when labor is spent; never when money is spent. It may startle the reader to tell him so. It is true nevertheless. And it is well that it is so; for industrial prosperity for the world does not consist in the quantity of money in existence, nor in the accumulation of money in particular hands, but in the quantity of good things produced by labor, and distributed wherever other labor establishes its claim to a share. I need hardly pause to point out how or to what extent this important economic truth bears on the subject of capital and its claims. The reader may intuitively make the application. Fixed and circulating capital are the two divisions generally made of the subject by the economists. Money is consequently held by them to be capital, and entitled to rewards. But if the principle I have laid down be correct, it can receive no return from industry; and there is surely no other conceivable source from which it can be supplied. And then, let it be borne in mind, the laborers are always paid their wages in money, or in what pretends to be money. It needs no argument to shew that the worker gives toil, and that the man who gives a bit of money, gives an article on which he has bestowed no toil. If he claims a profit because he has given a bit of money in exchange for labor, as all capitalists do, he claims what labor can never give without most serious loss and suffering.

* *New Catechism on Political Economy*, p. 26.

Money, instead of being a blessing to industry, will then be turned into an instrument of oppression. In exchanging a pair of boots for a pair of pants, the tailor and the shoemaker each receives his full labor back again, and a profit besides, because each has brought skilled and effective labor to bear on the things made, and labor is mutually saved by the exchange. The skill of the tailor is transferred to the shoemaker, and the skill of the shoemaker becomes the property of the tailor. But in exchanging the boots for a five-dollar piece, the owner of the money can claim no profit, because he bestows no labor, skilled or otherwise, on the piece. Where he has given no labor, it is certain he can claim nothing for labor saved. Hence money conveys a profit to the producer for the things he makes and exchanges, but can never impart profit to the person who simply pays it away. When that producer comes, in his turn, to part with the money, he parts with it without a profit.

It is plain, then, that if the capitalists, or anybody else, claim a profit on the mere exchange of money, of this so-called circulating capital, they claim what labor, at any rate, never can afford to give.

It may not be out of place to consider, in passing, what really constitutes the capital of the Bank of England. It is made up of three things: specie, paper, and credit. As related to industry, the first is real, the second valueless, the third a myth. It may have some other things in possession, such as bills discounted, or, in other words, vast claims against the commercial and manufacturing classes, and which the industrial classes are constantly in the act of paying out of their hard toil. But the three things mentioned are those by which it principally does its work. The specie has been all produced by the hand of toil. It has been got by much labor. It is the property of industry. It ought to be in the hand of industry, busy exchanging the products of industry. It could not be more out of its place than stowed away in a bank vault. The Bank of England never gave a bit of genuine labor for a single sovereign or bar within its vaults. I do not say that it has been gathered in there out of the hand of industry for the known purpose of destroying industry; but I say that the effect of its being so gathered is to destroy industry. The next thing is the bit of paper, nicely engraved, promising to pay industry its money on demand. As related to industry, that bit of paper must not only be valueless, but ruinous; for, so long as it floats, it suspends payment, draws vast returns out of labor, and thus uses the capital of labor to ruin labor. It is absolutely impossible that you can ever hand to me a bit of paper in exchange for my labor, without you making a gratuitous use of my toil for the time being. It is generally held up as an honorable and creditable thing for the Bank of England to pay specie on demand. Why should it be so considered? The money does not belong to the bank—it belongs to industry. Trace it back to the man who produced it; or trace it down from that man till it was intercepted by a bit of paper. Is there anything creditable in the Bank paying back to the man of labor the gold which belongs to him, and which the other has originally got out of his hands in exchange for a bit of paper? Is this all that can be said in favor of specie payments, or of a return to specie payments—a question which is at this moment convulsing this western continent? Is it

such work as this that we are satisfied to call creditable and honorable? Has industry any real interest in such a question? Not one whit. Paper men may worry themselves to death over the subject, but what interest has the great world of industry, the tolling millions, with the question of specie payments, *so called*? Will it be better paid by one sort of nicely engraved paper being substituted for some other sort? Will it be paid any better by a bit of paper called a promise to pay than by a bit of paper called a legal tender in payment? What difference will it make to toll? That is the question at issue. Then there is the thing called credit, a myth so far as industry is concerned in its production or handling, but, alas! not a myth so far as industry suffers by its exactions. It is a fine word, a most honorable word, a most plausible word. Did industry ever produce it, or handle it, or see it? Industry says: Your credit is said to be good, when you can get much, very much, of our money and goods into your possession without payment; and you make us constantly pay tribute for the exercise of your credit. Who is it, think you, that pays the vast sums on account of this credit? It is all paid by the men who toll, and by none else. The statesman thinks the strength of the British nation lies at the back of the Bank of England. I pity his delusion. Alas! the weakness of the British nation is in the Bank of England. The violated laws of political economy are the terrible things with which that nation has yet to deal.

The rudest implement ever fashioned by savage hands, to aid in moving the soil, was a step in the creation of capital. It relieved, so to say, from the necessity of scratching the ground with the fingers for the reception of the seed. It was a veritable production of capital, and in that respect not different from the construction of the most complicated and skilfully prepared piece of machinery. The savage into whose brain there first flashed the idea of making a hoe, and who first fashioned and employed such an implement, would at once be placed in a position superior to his fellows. Until similar hoes were made throughout the community, his rewards of toll would be in excess of those of his companions. To make him a live capitalist, it would only require some sort of paternal government (such as we are blessed with in these days) to take into its head that the best way to promote the general prosperity of its subjects is to create monopolies for particular branches of industry, to invent a patent law, and thus deny to all the other members of the tribe the privilege of making hoes. But the inventive faculties of industry, once aroused, can never sleep more; and so another step forward is taken. A spade, or something after the model of a spade, is fashioned; and this relieves from the necessity of scratching the soil with the hoe. A third step is taken; and some Tubal-Cain not only sends forth the plough, but instructs other artificers to do the same. According to the definition of the economists, these three well known and ancient implements of husbandry are entitled to be ranked among capital. Indeed, when we consider how much the human race from the earliest ages has been indebted to the plough for its very sustenance, and how widely that instrument is distributed throughout every nation, may we not conclude that, as a labor-saving instrument, it takes precedence of all others ever made, or likely to be made, and stands in the front rank of capital.

There is thus not the slightest difficulty in comprehending how

capital is created, and how it is at once the produce and the property of toil. It is simply an aid to industry, and so far must be considered as the tools and appliances with which further production is to be accomplished; and, in this respect, if we are very fastidious about the matter, as embracing also all that shelters, clothes, and feeds industry.

The important question now comes before us, In what manner and to what extent can capital itself receive rewards from industry?

The capitalist says that he is entitled to receive a return from industry for the employment or use of capital: I say that industry can never afford to give a return to capital.

The capitalist says that the employment of his capital in the hands of industry, and the reception of a distinct and separate reward for himself as the owner of that capital, is a blessing to industry: I say that the employment of capital by industry, in its own hands, and for its own behoof, is a blessing; but that the giving of a distinct and separate reward to capital is a curse instead of a blessing to industry, and can never generally be done without industry being brought, as a direct consequence, to utter degradation and slavery.

The capitalist says the profit can be divided between those who do the work and those who own the machinery: I say that profits can never be so divided without serious injury to industry.

The capitalist says the profits may be doubled by the employment of capital, so as to give one profit to the laborer and another to the capitalist: I say that it is impossible for labor ever to get a double profit out of the exchange of its products, and that every legitimate exchange transaction yields on each side only a single profit.

The capitalist says it is better for him to "give employment" to thousands of laborers than to let them starve: I say it is better to do so, much better; better that men should work and earn even wages than not to work and starve; but that this is no argument at all on behalf of the claims of capital, and does not throw the least ray of light into our subject.

These propositions, as I have put them, are distinct and antithetic. If one stands, the other falls: both cannot be true: either industry or the capitalist must be relegated beyond the sphere of political economy.

I think I need hardly say to the intelligent reader that the question is not, Ought I to give the use of my capital without fee or reward? or, Ought the working men to make use of my capital and give me no return? Happily, the economist is not called to adjudicate upon questions of that sort. What men may do or will do belongs to another department of thought. Our duty is to expound the principles of our science, and to show what industry can do and what it cannot do.

It seems necessary also, just at this point, to remind the reader that industry receives its rewards, or equivalents, from the produce to which it gives birth. Out of that source alone can it be paid. I suppose there can be no dispute with the capitalist on this point: for I will admit, as the capitalist will also admit, that if capital is entitled to a reward, it can be got out of no other source than the produce of industry. The more ample things made by the use of capital will bring in the more ample returns than if the tools in aid of labor had never been fabricated. Simple and self-evident though it be, it yet seems necessary to keep continually in mind

that industry can only get its returns and its profits out of the things produced by human hands, by industry itself; a truth which the general use and circulation of money has no doubt helped largely to hide from view. For the use of money, whilst it practically simplifies every transaction of exchange, to the careless or superficial observer appears as if it reduced the science to only endless complications or a confusion of tongues which nobody can understand. Neither must we omit to estimate the powerful influence exercised over many minds by that intangible and incorporeal thing called credit; which, so long as it is only talked about outside of industry, is harmless enough; but which, the moment it issues in getting hold of the products of industry, such as money or anything else, without payment, and then adds to the price of everything consumed by the producer, is a most hurtful and destructive thing, mythical though it be. Credit, when it continually keeps possession, without payment, of the products of industry, is doing a mean thing: credit, when in addition it makes industry actually pay for the use of its own products, is doing both a mean and an unjust thing.

As is well known, it has been found somewhat difficult to give a proper definition of the science of political economy—to restrain it within proper bounds. Its infinite value to the human race seems to mock all our efforts to confine it within scientific swaddling bands. The true economist rejoices in its grand embrace, and will not trouble himself much about precise or positive lines of demarcation. But define it as we may, it deals with human beings as the producing agents to whose lot, and as a recompense for whose toil and energy, all returns must finally, nay directly, fall. It never can be claimed that a spade as a spade, a plough as a plough, a thrashing machine as a thrashing machine, or a marine engine as a marine engine, are entitled to profit or reward. The profit must ever accrue to the active and intelligent being who presides over all; of whose inventive genius and skilful labor these are the products; and without whose guiding hand and watchful presence and constant co-operation, all the tools and machinery in existence would be nothing but so much useless lumber. The capital itself can no more claim a reward than can those active forces of nature which the skill and ingenuity of man render obedient to his will. Capital has no more claim to take anything out of the hand of industry, than the sun has as a recompense for yielding its heat or the moon its light.

It will help to throw further light upon the subject if we also keep before us the interesting truth so clearly and logically set forth by Mr. Mill—that man's labor in its totality from first to last consists in nothing but moving things into position, or from place to place. Every turn of the spade, every stroke of the hammer or the brush, every movement of the plough, every twist of the thread, every sweep of the scythe, illustrates this simple truth. All that man can do is to bring matter into its right position—nature does the rest. He may think till he can think no more about his work; about making a spade, about hammering a plough, about constructing a bridge, about building a ship; his thinking must issue in a product before he can be paid in a product. From the lowest to the highest piece of mechanism, from the simplest up to the most complicated, the same truth prevails. There is no exemption in favor of capital, or of the use of capital. It is for its movement of the mortal

frames, for the muscular force requisite—in other words, for the expenditure of toil, or for the sweat of the brow—that men are and ever must be paid. All physical toil requires some mental toil, some thought, more or less. If men are to be paid in a physical product, such as money, the visible product must be the offspring of physical toil, conceived in the mind, thought out there, and issuing through the hand. The thing produced, as we say, by the hand, is the fruit in every instance of the combined efforts of brain and muscle, and must be accepted as payment in full for all that goes before—for all that brain and hand have jointly contributed towards the product. There is a sweet and everlasting partnership between the hand and the brain of every human being; and the fruits of that partnership are the endless things useful and beautiful which confer joy and comfort, refinement and satisfaction, to society in general. The hand and the brain can no more be divorced than can the workman and his tools. I admit that industry may be so degraded in ignorance and so reduced by oppression, that brains may arrogate all the wealth, comfort and profit, leaving only bare life to industry. But this never can be done without the violation of natural laws and of natural rights, and the introduction into human society of a train of misery whose terrible issues can only be fully known to the divine mind.

But the capitalist may now urge, Does not the case of a skillful inventor who, by the use of some new machine, turns out products at a vastly increased rate, upset all your theories about men being paid for actual toil? At first blush it appears to do so, but it does not do so. If men were not paid according to the produce turned out, then they would not be paid for their *toil*. If one improves his knitting machine so that he turns out a hundred pairs of stockings in the same time as he used to turn out fifty, the price of stockings will tend to fall. Unless he were secured a monopoly of stocking making, he would not long retain any advantage over his fellows, for nothing can ever prevent human labor so distributing itself as to become generally equalized in its rewards. Unless men arbitrarily interfere with natural laws, no department of labor can long continue in the ascendant over other departments. Just as money, true money, has a tendency to distribute itself abroad wherever products of industry are offered for sale; so labor has a tendency to equalize itself throughout every department of toil. There is no measure of the value of labor but labor itself. Every product of toil must submit to be measured by all other products of toil. I do not set aside the efficacy of skill in all works of industry. The most skillful worker is the best worker, and will reap the best rewards. The "skill" of the mind will be shown through the skill and "cunning" of the hand. The expert workman who does his work as well as his fellow and in half the time, will get a better payment. Yet both are paid for their labor, for the amount of toil—that is, the one has a certain return, in visible products, for his toil; the other has a certain, and larger, return for his toil.

But is it money which really pays the great world of industry for all its toil? Without money we cannot, in the ordinary sense, be paid. The digging of money from the mine will pay its producers, or make them richer than if they had not done any work at all. And, after that, it will be the medium, but the medium only, through which profits are brought to every toiling hand. Its general distribution at this moment would give to each family but a

trifling amount. So that it's not being paid in money which makes the world richer. One form of economic wealth is, as I conceive it, that there be such a conjunction of skill and toil in the same individual and throughout every branch of industry, that there shall yet issue, among other things, a universal relaxation of labor, and our race be saved from that severe and continued toil which leads only to decadence and ignorance. And here, in passing, I would throw out the thought that exchange, and what is secured to industry by the principle of exchange, seem to have been designed by our all-wise Creator to restore to us the waste of the sweat of the brow—to return to the race, in the form of profit, far more than it can ever expend in the shape of personal toil. I have been long impressed with the fact that all the laws of political economy have a merciful side. There is a deep and beneficent design in the interdependence of human labor, as well as in the interchange of blessing which all producers are unconsciously compelled to bestow upon one another in the act of production and exchange. I expect that the old truth is as fresh and vigorous as ever—that the way to fill our barns and burst out our presses, is for industry to consecrate its first fruits to the cause of suffering humanity in every land. I am quite convinced that thoughtful men will yet unfold the whole subject from points of view which will command our deepest interest and attention. The period is approaching when, to the pulpit especially, the industrial and economic ethics of the Bible must be for the time being of paramount importance.

The man who works is the true and only producer. All that his toil brings forth, aided or not aided by implements or tools, is his property, unless it can be established that there are other reasons outside of production itself, which confer a title to a share of the products of his toil for people who do not work. If the fact of the ownership of capital establishes a claim to a large share of the products of industry, we may be quite sure that as an economic truth it will fall in with every other economic truth.

On the one side we have the claims of the capitalist: 1st. That he should have a share of the products of industry, because he owns the capital or appliances; 2nd. That he should have a share because others use and employ what belongs to him. These two grounds, I think, fairly set forth and embrace his claims.

On the other side we have the claims of industry, antagonistic to those of capital as just set forth: 1st. That all the tools and appliances of industry are designed and have been constructed specially to aid the worker in his work; and 2nd. That he cannot give a share of the produce of his toil, such as capital claims, to those in whose hands his tools may have fallen; in other words, that he cannot give away what he produces with the aid of the tools, without being reduced to the position he would be in, were he still compelled to struggle for a living without tools at all, or with only those of the rudest description.

The laborer may urge, and surely with the utmost propriety, that it is unnatural to divorce him from his tools; to compel him to support himself and family by his personal toil; and out of the same toil, to have him give away all profits on his work to the very tools designed and constructed for the help of industry; for it is virtually doing this so far as he and his labor are concerned. May he not say, and say well, if the rate of profit you secure for the capital, the tools, and machinery of our work, is such as to cause

it to double itself in ten or twelve years, ought I not to see my position as a producer advanced at a corresponding rate? Ought I not by this time to have good clothes, good food, a home of my own, and my family in comfort? Ought I not to be sharing, along with you, in all the precious things I produce? Ought I not to see my children, if not myself, rising in the social scale, and inheriting a share of all that is going? Ought I not to be now getting quit of my ignorance, my rags, and my wretchedness? Why should the ground which I till not yield to me her strength? Is the very curse of Cain upon me that I and my children after me should be as fugitives and vagabonds in the earth? Why should the little ones whom I love be taken from their childish play to be ruined in body and mind, and yoked to repulsive labor? How is it that the very order of nature should be reversed, and the idler be rich and ever accumulating more riches, and the toiler be poor and familiar for evermore with poverty? Why should all these vast industrial resources only issue in reducing me and my fellow laborers to mere days wages and mere days labor? What good do we get out of them if we never own any of the things we make? Is it not *our* labor which doubles *your* capital? How is it that we have lost the ownership of the very tools with which we work? How is it that the working millions, producing all that is handled in every market, should still remain poor, very poor, and the few fortunate ones, who neither toil nor spin, be rich, very rich?

These may be hard questions, and we may be troubled at their presence; but never were more legitimate or more pressing enquiries presented before the minds of thoughtful men. They must be answered sooner or later, and he is far from being a wise or a prudent man who shirks the investigation. And they will be answered when political economy, in the person of its expounders, ceases to play the courtier in presence of capital. God forbid that, with such a world of suffering at our doors, we should any longer barter the pure gold of this noble science for a lot of sounding brass.

But the truth lies at our hand. The working man is not able, by his own work, to produce for himself and also for the capitalist. It is beyond his capacity to do so. The very tools, in that case, instead of being an aid become an oppression to him. To be able, as some may say, by an ingenious turn of the wheel of fortune, to take all the appliances of labor, all the inventions of industry, out of its hands, and then put them back again with a demand that all the visible produce of labor shall go into the pockets of others than those who toil, is an utter subversion of what is just and right, a complete destruction of every principle in political economy. You may urge that possession is nine points in law, but I am bound to tell you, on the part of the working world, that this, accomplished, will ruin industry so thoroughly that there will not be much to choose between white slavery and black.

The increased production flowing from the employment of these aids to industry does not come to hand on the ground that the worker *owns* these resources or aids. The ownership is invested in the hand which has toiled and fashioned. It is simply the fruit of industry. Wherever the commodity goes, the ownership goes with it, so long as the labor title, or title of service can be produced. When that falls, ownership also falls. The occupancy is there because the ownership is there; and the ownership is there because

the title which labor gives is a complete title. The ownership is one thing; the employment of all the implements and tools is another and quite different thing. The laborer who owns his tools has increased production, not because he owns, but because he works with them. It is certain, therefore, that there can be no increased production (but the reverse) when capital gets possession of the tools and hires men to work for day's wages. The increased produce appears, not because all these things are owned, but because men work with them. The owner has therefore no relation to production, except, it may be, as a stimulant to those who own and work at the same time. Production is caused neither by the owner as such, nor by the ownership. Production flows forth, not because things are owned, not because things are hired, not because men are hired, but because men work. If, with the employment of certain agricultural implements, the farmer is able to support himself and family in decency and comfort, he can do no more if the ownership of his capital passes away into other hands. The yield will just be the same. Indeed, it will, if anything, be decreased; for the stimulus to toil will be lessened, and those hopes and inducements to labor which are inspired by a full return for one's work, and by the pride and happiness of owning property, will cease to operate. The farmer's returns, which formerly were sufficient to keep his family in comfort and independence, will now be so diminished by the returns demanded by capital, and by the manner of rating or estimating these returns in the form of a centage on the money value, that he and his family will be reduced to all but beggary. And all this because the capital, so called, which at one time aided him so well, now calls for and obtains by far the largest share in a definite amount of produce, not increased but rather diminished in volume and value by the change in the disposition of the capital. The plough which in the hands of its owner turns over its two acres a day, cannot turn over any more because it happens to fall into other hands. The bit of ground which, by means of labor spent on it, supports a man in comfort, cannot at the same time support an idler in wealth. What a terrible means of oppression does capital become when it is thus turned with grinding and destructive force upon the very hands which produce it; not only arresting all those powerful moral and social influences calculated to flow from healthy and well regulated toil, but opening a wide door for the entrance of all that is vile and base and calculated to disorganise society. It will not do for you to urge, in justification of what we see around us, and as so many have urged before you, that if capitalists did not provide labor with tools, labor would perish. For I might ask you, How did capitalists come to get possession of all the tools and instruments of labor? Was it by cunning or wit? Labor, from the very beginning, has produced all the tools and machinery. Surely it could not be mere accident that has thrown everything on its way. Some great principle must have been violated to bring before us so extraordinary and unnatural a spectacle as a complete divorce between labor and its tools. I might thus hedge you up from question to question, until you were at last driven to the wall; or obliged to acknowledge, what indeed is the truth, that industry has from the beginning lost its capital, and must continue to lose it, by the utter perversion of every principle in monetary science; by that cunning which, shrinking from hard toil, or any toil at all,

has never ceased, since the world began, to play fast and loose with honest and unsuspecting industry.

Whatever stress you may lay upon the circumstance that you are the owner of the capital, the fact remains that it is the laborer's toil which brings in your returns. That cannot be disputed. It is out of his toil that you are paid. For if he did not work for you, then you would have to take the tools in hand and work for yourself. And if you did so, you would just have the produce of your labor as your reward. You would take the workingman's place, and you would get the workingman's reward. Political economy must ever regard the worker as the producer, to whom a reward single and indivisible must fall. It is to the worker, and to the worker alone, that the reward must ever come. It is therefore impossible that industry can ever pay you, or pay even itself, on the ground of ownership.

Again, I might ask, What about the decrease in production caused by the capitalist ceasing to work? I suppose he was formerly a producer. He could not be a capitalist (setting inheritance aside) unless he had been a producer, for surely he must have given value to the people in exchange for the people's capital. The strange thing in the whole affair is—what has become of all which is alleged to have been given in exchange for the capital? Can any one lay his hands upon it? Do you say the multitudes have consumed it in food? That cannot be, for what they have produced is worth far more than their food and clothing. The capitalists are all fed too, and well fed, but in addition they have managed to get hold of all the good things made by toiling hands; and furthermore, by means of paper, to carry a claim against industry, the principal of which is so vast that the present resources of labor could not liquidate it for a century to come. You say the capitalist looks after his property. But there is no production in that. Everybody is bound to look after his property, and everybody does look after it. Could you ask your neighbor to pay you for looking after your own property? Does production consist in buying the same goods, or the same stocks, ten or a dozen times in the course of a day? Are gambling and gaming debts production? How much production is there in Wall street or Lombard street? Is there any in speculation? These are the fields in which many a capitalist wastes his life. *But where is the production?*

When a full and fair profit is obtained by each of two workmen in the exchange of the product of his work, it is evident that there is not room for further, and perhaps larger profits, for every one of perhaps half a dozen people over the same products. The first and principal profit is secured by the producers. The labor of transporting to destination will legitimately be paid. But now is it possible that additional profits can be given to those who do nothing but speculate in the great staples of industry?

The writer of the article on Political Economy in the last edition of the Encyclopædia Britannica asks, in the defence of capital, and with a triumphant air, "What could the most skilful agriculturist perform without his spade and his plough? a weaver without his loom? or a house-carpenter without his saw, his axe, and his planes?" There would be very little "performance" indeed. There might be enough to keep life in the body of the producer; there would certainly not be so much as a bite for the hungry

capitalist. The one, at all events, would live because he still did some little work; the other would perish from the face of the earth. The one would, at the worst, have a hut and some skins to cover him, the other would go naked and without shelter. Capital, in putting such questions, pronounces its own condemnation.

But will Capital now permit Industry to ask a few questions? What would capitalists do if there were no workmen to make the spade, plough, loom, axe and other tools? What would capitalists do if there were no persons willing to roll in the mine for gold, on the land for food, in the bowels of the earth for fuel, or in the forests for timber? What would capitalists do if they produced nothing to exchange for the gold, the food, or the fuel? What would capitalists do if industry refused to give away its tools and machinery, its clothing and food and furnishings, unless for an equivalent in labor value? In a word, what *could* capital do without industry?

I now ask every intelligent reader if he is not prepared, with myself, to repel with scorn the gratuitous assumptions of these writers, that something they call "Capital" found industry a beggar, fed it, clothed it, and fostered it to life and vigour; when the truth is that Capital is indebted to Industry for its very existence.

From all that has been stated it is quite evident that modern workmen (and, alas! the children of modern workmen) are subjected to severe, constant, and depressing toil in order to provide the vast returns demanded by capital. Let us just glance at what capital takes, and what industry receives. I am willing to abide by the verdict of any unprejudiced on-looker. Are not the workmen, as a body, just kept out of the breakers, nothing more? Do they get anything beyond a bare living, with a hard struggle at that? Are not suffering and poverty their inevitable lot? Contrast their position with that of the capitalist. Mark how the principle of accumulation, once begun, continues to swell the hoard. The veriest simpleton, one who knows as little of any department of industry as an unborn child, has only to invest in a successful banking institution, and he begins forthwith to draw out of industry. The anxiety of the workingman is to keep himself and family in life—the anxiety of the capitalist is to add to his abounding and increasing wealth. See how one man reaps as much as two or three hundred producers. One of these capitalists has just died in New York, leaving property worth one hundred millions of dollars. Where is the equivalent, the other one hundred millions of dollars *given* in exchange for the one hundred millions *taken*? Is it in the shape of rents of houses? Is it houses, then, which *pay* rent? Let me tell you, it is out of the toil of human beings that rents are taken, and that industry has nothing left to represent these one hundred millions it has given. It ought to have that amount somewhere in houses or other property; for if labor has given this vast sum (and of that there can be no doubt) to one man in New York, it ought to have a corresponding sum to represent it. Do you think it has gone to the laboring classes in food and clothing? It has gone no such road. Mr. Astor did not feed the workmen of New York. These workmen fed themselves by their own labor. But they have left in one man's hands as much as would feed the whole population of New York for two or three years. You see then how interesting the investigation really becomes when we begin to institute a search for the equivalents of capital. I am quite in earnest in my

desire to have you investigate the question of rent as a return for capital. You will find that the dwellings, the very homes of the people, or what should be their homes, as well as their tools and machinery, are all passing into the hands of capitalists through the violation of the same laws. In this investigation one illustration is as good as a thousand. The same pernicious system which takes away a man's spade, can take away his plough, his horses, his stables and barns, and at last his house or home. And is not labor, to a very large extent, now really destitute of house and home? If my labor fails to provide for me a home I can call my own, then the labor of my life has proved a failure, and other people, by some means or other, but not by labor, have got the best produce of my life's toil.

I have studied these questions long enough to know that capital has acquired its vast accumulations mainly through the practical destruction, as an industrial instrument of exchange, of the money provided for industry and produced by industry. The economist has investigated to little purpose who has failed to perceive the almost unlimited power thrown by such means into the hands of a class. Capital (or some intangible thing called credit) has gathered up the true money out of the hand of industry (leaving a fiction in its place) and concentrated and employed it for its own ends largely in the fields of speculation and gambling; and through the enormous increase of mere buying and selling, repeating the transactions over the same goods, selling and buying millions worth of stocks in the course of a day, multiplying "paper" without end for discount, and concentrating all these enormous payments into a few so-called financial centres, has actually deceived people into the notion that nature has failed in providing a sufficient quantity of money for our wants. And there are not wanting those on this side the water, who, apparently in the extremity of their despair of ever understanding what all this confusion is about, do not hesitate to launch their anathemas against even the gold and silver. I do not say that it was through the destruction of its money labor first began to be oppressed; but this I say, that it is by such means the oppression has, in modern times, become concentrated, systemised, and vastly intensified. Any government which has thus practically destroyed the true money of its people, and cast the gold, or most of the gold, into the vortex of speculation and gambling, has entered on a path so full of perils that I tremble to think of the result. The road may be a long one to travel, but sooner or later the end must come. Every step in that road is strewn with the wrecks of industry; and these wrecks not only tell of the sufferings of the lowest ranks of society, but of the ruin of millions above them who began life with bright and joyous hopes. Now, it is deeply interesting to trace the manner in which capital exercises its cruel and unrelenting oppression on labor. It is said to double itself in a certain period, say in eight or ten years. A capitalist who invests his money in stocks or shares expects it to be doubled in about that time. There are certain bank stocks which, on the original shares, are doubled every five or six years. The language in which all this is set forth has become incorporated with the daily life of society. All these vast returns come out of labor. There is no other conceivable source from which they can be taken. Personal toil, aided by its own appliances, or what ought to be its own appliance, produces the

whole. The products of industry, it is admitted, have been greatly increased by the employment of machinery. Industry is now able to accomplish a great deal more than it formerly did in the same space of time; but capital steps in and demands a full profit, a certain rate per cent., out of the entire value of all the tools, factories, houses, warehouses, implements, and machinery employed; and all this continued from year to year, so long as these various appliances exist. That is to say, labor builds a house rated at a thousand pounds; capital demands from labor, and gets for that house, during a course of years, fifty thousand or a hundred thousand pounds. Labor has put a value equivalent to a thousand pounds, and no more, into the building. Capital, under the name of rent, compels labor, some way or other, to pay a continuous tax so long as the house will shield from wind and rain, amounting, it may be with compound interest, to two or three hundred times the actual labor value embodied in it. Labor builds a warehouse or factory worth ten or twenty thousand pounds; under the demand which capital makes for its inevitable rate, labor continues to pay, whilst the building stands, an amount which may be counted by the million. And so with tools and every kind of machinery and appliances. *The things produced by labor thus become instruments of oppression to labor.* The working millions, instead of being benefited by capital, are thus reduced to such a struggle to obtain a living, that the painted and feathered savages who hunt over our western plains, in their wild exuberance and joy, have a happiness to which the wearied and anxious toilers are total strangers. And so, poor blind humanity, age after age, continually grinds in its prison-house. Now, if labor owned all its tools and appliances (as it certainly ought) what a different state of things we would witness. The working man would then begin to advance through the only legitimate way by which industry can ever advance—that is, he would, either by himself or in equitable co-operation with his fellows, own and sell the produce of his own toil, wrought out by his own hands, and with the aid of his own tools. He would own the house, and the thousand pounds worth of labor invested; and he and his children after him would not only sit rent-free for life, but every eight or ten years (if the estimated return of capital be taken as the true rate of increase) he would have resources at command equal to another dwelling worth a thousand pounds. The working men would, singly or in co-operation, own the warehouses, factories, and all the tools and machinery, and the constant strain which capital now lays upon them would be turned to their advantage. They would own all the goods they make, and would derive the profits on the sale of these goods. The purchasing power of industry would be increased a hundred-fold. The masses, under the rigor of the reign of this capital, are so poor that they may be said to have hardly any purchasing power at all. Their constant anxiety is to keep soul and body together. What can they do as patrons of luxuries or the fine arts, or even of the vast mass of things which go to make up the general comforts of life? But let them simply own their tools and machinery and factories—enjoy, without paying for the use of, that which is their own—and see the change which would take place. The gaunt poverty and the crime which are now the reproach of our modern civilization would disappear as if by magic. The mighty and wealthy world of industry would empty every market in a day. There would be

a call for goods, and the best of goods, which would set every wheel in motion, and stimulate every mind into thought and activity. The wealthy would have about as many *visible* comforts and luxuries as ever; those now poor and degraded would be lifted to the same plane. All would work, and all would receive, under the increased stimulus of new and improved machinery, everything good to their heart's content. Machinery would be so perfected and arranged that repulsive work on any large scale, would hardly ever require to be performed by direct manual toil. The wide gulf which now separates us into different ranks and classes, our modern caste, would disappear. Education and all the refining arts of civilization would take hold of and leaven society. Think of the complete change in our literature, and of the demand for pure and stimulating works, with the great majority of men at once thinkers and readers. What a renovation there would be of the bookseller's shelves! Where could a market then be found for the disgusting products (literature we cannot call it) of diseased imagination? That which, in the hand of the capitalist, is now the most terrible instrument of oppression to our race, would confer upon industry resources of such incalculable and beneficent power, that nations might then be said to be born in a day. And, last and most blessed effect of all, the uncounted resources of industry, instead of being concentrated on self and accumulation, would overflow in unmeasured largess to every land.

The average centage which is demanded and obtained by capital appears to be the average division of not only all the profits of industry, but of all its products too, *after a provision is made to keep industry just in life*. If capital be some great and independent force acting in antagonism to industry; that is, if it be not industry itself, but something outside of industry, whose interest it is to take all it can possibly obtain from the producers, then we may be certain that it will get industry so thoroughly into its power, that anything which may be given to it beyond bare existence must be looked upon in the light only of a gratuity.

The great and substantial truth *that utilities cannot be sold*, here forces itself upon the attention, and we must follow it out in whatever direction it leads. It has been somewhat timidly approached by the later economists. But if it be a principle in political economy, we may be sure that it will never lead us astray. I have never seen any reason to doubt that close and critical examination will result in its being generally received as an accredited doctrine, and perhaps one of the most important in the whole range of the science. If utilities are all gratuitous, it follows that nothing but labor, as represented by its productions, or as embodied in its handiwork, can ever be sold; that payments withheld, or given in consecutive periods, can never increase or diminish the real value of a commodity; and that no article, from a needle to an anchor, from a palace to a cottage, can ever, *on any ground whatever*, receive, *permanently*, more from labor than the labor value embodied. If you will but reflect over the subject, you will come to perceive that to speak of the value of the use of a thing is really as absurd as to speak of the weighing of a sunbeam, or of measuring in money, a mother's love. Industry, as a productive agent, can never both produce the property and pay for the use of the property. If it is compelled to do so, then its tools or appliances are not aids to industry, but the reverse. The economist must use terms in accordance

with the principles of the science; and when we speak of value it must ever refer to commercial or industrial value, or, what is perhaps a safer phrase, *value in exchange*. It is not utilities which are sold, but human labor. And around that human labor, as the grand centre and regulator of all, everything that is represented by that uncertain phrase "demand and supply" must continually revolve.* The consciousness which men in general entertain of the amount of toil they have embodied in what they have to sell, holds in its inexorable grasp all demand and all supply; so that men, as a rule, will neither give away their goods for less than an equivalent, nor continue to produce things for which there may be no demand, or to produce them in similar or greater quantities when there is a less demand. We do not reflect at all as we ought to do, that in every exchange, demand and supply co-exist in each of the parties to the exchange, so that four factors of equivalent power are ever at work regulating the movements of the whole machine. Demand, among civilized men, can never remain, as a rule, at the mercy of supply, nor supply at the mercy of demand. On some far away coast, an Indian may exchange an otter skin for a glittering bead, but it is not an exchange of value for value. Civilization in this instance, as in many others, has only over-reached ignorance and barbarism.

It appears from all the foregoing considerations, that a "wage-fund theory," for which a place in the realms of political economy has lately been so strenuously sought, has no tangible ground on which to rest, and no certain or reliable principles to present to the mind. The system of days wages, as we now know it throughout all the fields of industry, comes before the philosophic eye only as a ruin—it may be a vast and splendid one, but yet only a ruin.

There is but one refuge more into which capital endeavors to retreat. It lays claim to a return on the ground that profits may be divided between itself and industry, or on the ground that profits

* "Utility and value are mere accidents of a thing arising from the fact that somebody wants it..... Money must have utility as the basis of value." "Money and the Mechanism of Exchange" by Professor Jevons. The learned Author would have us believe that mere desire or clamor for money—the crying of the public baby—imparts to money the "accident" of value, and that utility, not labor, is the basis of value! Probably he has not given much consideration to labor as the source of all value. Apart from this and some similar errors, Mr. Jevons has produced an important treatise on monetary science. Nothing could be clearer or more to the point than his remarks on International Money, and to American statesmen especially what he has to say on "The future American Dollar" ought to prove of profound interest in the present agitated state of the public mind. He says: "The most easy and important step which can now be taken towards an international money, consists in the assimilation of the American dollar to the five-franc piece. There is little doubt that the adhesion of the American Government to the proposal of the Congress (Monetary) of 1862 would give the holding turn to the metric system of weights, measures and moneys. It is quite likely that it might render the dollar the future universal unit. The fact that the dollar is already the monetary unit of many parts of the world gives it long odds. In becoming assimilated to the French *écu*, American gold would be capable of circulation in Europe, or wherever the French *napoleon* has hitherto been accepted. It may seem unpatriotic in an Englishman to advocate a change which may lead to the defeat of the pound sterling, but I look upon any one scheme of unification as better than none. Whatever may be the ultimate results, I desire to see assimilation between the French and American systems

may be doubled. I do not think that capital could venture on more inhospitable ground than this. It seeks a sorry refuge. Political economy at once seizes the intruder and decapitates him at a stroke. The true remuneration of labor, as has been shown, is not what is paid in wages, but is the amount of the things produced, the visible product of handiwork. The industry of the world can never be remunerated except through the total industrial products of the world. As the products collectively are the remuneration of all the toilers, so each particular product is the remuneration, either in itself or by an equivalent, of him who has produced it. In another light than this, the phrase "the cost of labor" is a solecism. The entire mechanism of exchange consists simply in an exchange of services. These exchanges, from beginning to end, must proceed on the principle of equity. If there is a double profit for one of the parties, then there is no profit at all for the other party. If there is a double profit for the one half of the number of producers, then there is not a scrap left for the other half. Such a principle, it is evident, would at once strangle all exchange. And so of the claim on the ground of partition of the profit. Industry may, out of accumulated resources, give away what it pleases in charity, pleasure or amusement, or indeed for anything it may desire; but as a productive agent, held in check and regulated in its profits by a healthy and untrammelled competition, it can never afford to give away to capital half or any portion of its profits. The increment of profit has no natural tendency to resolve itself, as so many economists imagine, into certain parts or divisions, a portion for this, a

adopted as soon as possible. For reasons subsequently stated, I consider the dollar so good a unit that it would be more national prejudice to oppose it, were there a fair chance of its general adoption. Even if it were not generally adopted, it would be a great step in advance if Great Britain, America, and France were to agree to coin gold money identical in weight and fineness, which might circulate indifferently as sovereigns, five-dollar pieces, and five-franc pieces." Professor Javonius adds that he considers the gold dollar and five-franc piece too small to be coined in gold, as they suffer too much by abrasion. It may interest the reader, and perhaps add some weight to the foregoing, if I here reproduce what I stated on this important subject some years since. "The decimal system of currency, with which, happily, we in this Dominion are now so conversant, even though it be confessedly artificial, is yet one we would not like to see displaced. Some years since we went, all at once, and with extraordinary facility, from the old and cumbersome method of computation by pounds, shillings and pence, to the simple plan of dollars and cents; and thus a common system prevailed over all North America. The example of the United States conferred upon us this great boon, and the advantage to both our international and domestic commerce has been very great. I conceive it would be a great advantage to the people of the United Kingdom if they should at some future day adopt the decimal currency, and prefer the dollar as the general unit, around which so large a portion of the commerce of the world has revolved. I think it would be well if all nations were to bring their coins into decimal relation, and to adopt the dollar as the monetary unit, with to us its familiar range of decimal multiples and subdivisions. But this is only our national idea; and the French people will cling to the familiar franc, and the English people to the no less familiar pound; and although the pound sterling of England, the five-dollar gold piece, or half-eagle of America, and the proposed twenty-five franc piece of France, approach each other in value, they are not the same thing precisely, and it is just the precise equivalent that is wanted in a system of international coinage."—INTERNATIONAL COINAGE AND THE STANDARDS OF VALUE.

second for that, and a third for something else. It can only faithfully evidence itself by the general advance and well-being of industry, or of those who work and produce—not by accumulations of money, but by all the visible comfortable surroundings of industry. Skill and energy are the two forces which we bring to bear in the act of production. One who works harder or more skilfully than another, will have more of the good things of this life, not because he has made a greater profit than the other, but because he has had more things to exchange. He will indeed have, in sum, a greater profit collectively than the lazy or indifferent worker, but he will have it because he has had more things to exchange with others more diligent or equally diligent with himself. 'Tis but poor profit that is made out of the lazy portion of the community. They will remain poor, not because they have small profits or half profits, but because they have few things to exchange. When each works well, all fare well. The principle of exchange has no premium for the ignorant or indifferent worker. The man who produces only one pair of shoes a day cannot expect to exchange them against the five pairs produced by some other in the same space of time. The value of our labor is seen in what we produce. The five pairs of shoes will not seek to exchange against the one pair, because value ever seeks for an equivalent. The five pairs will naturally seek to exchange with some other things produced by some one equally skilful and energetic. Here like clings to like. The owner of the one pair will get his profit according to the labor saved to him in the exchange; the owner of the five pairs will get his profit also according to the labor saved to him—a single and indivisible profit on each transaction. The true way to save our labor, and thus to earn profit, is to work skilfully and well. For labor to share its profits with a class who do not produce (for in these days there is a great deal of working, so called, the *business* of mere "busybodies," which is not production but its opposite) is just as unnatural as to attempt to double its profits. In either case the inevitable tendency would be to the destruction and ruin of industry. To say that industry, under the reign of capital, gets a share of profits, is to say what is not true. It does not get the smallest remnant of profit. All the profit is swept into the coffers of the capitalist, much of it to be released in further oppression of labor, an oppression which has its limit only in the capacity of industry to bear the strain.*

* I quote from the Report of Commissioners on Hours of Labor: Commonwealth of Massachusetts, 1896:

"The average wages of males throughout the United States in these descriptions of labor—manufacture of Cotton, Woollen, Clothing, Shoes, &c.—in 1890, were, males, \$316; females, \$176 per annum."

"The wages in the cotton mills, of the six New England States, deduced by the method stated, from the census of 1890, give:—

Wages for males, per annum.....	\$235 75
Do Females do	168 75

The average rate of wages over the whole of the United States is given at 91½ cents per day.

A letter to the Commissioners from one of the best paid journey men mechanics, a first-class shipcarpenter, states that with his family of eight persons, he has been driven to "a system of economy which has left painful evidences of its severity," and has been compelled to remove his children from school to contribute towards the support of the family.

I suppose there is no one more competent, at least on this continent, to judge of the emoluments of workmen than Mr. E. H. Rogers, who was

I have purposely avoided any lengthened reference, in the present paper, to what is generally understood by brain work or intellectual labor. I have hardly felt it necessary that it should engage our attention, as I think it does not materially affect the argument. It has come under our observation for a few moments only as related to the visible products of toil, or, in other words, as in a sort of "silent partnership" with the hand. This part of the subject is far from being devoid of interest, but requires more consideration than I can at present devote to it. The equivalents of manual labor are not difficult to distinguish. A gold dollar is the exact equivalent of another gold dollar, and a bushel of barley, as nearly as may be, of another bushel of barley. Most people, and even some economists, think that gold is dearer than silver, and diamonds, in their price, more precious than flour; and even some governments, professing to be very wise, have, on this and other grounds, demonetised their silver; but a day's labor of digging silver is just worth a day's labor of digging gold, and the labor of producing diamonds is just worth the labor of producing flour. The equations in each case are at our head. But who is acute enough to discover the unit of value when we come to compare material products with immaterial? Is there any true ratio of exchange between things so different? If there is no ratio, can you arrive at an equation? What is the exact money value of a thought? Has it money value at all? Can you measure it in a quart or a peck? We pay more for a song from Jenny Lind than from some ordinary singer—more for a good than for an indifferent teacher; but where is the standard of value? How much is a song worth? In reading this article, you will pay for the paper on which it is printed, for the ink, for the type setting, for the press work, the folding, the stitching, or, in other words for the labor embodied in all these processes, but I am sure I could not tell you what, if any, is the mint value of any thought there may be in it, and as little can you. The thought may have commenced before some of my readers were born. I am conscious of no small amount of brain work, and yet the thought has no dimension, no weight, no parts at all. You cannot manipulate it, or place it in your scales, or adjust it by your most delicate balance. It may have a general relation to other thought, or special relation to thought on economic science, but what relation has it to a bit of money? Any value of this kind you place upon it must be merely an arbitrary value. The only manual labor I have had with it is in handling the pen, and that you know is not worth mentioning. You cannot pay me for what some may call my "time" for I have none of it to sell, and political economy cannot turn time into a commodity. The present work has been to me emphatically a labor of love, and I don't think that I could be repaid in anything but similar coin. Has nature made such a

one of the Commissioners on Hours of Labor, appointed by the State of Massachusetts. He says, in the above Report: "With constant thoughtfulness this income (\$1.25 per day, Sundays included) necessitated an economy penurious in its character, often failing to meet the demands of health in clothing; and throwing the support on aged parents on more favored relations." "Wages," he adds, "as at present paid are not an equitable return for labor performed. It is universally understood that the laborer has only a living. The idea of what a living is, is comparatively elevated in this country; but figures show that the wages of labor do not reach on the whole that point."

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dividing line between Intelligence and Work, as that one party shall be able to say, We have all the intelligence and must get all the products of toil, except what is just able to keep you, Work, in life? Has she sacrificed Labor in her desire to endow Intelligence? Is the one to be gainful to the other, or does it exist only to oppress its partner in toil? What good things is it possible for cunning or shrewdness to leave, as exchange, in the hands of industry? It is among those ever-changing values whose stability has been all but destroyed by the present mercantile system (undoubtedly a system of the most dangerous communism) that our modern man of business rears his fortune, and when he dies, the pulpit and press applaudingly clap their hands and hold him up, so far as his gains are concerned, as a bright model to the rising generation. But where is the production? What has industry reaped for all that it has given, or rather that has been taken away from it. What has he left behind? A lot of money in his will? or a vast deal of service in the hands of his toiling fellow men? Shall I use my "wit" in taking what does not belong to me? One man, we will say, is engaged within doors in some light pleasant fancy work; or he may be "a professional man" writing a few letters, or sweeping dollars by the hundred into his coffers by the mere stroke of his pen; and he looks down from his window on another toiling in a deep and filthy cavity in the street, clearing away some obstruction which threatens miasma and disease to a whole neighborhood. Who gets the best return? Which of the two *ought* to get the best return? I do not say they ought to change places. Each may be in his right place. All I ask is who should be best paid? The economists are careful to tell us that risk and disagreeableness are important elements in determining prices. Do they determine prices or values in this case, or in ten thousand like it around you every day? We know that it is hand-work which really does pay for all the brain-work which claims and receives payment. As we generally understand the term, payment, it could not otherwise be paid. But there should be an interchange, a true commerce, a just reciprocity, ought there not? None should be burdened. The brains should surely be coming over, by this time, to the side of the hand. If products pay for intelligence, then intelligence should be largely the property of toil. But is it so? If brain takes away the produce of hand, surely hand should get the produce of brain. Industry by this time should be so well taught to do its work as never more to need a teacher. We are fond of talking of our mental labor, and of what we should get for that labor, but it is all simply *thought*. As regards visible products it is not worth a rap till you put out hand and let us see some fruit. I fully believe in brains taking industry by the hand; but, within the range of industrial application, I have as little faith in brains without industry as in industry without brains. Separate them and you destroy them. Can you tell me to what extent intelligence or intellect has itself suffered by being divorced from work? How has society fared? Perhaps we have a weakling, a silly nondescript, where we might have had Spartan brain and vigor. Is not the mutual helpfulness of the family circle to be carried out into the larger circle of general humanity? What if we have hitherto missed a great economic truth in the general constitution of society as a colony of workers? Is it the design of Providence that this great industrial hive is to be helpful to the weak,

the needy, the less-favored, the far-off heathen of every land? Is this the grand design of industry, or of the exchange of the products of industry? If so, it will be fulfilled. What if it should be part of the order and method of the science itself, that intellect, in all that it is competent to accomplish separate from the toil of the hand, is to be the gratuitous servant of humanity? Would it in anywise lessen its true value or take from its dignity? If industry finds its satisfactions in material products, where should intellect find its satisfactions? Did you ever reflect that it is from the tillage of the field that the greatest amount of values is realized? Is the greatest amount of values returned there? You see, then, how many grave and grand questions there are yet to challenge our attention and investigation. Do you think you can settle them by shelving them? Are you vain enough to think that questions such as these will remain forever buried in the dark? Let us be humble. We know nothing yet as we ought to know.

Before closing this paper, it is right to state that Mr. Mill seems to have assumed, throughout his writings, the existing relations between capital and industry as the natural foundation on which to rear his entire system of political economy. It is no doubt through this assumption that he has been led to lay down principles which, when really put to the test, are found to be very rickety indeed. It is this which vitiates page after page, and prevents his work being, in any great degree, a reliable guide towards a perfect understanding of the leading elements of political economy. As this science is fast becoming the most important of the day, I think it is of the highest consequence that students in our schools and colleges should be put upon their guard in reading Mr. Mill's "Principles," as a text book. And yet, notwithstanding all this, I hope, and doubt not, that Mr. Mill will long continue to be read. His laborious application; his simple, massive style; his clear logic; his extensive information; his evident sympathy with workingmen; the master thoughts on some important economic subjects which he has thrown out so far in advance of his day; and the mass of important instruction he has given to the world; must ever entitle him to the gratitude of mankind. And though it is inevitable that the fabric he raised with so much diligence will have to be taken down and rebuilt on a different model, much of the material which he so patiently gathered and so skillfully prepared, will ever continue as a monument to his name. As to living economists, I cannot express half what I feel in regard to the solemn responsibilities of the hour.

I confess that I am somewhat sorry for capital. It seems such a pity to destroy so pleasant a delusion. It has hitherto passed as a respectable sort of personage. His retainers have, during the last twenty or thirty years, given him some hard knocks. There can be no question as to which side has fared worst in the strife. Capital as well as industry has cudgels in his hand, and sometimes it is worse to be locked out than to be locked in. There has been plenty "striking" going, but there can be little doubt which of the two has got the most bruises. The sad thing is that amidst all the din the voice of reason cannot be heard. If capital has truth on its side it will remain—if it is built on error it will pass away. And I can say to both capital and industry that there are more thoughtful men than you wot of pondering over these momentous questions. It is a hopeful sign of the times that there is everywhere abroad a spirit of free inquiry and scrutiny, a spirit which is growing from

day to day. The capitalist who refuses investigation will only gather around him greater perils. For I suppose there is nobody so silly as not to perceive that there are perils. If the economists in their long and labored endeavors, and under the names of capital, credit, and so forth, have conjured up nothing but a spectre to crush the industry of the race, and to scare free inquiry, we have only to take the shadow in hand to know what it really is. These sort of things are only fearful in the dark—the light of day puts them all to flight. "He that doeth truth cometh to the light." Who can doubt of the ultimate triumph of every vital human interest over error and wrong?

It is neither my inclination nor my duty to enter upon a tirade against capital. Railing accusations are generally fruitless things, and can only react in injury to the cause which we advocate. We must remember that we are all the victims, more or less, of the system under which we have been trained. We cannot charge the capitalist with doing a wrong thing when he hires laboring men, and pays out wages. I do not feel called upon to say that the capitalist is doing a wicked thing when he invests his means in any of the recognized enterprises of the day. He is perhaps, in the circumstances, doing the best thing possible. I am conscious of the same respect and kindly feeling towards capitalists as towards working men; and I am aware of the noble and spotless lives led by very many of them. But I think it is of the utmost consequence that both Capital and Industry know exactly where they stand, and what they have to stand upon. Let us have a calm and thorough investigation of the whole subject. The *interest* of money is not to be weighed for a moment against the interests of truth. We can do without the one—we can never do without the other. The views I have set forth in this paper are worthy of the most careful consideration; and I hope, moreover, they are able to stand examination. If these views be sound, there is one thing the capitalist can do—he may look with a more favorable and kindly eye on working men, as the real producers of his wealth, and may give to them a larger share than they now enjoy of the produce of their toil. I hardly know anything better which I could recommend capitalists to do. If Corporations had souls—which it is said they have not—I would be inclined to say to them also that there is nothing at any rate which would bring them in more true enjoyment. Blessed is the hand which relieves poverty, but more blessed still is the hand which lifts workingmen above poverty.

It may be said of humanity in general that men born into the world launch upon life under the necessity of earning their bread by the sweat of the brow. It is the inevitable condition of existence from which the race can never escape. It is the mark which this old world must carry to its grave. As all must live, so all must labor. Physically a man lives by bread alone. It is from his own labor, and not from that of his fellows, that he must provide for himself food, clothing and shelter. Labor gives the true title to all property, to everything framed by human hands. What comes to you by inheritance, still comes to you, or ought to come to you, with that labor title intact. All that is above and beyond, the higher and better things, are for the higher and better life. The soil of the hand, the sweat of the brow, the rude bargainings of commerce, cannot touch them,—they are removed by their very nature beyond the common-place circle of things

merchantable and perishable. For it appears as if no really equitable adjustment could ever be made between the thoughts of the brain and the toil of the hand. It is, as I have already said, only when these thoughts of the brain find expression through the labor of the hand, that the products stand on a common platform where values can be rightly appraised. Where is the economist who would venture to price, in perishable gold, those high ministries which directly contribute to spiritual culture? Does it not seem that the higher and more powerful the ministry, the further it is removed, by that very circumstance, from the comparatively mean measure of earthly values? Therefore, although it is within reason that they who minister about holy things should live off the things of the temple, it is not the less true that carnal things reaped can never be the measure of spiritual things sown. For things spiritual can only be reckoned in terms spiritual. It was not the bit of money cast into the treasury which gave it the value: it was that which lay behind which made the very small gift a very large gift in the eye of Him who seeth not as man seeth. Why should the spirit of earthly ambition or gain annoy us with either its computations, its callings, or its lamentations, when we choose to break our alabaster box? And herein lies a truth for all workers, whether in the pulpit or the pew, who would forget self in their efforts after the good of their fellow creatures, and who desire to live superior to those low-born motives, which, it is to be feared, too often impel men of great talent and power to sell themselves to "the highest bidder." Let earnest and thoughtful men ever keep before them this high ideal, and they shall not fail to leave a lasting impression for good on their own and succeeding generations. The men who have laid the world under the greatest charges have themselves been "chargeable to no man." Christianity itself would have been strangled in its cradle by a modern endowment. It must ever be so. For there does seem, after all, to be a kingly sphere, into which things sordid may not enter—where the baubles of earth and the babblings of commerce are alike out of place—a quiet and humble sanctuary consecrated by the great travail of the mind, and where mightier bolts are being forged than have ever rung to the workman's hammer.

I confess that the condition of industry in this our boasted age of civilization lies like a heavy burden on my soul. I cannot shake it off. It haunts me night and day. I have no faith that the therapeutics of modern commerce will ever heal its wounds, or cause life and health to course through its veins. In patient study and painstaking investigation lies much of the renovating power. It may be that we will have to build the wall in troublous times. Surely industry expects of us that we expound the principles of political economy in such a way as to secure to it the fruits of its own toil. The science itself has been handed over to the dominion of mob law, and has become the sport of every scatterbrain who imagines that he has a call to pronounce, at first sight, upon the subject. In this western world we are at this moment flooded with a literature which gives but too certain and sickening evidence of the truth of what I have just stated. I need not waste words in urging upon the cultured men who read these pages the vast importance of the matters I have brought under review. I have but endeavored, according to my humble ability, to open a door here and there to the great temple of economic truth. How inviting is

the field! And what a glorious exercise to both the intellect and the heart to grapple with such mighty problems! The claims of labor must call forth the warmest sympathies of every true-hearted man. Ought it not greatly to mitigate the rigor of the judgment we are accustomed to pass even upon the lowest and most abandoned classes of society, when we consider the character of the system of which they are to so large an extent the unhappy victims? Where is the man to refuse a sigh or a tear over melancholy and broken-hearted toil—over countless millions of our fellow creatures for ever divorced from all that makes life bright and joyous—over the majestic temple of industry in utter desolation and ruin? I am sure every humane reader must join me in the hope that the day may soon arrive when the science of political economy shall be rescued from its present chaos and disorder, and remodelled and established on such a basis that the sad inheritance of hopeless and unrequited toil which has been for so many generations transmitted from father to son, may be exchanged for those ample, equitable and sure rewards destined to make millions of hearts happy, and to throw the light of joy and gladness over every land and into every home.

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