

Arnold Toynbee

Progress and Poverty
A Criticism of
Mr. Henry George

Being
Two Lectures
Delivered 1883 in St. Andrew's Hall,
Norman Street, London

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Delivered in St. Andrew's Hall,
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By The Late
Arnold Toynbee
Senior Bursar and Tutor of Balliol College, Oxford
1883

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Content

Prefatory Note.....	4
First Lecture—Mr. George in California.....	5
Second Lecture—Mr. George in England	26

Prefatory Note.¹

When Mr. Toynbee delivered the two speeches which make up this pamphlet, it was his intention to use the shorthand writer's report of what he said as the basis of a treatise, containing a fuller statement of his arguments, and, in particular, a large number of statistical details, of which in speaking he only indicated the general results. A protracted and, as it has proved, fatal illness frustrated his purpose. Mr. Toynbee was never able so much as to look over the proofs of his addresses, to assure himself that he was correctly reported, much less to review and recast what he said. Delivered as they were in the extremity of physical weakness, and now appearing without revision, these speeches may well seem to those who knew him best to be but an imperfect expression of his thought and aims. Nevertheless, the friend to whom the task of editing them has fallen has not felt himself justified in making any but the most trifling and obvious corrections. There were, indeed, no materials for a more complete revision, as the speeches were entirely extempore, and Mr. Toynbee was not in the habit of making notes of his addresses. The excellence of the shorthand writer's notes permits the hope that there may be no serious errors in the report of what Mr. Toynbee actually said, however far this may fall short of what, had strength not failed him, he was competent and anxious to say. But any regrets on this score are now merged in the wider and lasting regret for all that has been lost to his friends and the community by his untimely death.—A. M.

¹ This criticism is actually not worth reading. He could have made his points without referring to George – and then nobody would have given any notice. /pma

First Lecture—Mr. George in California.²

The book I have undertaken to criticise does not stand alone in economic and social literature. It is one of many similar works which have been inspired by a vision of human misery. It is true that it is not filled, like the work of the great socialist, Karl Marx, with detailed descriptions of human degradation; nevertheless, it has human injustice for its theme. Some of us, I know, are inclined to put the book down in disgust and impatience; but I think any of us who have, even for a moment, looked into the abyss will be glad that this book has once more reminded us of the widespread suffering that is concealed beneath the smooth surface of our ordinary life. I know that many who have read this book have felt not merely disgust and impatience, but have thought that the warm and fierce sympathy shown in it with human pain was not real; but they have made a great mistake.

I do not think we now require such books as these to make us realise and understand those more obvious forms of suffering which press upon us from every side. We are all of us, I suppose, appalled when we picture the dark and desolate cabins of Maamtrasna, on that bleak mountain side, inhabited by half-civilised savages, or when we visit those still more dark and desolate corners of this great city, inhabited by beings whom we still call men and women, or when we catch a glimpse of the moral interior of a labourer's cottage. These forms of suffering, I say, are obvious—they are obtrusive; but it is a more refined form of suffering which, it seems to me, this book brings to our notice. It is the suffering of men who earn what we call good wages, whose labour—labour, let me remind you, which does not invigorate the brain, but which wears it out prematurely, and depresses the mind and dulls the intellect—whose labour, I say, cannot obtain for them even a whole house as a home, nor the decent enjoyments of life, nor the certainty of an honourable old age. Forty years ago it was the famished multitude clamouring for bread that threatened society. To-day, though we still have our 800,000 paupers, and hundreds of thousands more who are kept from pauperism

² Delivered the 11th January, 1883.

only by heroic sacrifice, to-day, I say, society is threatened not by this multitude, for cheap bread has kept them quiet since 1846, but it is threatened by that large class of men whose wants have grown while their income has been stationary, or whose wants have grown faster than their incomes.

I know that there are some, again, who will say that this description is exaggerated, and I admit that there are classes of artisans—stone carvers, for example—whose wages are high, and who find rational delight in their employment; but I maintain that any people who have visited factories, or descended into mines, any person who has taken the trouble to compare the necessary expenditure of an artisan with his income, will understand that what I say is true. The misery, however, which produced the socialism with which we are familiar in England was misery, in the first instance, of a physical kind. All modern socialism originated with the great industrial revolution which began at the commencement of the last century; the industrial revolution which silenced the spinning-wheel and handloom, and dragged men and women into great cities and huge factories. With that began the modern problems of the distribution of wealth; and also at that time great socialist writers made their appearance; but the same epoch which gave birth to the socialists, gave birth also to their great enemies, the economists.

These writers—Malthus, James Mill, David Ricardo—men of intellect and of upright character, framed an explanation of the misery which they saw before them, which denied hope to the human race. One man, the most eminent of them, Ricardo, caught up the scattered points which various writers had elucidated, and welded them into a compact and lucid science. No writer that I know has a greater power of abstract thought than David Ricardo, and I have found it difficult, if once you grant his premises, to find any mistakes in his conclusions. From 1817 to 1848 the economists reigned supreme. There were, indeed, objections raised, objections raised even by men in their own ranks. Sismondi, the great Swiss economist, for example, once talking to Ricardo, said, "What, then, is wealth everything? is man nothing?" Ricardo answered—at least you will find the answer in his books—that the suffering which Sismondi pitied was the result of an inevitable law.

To explain the views which the economists took, we must remember that they looked upon life as a mad race between population and wealth. They would not allow for a moment that the machinery in the factories was to be stopped in order that women and children might breathe, lest a little wealth should be lost, and the world go back. There were others who protested outside the ranks of the economists. There were the Christian socialists, there was Thomas Carlyle, who in his *Past and Present* flung upon the economists passionate reproaches, which all of them left unheeded but one, and that man was John Stuart Mill. In 1848 was published Mill's book, which, though it incorporates much of the old economic doctrines, yet represents an immense and unparalleled advance in England of union and of sympathy with the mass of the people. In that book, for the first time, is seen the influence of the socialists upon the economists; the influence of the earliest social reformers, who, bewildered and perplexed as they were, said that a science that told them these things must be a false science. And since Mill's time, the argument has gone on, and at last it is now apparent to all the world, that the long and bitter controversy between economists and human beings has ended in the conversion of the economists. The economist now dares to say that the end of his practical science is not wealth, but man; and further, he owns that his intellectual theories have also undergone a vast change. He has learnt to recognise that the laws which he supposed were universal are often only partial and provisional; he has learnt to recognise that the method which he uses with such confidence—the method of abstract deduction—is a most dangerous one; that it can be used only by men who know that at every step they have to question their premises, and that at every step they have to test their conclusions by experience. Last of all, he recognises that the vast problems which we all now see are looming upon us cannot be solved by rash and hasty statements, but only by patient and vigilant science. He recognises that to solve the problem of to-day we must go back far into the past. He recognises that the problem of distribution is not a simple one; that it is a very difficult and a very complicated one. That is the position of the economists at the present time; but it is a singular thing, that at the very time when David Ricardo has been discredited amongst the economists themselves, he has become the founder of two new systems of socialism. He, the great middle-class

economist, the man who was looked up to as the bulwark of society, this man by his theory of wages has produced Lassalle, and by his theory of rent has produced Henry George. To-night I have nothing to do with Lassalle, I have to speak of Mr. Henry George.

The book which Mr. George wrote between 1877 and 1879 is, as we all know, a remarkable one. It is full of acute dialectic and splendid declamation; full, as I said in my opening remarks, of a real and keen sympathy with the people. Indeed, as he tells us in his book, he might well sympathise with the people, for he had been a workman himself. Nevertheless, remarkable as the book is, original as the book is—not so original as many of us suppose, not so original if we come to look back upon American economic literature—it has yet, in spite of partial truths, promulgated errors which I believe to be fundamentally dangerous. And I, for one, seeing how much wrong the economists have done in the past by false theories, remembering that the economists for years denounced Trades Unions, and told the unionists that they could not raise the rate of wages by combination; remembering that the economists have sometimes influenced legislation in the past in a mischievous direction, that they were guilty, for instance, of the *Irish Land Act* of 1860, which substituted contract for tenure; I am determined that, as far as in me lies, I will be no party to any more illusions. I will do what I can to further the public good, but I will not sacrifice my intellectual conscience by supporting a fair, but delusive panacea.

The book which I have spoken of was written in 1877, but it was preceded by a pamphlet, which was written in 1871. I said just now that George was a child of David Ricardo, but that is an inadequate statement; we must also recognise that he is the child, or rather, that his theories are the children, of the peculiar circumstances of a new State. The first pamphlet which Mr. George wrote was a pamphlet about the Land Question in California. And it is no wonder that he should have written the pamphlet, for he saw in a country with natural resources greater than those of France, and with a population at that time numbering not more than 600,000 people, tramps and paupers make their appearance. That was enough to make a man gasp and stare. He also saw the concentration of land in a few hands—one peculiar evil, that is to say, of an old country making its appearance in a new one. Properties there were at the time which

exceeded almost anything we know in England, properties of more than a quarter of a million acres held by men who did not even go through the pretence of rendering any public service as the condition of their tenure.

Mr. George pondered on these things, and whilst he was pondering, he stumbled across Mill's pamphlets, published in 1870, on the reform of land tenure. In those pamphlets Mill for the first time put forward the famous proposal for the appropriation of the unearned increment. But the proposal was not a new one. It is to be found in the first edition of Mill's book, published in 1848, and it is to be found still further back than that in his father's book on political economy, published in 1821. The history of the idea is a singular one, for there is no doubt that it was the historian of British India with whom the idea originated. It was his observations on the systems of land tenure and revenue in India that led him to make, in a clear and incisive form, the proposal which has now been popularised and become the basis of an agitation. That proposal put forward in Mill's pamphlet- awakened new thoughts in Mr. George. It awakened also new thoughts in land reformers in Victoria and our own colonies. All over the world men were busy with the idea, fighting then for its practical application.

Mr. George's pamphlet, though a very remarkable one, appears to have produced little effect. His practical proposals were two. First, he said, "We will tax all land up to its full value." By that he meant that he would take all that part of rent which is due to the growth of civilisation and to wealth, and not to individual labour and enterprise.

Let us remember that that is the proposal—to take, mark you, not what a man puts into the soil, but what comes to a man owing to no exertion on his own part. "If," said Mr. George, "you tax these great estates up to their full value, then it will be impossible any longer for the great landowners to keep their properties together; they will be forced to sell." In the next place, he proposed, and it was a remarkable proposal to make, to limit the size of properties—that is to say, that land in future should be granted only in 40 and 50 acre sections; and he believed that in that way a steady and regular development of population and wealth would take place. I want you to remember that proposition, because Mr. George abandoned it afterwards. His pamphlet attracted some attention, but produced, as I said, little effect.

Mr. George, however, did not abandon his consideration of the question. He turned to other American economists; he studied the writings of Henry Carey, the Pennsylvanian economist; of Francis Walker, the eminent head of the United States Department of Statistics; of Francis Bowen, another American economist; and of M. Emile de Laveleye.

All these books he had studied, when in the year 1877 there came the great labour war in Pennsylvania. That labour war in Pennsylvania, and the distress that followed, led Mr. George to begin this great work, which he completed two years afterwards. Remember that the work was begun at a time of immense distress, and of widespread and deep depression of trade. In 1878, for example, it was said that 600,000 men left the East for the West. Everywhere wages fell, and artisans who had emigrated from England to America returned from America to England. It was in the midst, therefore, of an unexampled depression of trade, in a continent with the greatest natural resources in the world, that this book was written. Again, remember that these circumstances must have left their mark upon the treatise. And note, too, that Mr. George's practical proposals are now a little changed from those of 1871. His first practical proposal is still to confiscate rent—i.e., to take the unearned increment without compensation; but, on the other hand, he abandons his old proposal of limiting the size of farms, and asserts that large farms are due to an inevitable law of economic development, with which he will not meddle.

This is the book which I have to criticise. It abounds with points, it abounds with side issues; but there is one main contention, and one principal theory. The contention is, that rent must be taken, and the theory is a theory of the development of society in relation to the distribution of wealth. That not only for Mr. George, but for all of us, is the main issue; that is the real question—Is the law of economic development one which will tend to produce greater and greater equality in the distribution of wealth, or is it one which will concentrate wealth more and more in a few hands? Now we know that in England wealth has become gradually concentrated in fewer hands. The fact has been disputed, and it is not such a simple question as some people suppose; but still, if we take the evidence of the most competent persons, we shall find that upon this point they agree. There was

a famous Budget speech made by Mr. Gladstone in 1864, a speech in which, after dilating upon the unexampled prosperity of the country. Mr. Gladstone paused, and turned round and said to his astonished audience, "But what is human life in the great majority of cases but a bare struggle for existence?" And the remark was repeated in less emphatic, but equally significant, language only the other day by the latest member of the Cabinet, Sir Charles Dilke. We have, therefore, the evidence both of Mr. Gladstone, the Prime Minister, and Sir Charles Dilke, that wealth is concentrated in fewer hands, or, at any rate, that the mass of the people do not share in the growing prosperity of our industry and our commerce. And the same phenomenon was visible in America in those two years of which I speak. There, also, was the spectacle of men like Vanderbilt, who inherited twenty millions, and of others almost equally rich, who, whilst the labourers were driven by thousands from the East to the West, still lived in luxury, and seemed to have kept the wealth which they had made.

What is the explanation? What is the explanation of this ever-recurring question; the question which has bewildered the minds and saddened the hearts of every man who cares for his fellowmen? The explanation must be one of four things. Either there is an impassable, inexorable physical limit, which presses down the labourers, and against which the labourers struggle in vain. Or, there must be some fatal flaw in our institutions. Or, there must be some sinister shadow cast by the law of production—by the system of production on a large scale. That system which for production is most efficient may perhaps cause a more unequal distribution of wealth. Or, last of all, the fault may be in human nature; it may be that it is human rapacity—the apparently inexorable demand of men to benefit themselves at the expense of their fellow-creatures. One of these four or a combination of these four must be the cause. Mr. George says that the explanation is not to be found in any limit set by external nature; that it is not to be found in all institutions or some, but only in one—private property in land. And he expressly denies that the economic structure of society can have any influence; and further, he thinks that if you once stamped out that one baneful institution, human nature would be powerless to oppress and degrade. Of the four possible kinds of cause Mr. George accordingly only acknowledges the sec-

ond, namely, our institutions, and only one part of these—i.e., private property in land.

Is Mr. George right about the first statement? That is our first point. Remember that at present, for the purposes of to-night, I am speaking of new countries, not of old countries; I shall deal with old countries in my next lecture. Is Mr. George right with regard to America when he says there is no present physical limit to the prosperity of the people? Yes, Mr. George is right with regard to America. In the first place, it has long been recognised by economists, that in manufactures there is what is called a law of increasing return—that is, as men come together in masses, the cost of carriage is diminished, the power of combination is increased, inventions take place, and enterprise advances; and all these things increase the net produce of labour per head, i.e., the wealth left over after the exertions which have produced it have been satisfied and the tools and materials replaced. That is the view of Mr. Nassau Senior, and it is the view, also, of most English economists—not, I think, that they have seen its significance.

Let us turn next to agriculture. Is this law true of agriculture? An Englishman—any Englishman who has read, for example, Ricardo's book, and remembers the ploughing up of the sheep-walks in the years of the great war with Napoleon, when we got five or six bushels of wretched corn to the acre—would think that it is not true, and that in agriculture, at any rate, there is a law of diminishing return. After a time, even in a new State, even in a new continent like America, the return to the labour expended on the fields must be less and less in proportion to the effort. But of America as a whole this is not yet true. There are apparent exceptions, due to the peculiarities of American agriculture, due to the wasteful and exhausting method of cultivation pursued in America, which has led to a premature diminution of the fertility of the soil, not only in the Eastern States, but in what is called the new North-West. Still, on the whole, we may say that up to the present time not only has the total wealth of America increased, in agriculture as well as in manufactures, but—and this is the crucial point—the total wealth per head. Not only is there more wealth, but if it were equally divided each man would have more. So far, then, we agree with Mr. George. If, therefore, external nature does not impose a barrier, why is it, asks Mr. George,

that, with all this vast increase of wealth, wages either do not increase or actually decrease? Who gets this vast accession of wealth?

Mr. George answers: not the great speculators, not the Rothschilds, not the great contractors, not the lords of the loom and the spindle, not the great ironmasters, not the keepers of great stores, not the great grain dealers and merchants, but one class alone, the owners of land. They alone seize upon the increase, and are rich, whilst the people become poorer, or, at least, remain as poor as ever. To some, perhaps, accustomed to the accumulation of wealth in England, this may seem an absolutely absurd statement; but let us be patient, and study Mr. George's book in his own country. If we turn to an eminent American economist, to whom I have already alluded, Mr. Francis Bowen, we find that he makes this remark—that the commonest and the simplest way of making a fortune in America is to buy up land where a city is likely to be built, and to wait for an increase in value. And, again, let us also remember this, in justice to Mr. George's view, that the great railway kings in America have not made their fortunes merely by speculation in stocks and shares, but in land speculation; for land speculation has been bound up from the beginning with the extension of railways in America. Still, how far, admitting all this, can Mr. George's statement be considered true?

Now I come to the difficult part of my lecture, and I ask you to be patient. If you are really eager about these questions, and recognise as you all must, how huge they are, how they have bewildered men from the beginning of time, you will be patient; if I tried to make the problem really simpler than it is, you might justly complain of me. I could do so, but I should have to use for that purpose illegitimate artifice.

Let me remind you, the theory is, that rent swallows up the increase of wealth. How does Mr. George prove this? Let us try and work out his theory; let us watch how the theory is explained in the development of a little miniature State. I will try to make the picture as vivid in your minds as possible. Suppose, for example, one of those settlements of our Puritan forefathers on the Atlantic coast, and with no commerce with the outside world. Mr. George says, in the first place, when these settlers land there is no rent—anyone can go upon the land, anywhere. After a time, wealth increases and population increases; slowly the people move outwards from the settlement,

and new pieces of land are taken into use. Now we must suppose that already the division between employers and workmen in the industrial system has taken place, and we have got to ask (and this is the whole point; I am not going to deal with interest to-night, I am going to deal with wages)—what will determine wages in this little settlement? Mr. George says that wages will be determined by what the labourer can get working for himself on the land last taken into use. Put it in this way: supposing the man who works on a piece of land a mile away from the little group of houses on the sea-coast can get three pecks of wheat a day as his wage. If an employer in the town says to him, "I will give you two pecks, if you will work for me at such-and-such a business," the labourer will say, "No; I will take at least three, because I can make at least three by working for myself on the land outside." Therefore, says Mr. George, in a new settlement wages will be determined by what a man can make working for himself on the last piece of land taken into use. Now, how, according to this theory, are we to explain the fall in wages which takes place? "Oh," says Mr. George, "that is very simple. As years go on, the whole of that little plain is occupied, and men begin to carry their cultivation up the sides of the mountains. Then it is found that the labourer can only earn one peck, we will say, a day working on the piece of land last taken into use, and then all through the settlement wages will fall to one peck a day instead of three; and the landowner—we are not now talking of the capitalist or the employer, we are talking of the landowner—will sweep off the whole of the increased wealth." That is the explanation, according to this statement, of the fall of wages with the advance of civilisation.

Now, in the first place, I wish to point out that this theory assumes the law of diminishing return—that is, it assumes that after a time the return to men's labour will diminish. But that contradicts Mr. George's statement (with which I entirely agree), that the true law of agriculture and of industry is a law of increasing return. Mr. George, however, has an answer, which is obvious on the surface of the book. He says, "Oh, I don't talk merely of wages as a quantity; I talk of wages as a proportion." This is Mr. George's answer, in the first place; but my reply to Mr. George is this: "If you speak of wages only as a proportion, how does your theory explain the fall of wages, the appearance of tramps, and the appearance of poverty in a new

State?" because, though wages might increase or might remain stationary, yet still, as long as they did not decline, we should be at a loss to explain by Mr. George's theory the fact which Mr. George sets out to explain—the appearance of tramps and the fall of wages in a new State. And, in the next place, if we look carefully at Mr. George's book itself, we find that all the evidence he gives is of the fall of wages as a quantity. He tells us that wages in California fell from 16 dollars a day, say, in 1849, to 20 dollars a day in 1879; so that the facts which he himself adduces, which he sets out to explain, are not explained by his theory. Mr. George, however, has yet another answer to make: "What I mean," he says, "is, that speculation in land is the true cause of a fall in wages in a new State." To illustrate his contention I will ask you to come back with me to our little settlement at the sea-side. Mr. George supposes that men hold on to great tracts of land in that little settlement, and will not sell it or let it, so that the labourers who want to settle on the land have to pass this tract, and passing it, are forced by this artificial cause of land speculation to take poorer land into use. That being the case, their increased skill, their increased agricultural knowledge, will not now, owing to pushing back, as it were, on what Mr. George calls the land line, owing to the pushing back of cultivation up to the hills, counterbalance the diminishing fertility of soil in agriculture.

But my answer is again (I am coming to the end of this very soon): first, Mr. George, you are not consistent with yourself. In various passages you say that private property in land is the primary, speculation only a derivative, cause; so that, even if there were not speculation, wages would fall as a quantity with the advance of civilisation. But next I ask. Is there any evidence that cultivation has been pushed in America so far back as to diminish the return to labour and agriculture? Certainly not. If we may take the price of wheat as an index, we find that the price between 1810 and 1820 averaged about eight dollars, measured in gold, for a barrel of wheat in Philadelphia. In 1820 it was nine dollars; but then in 1869 it was six dollars, measured in gold, and it has been falling, as we know, since, so that Mr. George brings no evidence as to the diminishing fertility, as to the diminishing power of labour in agriculture, owing to the pushing back of the margin of cultivation. Notice, too, that Mr. George has, curiously enough, neglected altogether—I suppose it is to obtain that

simplicity which we economists stand so much in need of in studying things—the mechanism of exchange. For according to Ricardo's theory, which Mr. George accepts implicitly, the margin of cultivation, of which we have spoken, instead of determining the wages and the remuneration of the employed, is itself determined by the growth of population and wealth and commerce. Let us go back for the last time to our settlement, and I will show you what is the process according to Ricardo.

As population advances, poorer lands may be taken into use; but Ricardo points out that a farmer (he was thinking, of course, of the English farmer of his own day, who was ploughing up the edges of the moors and the sheep-walks), though he might get only six bushels per acre on that new bit of land which is ploughed up on the side of the hill, would yet expect the same interest and the same wages for superintendence, and expect to pay his labourers the same wages as before. In other words, what would happen is, not that he would obtain a lower remuneration, a smaller share of the general produce of industry, because he was working on inferior land, but that he would sell his smaller produce at a higher price. My point is, that wages and profits—or we will throw away the word profits, which is a troublesome one, and say wages and the earnings of the great employers (for Mr. George, in the most extraordinary way, includes under the title wages the wages of superintendence, the earnings of these great employers and iron-masters, and the great grain speculators), the wages of these men are determined, as a general rule, independently of the productiveness of the soil, and therefore rent cannot be the cause of wages and profits falling lower than before. That is Ricardo's theory of rent, which Mr. George only half understands, and which, as far as California or any new country is concerned, is true, though there are exceptions with regard to old countries. Rent, I may as well admit at once (and I shall deal with this with care in my next lecture), rent in Ireland and rent in this great City of London; and rent, again, in some parts of agricultural England, has in certain cases lowered wages—that I admit; but then that is owing to a different cause, which I shall try to explain in my second lecture.

I have now shown, first, that Mr. George's theory is self-contradictory; secondly, that he cannot explain by his theory the facts which he himself adduces; and in the third place, that the theory is

false; not the theory that there is a law of increasing return, but the theory that it is rent which alone swallows up the increase. Last of all, in criticising Mr. George, let us ask whether Mr. George's facts are right; in the first place, whether there is or is not a fall of wages in California; in the second place, whether there is or is not a fall of wages in America and our colonies generally, a matter, mind, of primary importance to workmen who have to emigrate.

What is the truth about California? Mr. George is quite right in saying that wages rose from 8s 4d a-day (wages of a common labourer), to about 3 6s. 8d. a-day in 1849, when the gold discoveries were made. They fell, however, rapidly; they were only 12s. 6d. a-day in 1856. In 1860, they fell to 8s. 2d (I am talking of the average wages), but in 1879, the year in which Mr. George published his book, wages were higher than they were in 1860. They were 9s. a-day, that is the average wage calculated from statistics supplied by Mr. Tooke in his *History of Prices*; by Dr. Young in his *Labour in Europe and America* (these are my authorities for wages in California); and, finally, by Mr. George himself. But if money wages have somewhat increased, the increase in real wages, i.e., in the amount of the conveniences and necessaries of life that a workman can obtain with his money, is greater still, inasmuch as the prices of nearly all the principal articles of life have fallen about one-third—were falling about one-third in California generally between 1856 and 1879.

I am, indeed, not quite satisfied about these facts, although I have taken immense pains with them. Statistics, I have found, are very unreliable. One man will tell you about prices of things in San Francisco, and another man will tell you about the prices of things in California, and these facts must be taken subject to that consideration. But what about wages generally in America? That is the main point. Have they risen, or have they fallen? My own impression was that they had risen—real wages I mean—and I consulted three American economists: First, Mr. Amasa Walker, a Free-trade economist; next, Mr. Francis Bowen, a Protectionist economist; and lastly, Mr. Francis Walker, a Free-trade economist again; and I find that all these three economists agree that wages—real wages—have, on the whole, risen since 1800. Mr. Francis Walker was the latest writer—he brings his figures down to 1877; Mr. Amasa Walker down to 1869, and Mr. Francis Bowen down to 1870.

So far, then, the figures of the American economists are in favour of my view; but I was not satisfied with that. I determined to study the course of wages in our own colonies; and what do I find to be the case? This: that in the gold colonies, Victoria and New South Wales, exactly the same line of movement has taken place. Wages were low before the gold discoveries; they rose rapidly when the gold diggings were discovered. They have fallen, and have fluctuated, especially the wages of skilled artisans, a good deal since; but at the present time, in New South Wales, according to statistics supplied by the Government, they are higher than they were in 1856; and the New South Wales correspondent of the Times, writing from Sydney on August 2 last, said also that wages had never been so high as they were at the present time. You can now justly turn to me, and say: "If that is so what is your theory of wages? If rent has not reduced wages in America, if wages have risen, and also along with wages, not interest, which is a different thing, but the remuneration of management—the great gains of speculation—what is the explanation?" his explanation is a very simple one. The net produce of American agriculture and American industry has, as Mr. George has said, increased during this time, and, as a consequence, the net produce to be divided between the labourer and the employer and the owner of capital, of course, is greater than before.

It has thus been possible for the employers and owners of capital to amass enormous wealth without depriving the labourer of all share in the increased returns. Mind, I admit that his share is not what it ought to be. I am only hinting to you that we shall have to look for our explanation in America, and perhaps in England, to the division of the net produce between the employer and the workman; but I have not dealt adequately and fairly with Mr. George until I have shown how his theory originated. His theory is not a mere fiction of his brain; it is one that has a natural origin in American experience. His theory, for example, that wages are determined by what a man can get on the last land taken into cultivation is by no means an abstract one. If you study the history of California and of Victoria and of New South Wales, you will find that all writers—not only newspaper writers, but economists—say that at one time wages in every trade were determined by what men could get by working at the gold diggings. For instance, Mr. Tooke, the historian of prices, tells us

that men working at the gold-diggings in Victoria could get about £8 to £10 a week in 1851, and the wages, therefore, in Melbourne were about £6 and £7 a week for all kinds of labour—the difference being, of course, accounted for by the risk of the gold trade. The explanation is, that where there is an unlimited demand for labour in any one trade, to which labour has ready access, then the wages obtained in that trade will determine the wages paid in every other trade. No man will take less—that is, as a blacksmith or as a carpenter—in Melbourne than he can obtain, roughly speaking, at the gold diggings further off. It is the same in California. But I have not done; it is not merely in California that you will find these facts brought forward and these phrases used. Take the great American ironmaster, Mr. Hewitt, who was examined before the Trades Union Commission, and ask him what determines wages in the Eastern States, and he will say at once, "Oh, what a labourer can get off the land; that determines wages." He puts it in this way—"We great ironmasters in the Eastern States, in Pennsylvania, are obliged to pay our puddlers at least what they can obtain on the farms in the West."

There was at the time the words were used a demand, perfectly unlimited, for labour in agriculture in the West, and therefore any labourer in an iron foundry in Pennsylvania would say to his master, "Give me this wage, or I shall go West and take up land, where I can get that much for myself" On the other hand, of course, wages are always somewhat lower in an Eastern State, because men prefer to live in cities; they like the excitement of city life, and they dislike the solitude and hard life of the West. Then there is one more point before we have done with this part of our subject. Mr. George says it was not merely the exhaustion of the rich gold deposits in California that produced a fall of wages. He maintains, of course, that workmen got high wages, because anyone could go with his rocker and his spade to a stream, and simply dig out the gold, wash it in his pan, and sell the gold dust just as it was there to the dealer. That is, it only required a pick and a shovel, and a man had nothing more to do than to dig out the gold. Sometimes these deposits would not yield much gold, and then, as the result, the labourers got lower wages; that is clear. But then says Mr. George, "Notice, if you please, that these gold diggings were common property; no man might hold a claim

over one of them for a longer time than it was in use. He could peg out his claim, and if he did not use it any one day, then he had to go."

Mr. George is perfectly right. That was the law not only in California, but in Victoria. Then he says, the Comstock lode was rich in certain places, and yet the opening of that great vein did not raise wages. I agree with Mr. George, that had land been monopolised in California in the first instance, instead of wages rising everywhere with the gold discoveries, all that the workmen would have asked would have been a slightly higher wage than they could obtain in the carpenters shops and the blacksmiths' shops in San Francisco, and the rest would have gone to the capitalist, in the first instance, who took the lease, and ultimately to the landlord; it would have gone to rent. But let me point out, if you please, that Mr. George's own remedy would not allow wages to rise, because Mr. George proposes to tax land up to its full value, and, therefore, these gold miners at the placer deposits would not have had higher wages, but would have had to yield a large part of the gold which they had obtained to the State, so that their individual wages would not have risen, though the gold would have gone to the community, instead of to the individual. For the rest, I perfectly agree with Mr. George that private property in land is not essential to good agriculture; that security of tenure is sufficient; and that it has been an iniquitous mistake on the part of our own Colonial Governments, and on the part of the Government of America, to sell land to individuals instead of keeping it for the use of the people. But this view is not, of course, a new one, it is an old question in all the colonies.

As long ago as 1856, Mr. Tooke, whom I have quoted so often, an eminent merchant, who wrote a most valuable *History of Prices*, proposed that land should be let on lease instead of being sold. And then, again, it was proposed in Victoria in 1870 and 1873, in the land agitation of which I have spoken; and as I have said, the principle is a just one; but there are practical difficulties. I find, for example, that Mr. Charles Pearson, who has studied the land question from the extreme radical point of view in Victoria for some time, and has tried all sorts of methods to prevent land accumulating in the hands of a few great owners, remarked of this proposal, which he admitted was in the abstract a just one, that where there was a great number of lease-holders it would be an extremely dangerous one, because all

those leaseholders would have votes, and could vote about the renewal of their leases. Well, I do not attribute myself very much importance to the objection, because not one form alone, but all forms of taxation, and all forms of exacting wealth from individuals in a new State may be openings for corruption. But I want to point out that the question is not such a simple one; and we have seen that earnest and thoughtful radical land reformers, like Mr. Pearson, do not think it is a very easy one. The gain to the State, I admit, would be enormous; but remember that my point is still, that though this revenue would go into the pockets of the State—into the Treasury, instead of into the pockets of individuals—yet it would not benefit wages, wages have not, as a general rule, been reduced by the rise of rent, and they could not be increased by its confiscation.

I have, last of all, in this explanation, to show you what is the true theory of the facts—the true facts which Mr. George adduces. I have said already that the rapid fall of wages in California and Victoria was due to the exhaustion of the placer deposits. I admit that the previous rapid rise was due to the fact that these deposits were not monopolised by individuals. But now—this is a very vital question—What about the tramps of whom Mr. George speaks? The facts are astounding. In one pamphlet Mr. George says that the common estimate in 1878 was that there were 20,000 labourers unemployed in San Francisco. Another estimate made in 1875 put the number at 10,000. Now, what is the explanation of the appearance of these tramps, these vagrants, in a new State—a most appalling fact? I am not speaking of Chinamen; they are distinct altogether from European labourers. The Chinamen numbered about 8,000 in 1870; the figure I have given is the number of unemployed labourers of European race. At the time of which I speak there were not only tramps in California, but tramps in Lake City, and tramps in the new North-West. Why is that? The explanation is given by Mr. George himself in a pamphlet he wrote on the labour struggle, and it is to be found in all the recent valuable reports presented to the Duke of Richmond's Commission en American agriculture.

It is this—that with the large farm system of cultivation workmen cannot obtain regular employment. For instance, take one great farm in Dakota, which had an area equal to about three times the size of the City of New York. On this farm in the spring 150 men were em-

ployed, and in the summer 250, and in the winter only 10. What became of these men? They went to the towns. For, you may say, nine months in the year the labourers in the great wheat farms in California, the largest wheat farms in the world, have no employment, and are driven into San Francisco; and these are the men who, justly perhaps, protest against Chinese labour, and who meet on the sand-locks in San Francisco, and propose to remedy their grievances. That is the explanation of tramps in California and Minnesota and Dakota. I must remind you that Mr. George does not propose to touch the large farm system. He says the large farm system is due to a law of economic development, with which he will not meddle. But as long as vast accumulators of capital continue to deal thus ruthlessly with their human instruments, what good will the confiscation of rent do? The evil in this case plainly is not the ownership of land in large quantities, which is all that Mr. George would prevent, but its tenure in large quantities, which he would allow.

What, then, is to be said about this large farm system? Is it to go on? If we look at it closely, we shall find that this is but one typical form of a universal and urgent problem. It is not only in farms and in agriculture that great businesses are being formed, or have been formed, but in industry and manufactures, as we well know here.

As Karl Marx and other writers have pointed out, gradually large industries are stamping out, or rather, large businesses are stamping out, small ones. Gradually capital is being accumulated in fewer and fewer hands, until at last some think we shall have nothing but a handful of stupendous monopolists, with a struggling mass of labourers at their feet. This, I say, is one great cause affecting the division of produce; it is one great reason why wages have not risen in proportion to the increase in productive power; it is because the economic structure of society is such that the huge employer and the huge capitalist can practically dictate terms to the labourers. What is the remedy for this? Mr. George offers none. There is one which he hints at, but I do not think it a serious one. If anyone likes to ask me afterwards my opinion I will discuss it. Why does Mr. George propose no remedy? Why does he refuse to meddle with it? Because he is a believer in what the economists no longer believe in—in what are called the "economic harmonies"; that is, he believes, as Adam Smith believed, and as Bastiat believed, that if you once abolish pri-

vate property, or, rather, confiscate the unearned increment, then individual interests will harmonise with common interests, and competition, which we know is often now a baneful and destructive force, will then become a beneficent one.

Now, in justice to Mr. George, again, I must point out that he proposes that when industries become monopolies they should be undertaken by the State. Well, I admit that that is the true principle. They should be either undertaken by the State, or regulated by the State. We are going to deal, for example, with the Water Companies in London; and all great industries like the supply of water and the supply of gas, and so on, which involve necessarily a monopoly, ought either to be undertaken by the State, or regulated by the State. But apart from absolute monopoly, there may be the immense force of great capitalists not in open combination, who are able to press down wages. What is to be done? I said just now that we economists abandoned the belief in economic harmonies. What do we, then, think of the economic self-interest which most socialists denounce as a thing to be destroyed? We say that economic self-interest more resembles a great physical force than anything else, the laws of which must be studied in order that it may be controlled. For example, take self-interest working in the great grain market. To buy in the cheapest and sell in the dearest market is to take a thing from where it is least wanted to where it is most wanted. Here is a service, therefore, rendered by self-interest to the community; not that the great grain speculators are not over-paid; still self-interest does work, where they have not a monopoly, for the good of the community as a whole. But look at self-interest working in the destruction of life in mines and factories.

We know very well what this was; we know very well there were no economic harmonies there. The absence of economic harmonies is to be read in that terrible history of the degradation of men, and women, and children which is to be found in our own Government reports. But while we regard competition as resembling a physical force, in that it admits of and demands study and control, we do not allow that it is, like physical forces, unalterable in itself. Whilst you cannot change the elements of nature, but only learn their secret and control them, human nature can change. Man we recognise now is not like a rock or a stone, but is pliable, and pliable to great ideas of

justice. We need no longer crouch and shiver under the shadow of inexorable law. Man is master of his fate. Still I know there are some who will say this is an idle dream. Men always have followed their self-interest without remorse; men always will follow their self-interest without remorse. I deny that. But I admit that we cannot wait for the time when higher ideals will control men's self-interest, and that the economists, if they admit that the economic harmonies are to a large extent a fiction, are bound to admit the necessity for more administration and control. That is true. The era of free trade and free contract is gone, and the era of administration has come.

Not only has the era come, but silently it has been upon us before we knew it. Throughout the whole of this century, when we were busy unshackling our trade and flinging open our ports to the whole world, we were at the same time—against, I admit, the protests of the economists—hemming in the disastrous and virulent greed of employers, passing Factory Acts, prohibiting the labour of women in mines, protecting women and children everywhere. But in 1881 we began a new era, for in that year an Act was passed which extended the protection of the State, which is the organised power of the community for good, not merely to women and children, but to men—I mean the *Irish Land Act*. The author of that remarkable phrase in 1864, the man who said that for the great majority of beings life was a bare struggle for existence, unconsciously redeemed his utterance. He unconsciously redeemed his pledge, and by passing the *Irish Land Act*—though he may deny it, and it may be necessary for him to deny it, there is no reason why we should—he has committed the Radical party to a socialist programme.

What I mean by socialism is this. I do not mean the destruction of private property; I do not mean communism; but I do mean the extension of the protection of the State not only to women and children, but, if need be, to men, because men also—agricultural labourers and workers in mines and factories—are but too often not free agents.

Here, however, arises a great problem. We shall have to carry out these measures without undermining that old independence, that habit of voluntary association, of which we are justly proud, for if we undermine that—that pride which has made the English workman sacrifice everything to keep himself out of the workhouse, which has made workmen bind themselves together in Friendly Societies and

Trades Unions and in Co-operative Societies—if we undermine that, then it would be better to leave our work undone. But I believe it can be done. I believe that the problems of administration, difficult as they are, can be solved if men will only have patience, and in my next lecture I hope to sketch in outline a programme of administration, dealing with wages, the dwellings of the poor, the question of insurance, and the question of the recreations of the people. All these things I hope to deal with, and will try to show that without revolution and without socialism, in the continental sense, we shall be able to do something towards that better distribution of wealth which we all desire to see. But if we undertake a more complicated work of administration, remember, in the first place, that we are dealing, again, not with physical facts, but with the compound of sensibilities and interests shaped by ages of history and change which we call man, and that the thing is not simple—it is difficult; that it will require not only the thought of one man, but the thought of many, and not only the thought of many, but the patience of more; and if, again, administration is to be successful, it means one thing more: it means devotion to the community. For all these new proposals will only open up new opportunities for corruption, unless at the same time we raise ourselves to the occasion, and determine that we will, in proposing them and in working them out, be actuated with no other feeling than a passionate devotion to the community. "But, alas!" many of you will say, "such a thing needs faith, and our faith is in ruins," I answer, "True, your faith is in ruins; but I think also that in spite of darkness and bewilderment and tears, there will come a purer faith, a faith which, cleared of superstitious control, shall make devotion to the community no longer a troubled and uncertain refuge from doubt, but a source of a pure and tranquil inner life." But we need not wait for that, and if men individually will but make up their minds to do all that in them lies to bring about the great event for which the people have longed for so many centuries, the thing will be done—the reign of social justice will have come.

Second Lecture³—Mr. George in England

I WISH to remove one misrepresentation that I may have created by my lecture last Thursday—the impression that I said that no substantial improvement had taken place in the condition of the workpeople. Now, it is not true that no improvement has taken place in their condition. A great change for the better has taken place, but it is not universal. It is confined to certain portions of the population, and it is greater, for example, in Lancashire than in London; in fact, it is because the improvement in the condition of the workmen of London has not been so great as the improvement in the condition of the workmen of Lancashire, that this book upon which I lecture has taken such hold of you. The evidence of what I say is to be sought not in tables of imports and exports, but in the statements of the workmen themselves.

Workmen who remember England as it was 40 years ago, know well that their condition now, as compared with their condition then, is one which may be said to be almost a civilised one. If you turn to the memoirs of the Chartists, if you turn to the memoirs of men like Samuel Lovett and Thomas Cooper, you can there see what the suffering was. You can there read descriptions of men who clamoured to be sent to prison that they might not starve. You read there descriptions of labourers who burnt ricks, and asked when the fighting was to begin; and you may there read a description of the wretched weavers and stockings of Leicestershire, cowering in their miserable workshops. The time when such suffering as that—which, mind, was not the suffering of the habitually degraded class of our population, but the suffering of the class of skilled workmen upon whom our national strength depends—the time when such suffering as that could be endured has passed.

If we wanted any further evidence of that bygone misery we might find it not merely in the sufferings of the people themselves, but in the sufferings of great thinkers. The anguish of that dreadful age tortured the sad and brooding spirit of Carlyle into fierce impatience, and clouded the fire of his exhortations. Let us remember when we

³ Delivered the 18th January 1883.

upbraid him with his savage moods, that he, at least, upheld the lamp of duty amidst the storm, and lightened the darkness of the time. Arnold, too, the great and wise man, with an insight almost deeper than that of Carlyle, protested against the false policy of the Liberals of his time. These men could do nothing for the people; and they were maddened by the feeling of their impotence. It was not from them that the salvation of this nation came: it was from Cobden and Bright, and the Anti-Corn Law League.

If in my last lecture⁴ I gave anyone the impression that I underestimated the work of Cobden, I would remove it, because, unless he had laid deep the foundations of the economical prosperity, of this country, the social reforms which we strive for would have been beyond the reach of hope. Cobden, living in the midst of a busy manufacturing population, and with the sagacity of a man of business, saw, at least, one thing. He saw what even Mill, wise and tender as he was to the people, could not see. He saw that the one thing to do was to repeal the Corn Laws. The repeal of the Corn Laws, which Cobden fought for, curiously enough, was not insisted upon by the economists as a remedy for the distress of the people. It is another of those extraordinary instances of the blindness of wise men, when they are not in contact with those who suffer.

In Mill's *Political Economy* you will find an extraordinary passage, in which he says that from the repeal of the Corn Laws he could not hope for much for the bettering of the condition of the people. He said that, because he was misled by a false economic theory. But Cobden, having the brilliant sagacity which shines in Adam Smith, did see in his own county how the men and the mills suffered by the Corn Laws; and he pointed out (and I think we have not sufficiently remarked it since) of what immense importance not merely cheap bread is to the people, but a steady price of bread, which means steady trade. What Cobden said was: If you have a steady price for bread, then will trade, as a whole, be steadier, and the workman be able to calculate his income and his expenditure. And if we turn to the facts since Cobden's time, we see how com-

⁴ The reference here is to something which was said in the discussion that followed the first lecture, one of the speakers protesting that Mr. Toynbee had unduly depreciated the economists, and especially their services in the cause of Free Trade.

pletely his prediction has been verified. Between 1860 and 1870, the difference between the highest and the lowest price of grain was 24s.; between 1870 and 1880 it was 15s. a quarter. That simple fact means that vast masses of labourers are saved from degradation, because, though the depression of trade through which we have lately passed has been great, it is not to be compared for a moment, as the elder workmen know well, and those who have studied the history of the time know, with the agony of 1841.

Now, it is this very improvement in the material condition of the people that constitutes the problem we have to solve, for until people have raised themselves a little, they cannot be really discontented. The people at one time were too brutalised to feel the longings for a more refined life which they now feel; and it is this that we have to settle—how to give them a share in ideals which we have taught them to long for. And the simple difficulty is, that owing to the fact that they have got the suffrage, owing to the fact that we have a free Press, and that they have a greater intelligence—their wants have increased faster than their income. It is a singular thing, that although the material condition of the people has improved, yet the economists have not changed their theory of economic development. It is a singular thing that Mr. George can find the foundation of his views in the works of Mill, and Ricardo, and Cairnes. It would not be surprising if we found a theory that rent must increase, and that wages and profits must either remain stationary or fall with an advance of civilisation, in the works of Ricardo; but it is extraordinary that in 1873 Mr. Mill, in one of his papers on land tenure reform, should have asserted that rent must continually increase, and that profits and wages must either remain stationary or decline. The statement was repeated by Cairnes in 1874, and it seems to be the generally accepted view; but it is a view which is false. In fact, Mr. George's theory would not have received the support it has in England had it not been buttressed by the theories to be found in the treatises of Mill, Ricardo, and Cairnes.

Let me try and explain to you how this theory is proved. In Ricardo's time, as I said in my last lecture, England was in a state of great distress. In order to get corn to feed the people, we had to plough up moors and sheep-walks, and every year the price of bread grew higher. Now, what Ricardo said was this: If the price of bread

risers and the labourer wishes to obtain, and insists upon obtaining, the same number of loaves—suppose, for example, a family takes ten loaves a week—every manufacturer, every great employer, will have to give to his workmen a larger share of the wealth that is made in each trade. That is, the great coal owner will have to give a larger share of the coal to the coal hewer, that he may purchase the same quantity of bread as before; the great cotton manufacturer will have to give a larger weight of yarn to the spinner, that he may purchase the same quantity of bread as before; and therefore the share that will remain in the hands of the employers will be less than before; but in the meantime rent will increase, because the price of bread having gone up every landowner can obtain a higher price for his land. That is the simple statement of the theory of economic development accepted by the English economists. But the theory is not true. For, to take only one point, it is clear that just at the time when the price of bread is highest the labourer is at his weakest, and, therefore, is most help less in struggling with the employer. As a matter of fact, the great employers did make large fortunes during the great war, when rent was very high, as they have made large fortunes since. The reason why Mill did not see this was that he, in common with the whole English school of economists, confounded the return for the use of capital, which we call interest, with what we may call the gains of monopoly and speculation and enterprise.

Because interest, as a rule, but not always, falls with the advance of civilisation, these economists argued that the wages of superintendence also would fall, or, rather, they included the wages of superintendence under the term interest; and there was their mistake. As a matter of fact, therefore, and I have found this to be the case by investigations I have made, in different manufacturing districts in different trades profits have risen in the sense that the gains of the employers have increased since 1840; and that is one explanation of the reason why the workmen are not better off. The increase has not gone, as the English economists said, simply to rent, or mainly to rent; it has gone mostly to the great employers.

But I cannot satisfactorily explain the origin of this theory, that rent is continually increasing, to the detriment of profits and wages, unless you will follow me back once more to that disastrous time when the great modern problems arose. It was in that time that this

peculiar theory sprang up, and unless I can put this theory aside, I cannot effectually destroy Mr. George's view. That time was an awful crisis in the history of the English people. Population, which had been growing slowly during the early years of the eighteenth century, suddenly went forward with an immense impetus under the encouragement of the power-loom, and the spinning machinery, and the steam engine. And then all of a sudden the sun failed, and the heavens broke up. The stars in their courses fought against the English people. Year after year the rain beat down upon the soddened fields, tilled by paupers; and men, women, and children, working with moans and tears in factories and mines from daybreak to night, could get no bread to eat, though our commerce grew, and spread to every clime.

All the Continent was aflame with war, and though our commerce spread, the English labourer took not of the increase, for that which he needed most we could not get then in return for all our goods. We could not get enough bread for him to eat. It was not the fault of the rich in this case. We had come to one of those great crises in the history of the human race, when in the long struggle between fate and human will (by fate I mean those great uncontrolled natural forces which encompass our life, and those inner workings of our own minds which have not yet been brought under the control of our will)—I say it was one of those times when fate was triumphant, and man went to the ground. It was an awful time, and we may be thankful that we did not live in it; it is no good trying to see that there is a meaning in it. We cannot see the meaning of these things. Every now and then the human race must suffer in silence. Thank God, we have not to suffer thus at the present time!

I will show you now how it is that the rich could not help the poor. We are all amazed at the vast increase of machinery, and at the enormous mechanical power now placed at our service—it is one of the facts which Mr. George dwells upon—and yet we say, how little have the workpeople gained! But the power-loom and the spindle and the steam-engine could do little to elevate the suffering of the people; for if you ask the workman about his expenditure, he will tell you (and I think there is a general agreement about it) that he spends between 40 and 60 per cent.—generally 60 per cent., at least, in the case of the labourer—on food; and so, though you might cheapen

clothing, it was of little avail while you could not cheapen bread. And then machinery brought a vast evil in its train. People—working weavers and spinners—were thrust aside and trampled down by the new machinery; and that at the very time when they needed help most. And again, the rich could not help by money, for, wonderful as it may seem, in spite of the vast heaps of wealth that there were in England, it was impossible for the rich really to succour the poor. And here we have the explanation of the book written by Malthus.

During those bad harvests year after year, with a great war all through Europe, we could not get, as a nation, the bread to eat. There was a limited supply of food; and Malthus urged and argued, that it was of no use the rich giving money to the poor, for it would only raise the price of bread. The only way in which they could help—and they did it as much as they could—was by lessening their own consumption of bread. That is how the idea of natural and inexorable law crept into our economic science. Human will was powerless at that particular time, and Malthus was right in saying as he did, that Trades' Unions could not raise wages, simply because, though they might get higher money wages, they could not get higher bread wages. Now we understand, perhaps, Malthus's doctrine of population. It, like the whole of the English school of thought, was the product of a peculiar and disastrous time.

Population was advancing at an immense pace, and though immense improvements were also being made in agriculture, food could not be grown fast enough. But after a time the crisis passed away, although the theories which had grown up in the brief moment of agony dominated our thought for half-a-century. You may ask, is, then, the theory of Malthus false? Well, it is neither false nor true. I told you in my last lecture, that one thing that we economists had learnt was this, that many of the laws or statements that we made, which we at one time supposed to be universally true, we now understand to be true only under the conditions of a particular time and place. The law of population is not true in America, because increase of population means an increase of wealth; but it probably is true in Norway and in France. How far the doctrine of population is of practical importance to us at the present time I cannot now tell you; but one thing I may say, and it is this—the doctrine of population in its practical application is subordinate to the hope of social reform. I

mean, that we need not trust, as the old economists did, to checks on population, either alone or in the main, or improvements in the condition of the workpeople; but we may trust to the organised work of the community, which will slowly lift them to a higher place.

I have now put aside that doctrine of the English economists which seems to countenance the theory of Mr. George. Let me next take Mr. George's theory in itself, and ask how far, and under what conditions, it is true when applied to an old country like England? Mr. George says that in England rent will swallow up everything, except what is just necessary to induce people to add to the stores of wealth, and to induce the race to reproduce itself—that is, he says, that in an old country like England wages will depend upon the minimum standard of comfort, and that the rate of interest (with which he generally confounds the earnings of monopoly, though he distinguishes them in one place) will depend upon the inducements to save. Everything else besides will be swept off by rent. Now, under what conditions is this true? It would be true in an island where one man possessed the whole of the land, and where the people were subject to him—that is, where he had the physical power to leave them just enough to eat and himself to take all the rest; and even then, of course, from this island there must be no migration of labour or capital; the people of that island must be confined to it.

Is there any country in the world in which circumstances of this sort obtain? Yes; there is more than one. If you turn to India you will find that there, practically, wages—the remuneration of those who till the soil—do depend upon the will of the Government. But notice that in India economic interest, or, rather, the enlightened economic interest of a Government which is slowly struggling to do justice, does protect the people. Othman, the great Mohammedan Emperor, in his first land settlements altered the rent every year; but he soon found that he had made a mistake, because if he swept off the fruits of the earth year after year, there was no inducement left at all to the labourers to work; so, gradually, he extended his settlements to ten years, and we have now extended them to thirty years—that is, for thirty years the labourers are left in possession of the land and of the fruits of the land; for thirty years any increased wealth which they make cannot be carried off by the State. But there is another country

closer home than India in which economic interest has broken down—I mean Ireland.

Ireland is almost too sad a subject for anyone to talk about, but I will say a few words about it. In Ireland you have a population of peasants, with no manufactures to which to resort, as we have in England; and you have a population of peasants, without the alertness and the power of movement which capital gives, and therefore they are at the mercy, or were at the mercy, of the landlords. It is true that in Ireland rent has lowered wages. It is true that what the landlord took lowered the remuneration not only of the peasant farmer, but of the labourer whom he employed; and Mr. Davitt is right in saying that the labourers ought now to share in the reduction of rent which has taken place—for it was partly out of their wages that the excessive rent had been taken. The *Irish Land Act* of 1881, as I told you last Thursday, does mark a great epoch in our history; but it is not an Act in which we can take any pride, for it was not the fruit of patient foresight, watching year after year to remedy the sufferings of a people; it was an Act snatched from us by crime and violence; and though the great statesman who passed it, and who will go down to posterity memorable for passing that Act—and he deserves to be memorable—although this great statesman will go down to posterity memorable for the work he has done, yet we cannot but regret that not only he, but the ruling classes in this country, had not foreseen the evil which came. One or two Englishmen, remember, saw it, and understood it. It is one of the greatest of the many merits of John Mill, that he saw long ago that rents in Ireland ought not to be fixed by competition; but his words were unheeded, and we are responsible—not merely the governing classes, but we, as a nation, are responsible—for neglecting his words.

Is there similar oppression in England? The theory has been that the oppression which was exercised in Ireland was peculiar to Ireland, and that the English farmers, being capitalists, with the power of movement, were able to hold out against unfair exactions of rent, and that the English labourer was also able to protect himself. According to this theory, rent is what is left after wages and profits are paid, and wages and profits are fixed independently of rent. This theory is the accepted one, and it has been especially urged as a justification of the *Irish Land Act*—that the principle upon which it could

be vindicated does not apply here. Now, I wish to make a distinction which I shall recur to later on: a distinction between the power of a landlord to evict or to pull down cottages and throw together farms—what you may call the physical power which he exercises in virtue of his possession of the land—and his power to raise rent. Now it is true—as I have to deal with the management of land, I know it—that under certain conditions you cannot raise your rents against the will of the farmer, because the farmer can say, "I will throw up my farm, and I will either emigrate to America, or remove to some other part of this country." In the present depression of agriculture farmers have thrown up their farms; that is, being capitalists, they have been able to hold their own, and you will find that is especially the case in the districts which border on the great manufacturing centres.

There the farmers are alert, intelligent, and are able to hold their own; but when you come to the South of England, to Dorsetshire, say, or Wiltshire, you will find there that in many districts the farmers are not capitalist farmers; that they have only a little capital; that they are unable to resist the exactions of the landlord, and that the labourers share also in their economic subjection. Now I find from studying Government reports, that it is admitted, or, rather, asserted, by farmers and labourers, that the high rents have in England caused low wages. This has always been denied by landlords; but I have had the opportunity of consulting land-agents who have not been afraid to speak the truth, and these men have admitted to me that on more than one farm they have known a rise in rents to be followed by a reduction in wages—that is, that on a small scale the same conditions obtain in an English county in the South of England that obtain in Ireland and in India. But mind, those conditions are in England exceptional. Wherever you have labourers, such as you have in Northumberland and Durham, who are close to the coal-pits and the industries, and whenever you have farmers with energy, and character, and capital, there rent cannot lower wages, because the labourer has the power of movement, and the capitalist farmer has the power of movement, and there is competition amongst the landlords for the letting of farms.

Now, let us come, having dealt with agriculture, to ground rents in England. Ground rents are of far more importance, perhaps to you than agricultural rents, for, as I hinted at the beginning of my lecture,

the working men in London have suffered from high rents. You I dare say understand that the value of land in London is infinitely greater than the value of land in any other town; it is infinitely greater than the value of land, say, in Bolton, in Lancashire.

If you went to Bolton, in Lancashire, you would find that nearly every artisan lived in a whole house; but you know well that an artisan in London either has to live in two rooms, or has to take a house and let lodgings. Now, here is one explanation of the reason why I think you attribute so much importance to this book of Mr. George's. You have suffered yourselves—whether consciously or unconsciously, I do not know, probably consciously—from the high rents which are exacted in London. Now, let us look carefully into this matter, and see whether we can explain it. Why are rents, in the first place, so much higher in London than they are elsewhere? and in the next place, why do workmen apparently suffer themselves more from high rents in London? It might be argued that economic interest would lead them to expect higher wages in London to compensate them for their higher rents; and in a certain measure wages are higher in London than they are, say, in Oxford or in Bolton, in similar trades, but I think from my own inquiries, and from the opinions of workmen whom I have consulted, that this higher rate of wages does not compensate for the greater cost of living.

Now the reason why land is of such immense value in London is this. Land in London will bear or has a great many uses; and if a labourer wishes to live in the middle of London, he will have to pay a rent which will not be merely determined by the value of the land for his own house, but by the value of the land for a warehouse. If you let it for a warehouse, you let it for an enormous rent, and, therefore, if you are going to build an artisan's house upon it, that artisan's house will have to pay a much higher rent than it would have to pay supposing the land were only adapted for this one class of house. Now, to show you that this is the case, if you go to great manufacturing towns in Yorkshire and in Lancashire, you will find often that there is a gradual movement of factories from inside the town to the outskirts. That is, the great mill-owners find that the land is so valuable for warehouses, and that they have to pay such a high rent if they keep their factories on the land in the centre of the town, that it pays them better to take their businesses outside, and build in the

valleys, or on the edge of the moors. There is an instance of what I mean—the great value of the land causing, you will observe, a great difficulty to the manufacturer for a time, because the rent he pays is not determined by the value of the land for the use of his factory, but, say, by the value of his land for its use for a warehouse.

Now then, what bearing has this upon wages and interest and profits? In the first place, there is no doubt that some capitalists may have suffered by the exactions of landowners in great towns; but if you go to Lancashire or to Yorkshire, you will find that that is not the case. In most of the great Lancashire towns the mills are built either on a 99 years lease, or upon—what is practically a freehold—a 999 years lease. That is, the owner of the land is powerless to demand a high rent for his land; and from inquiries I have made of men who ought to know, because they are manufacturers themselves, I have learned that not only is this the case, but that even at the termination of the 99 years lease the rent is often not raised. You may ask me in astonishment, why does the landowner let the manufacturer stay there? For a very simple reason; the business of the factory is essential to the prosperity of the place. If the landowner tries to exact a high rent, there are a great many places elsewhere on which the cotton spinner can build his factory, and if he goes, then will the population follow him; then will the cottages which belong to the landowner become tenantless; so that it is the landowner's interest in Lancashire not to exact a high rent, but rather to let the land for the factory go very cheap. And it is clear that in Lancashire rent has nothing whatever to do either with a depression of profits, supposing there to be a depression—which has not been the case—or with a depression of wages. Wages in Lancashire are independent of the power of the landowners of Lancashire as a whole.

But directly you come to London you find an entirely different state of things. I have noticed in some of the papers indignant letters, evidently inspired by Mr. George's book, which I should say have been written by London leaseholders. Leases in London are far shorter than they are anywhere else. Whereas in Bolton you get a 99 years lease, and may not get your rent raised at the end of it, in London you often can only get a 60 or 75 years lease, sometimes shorter, because the old corporations—colleges, and so on—could not let their land for longer than 40 years; and at the termination of the lease

the rent is raised. But observe, during the 40 years of the lease the owner of the ground is powerless even here. The holder of the lease stands, as it were, in his place, and is able to appropriate the fruits of the growth of speculation and of his enterprise, and the labourer is able to share it with him if he combines in Trades Unions. But at the end of the term the landowner raises his rent—and now we come to an important question. It is quite clear he can sweep off the increased value of the land, but can he sweep off more? Can he raise his rent to a point which will not only transfer to him that "unearned increment" which has hitherto gone to the tenant, but will diminish the profits of the tenant's business? No, he cannot, except, as I will show you, under certain exceptional conditions, because, as a rule, as I know from experience, those who own or rent these shops and warehouses will say, "I will not stay here. I will go elsewhere;" and as there is competition amongst the owners of land in London to let land, it is quite clear that the owner of the shop or business has the power to move elsewhere, and other men will be glad to let their lands to him. I have known instances where shops have stood empty year after year, I know of one in Oxford at the present time, simply because the owner of the house persists in asking a higher rent than that which the shopkeeper says he can afford to pay and yet make the ordinary profit on his trade. So you will observe that, though the landowners are able to sweep off the increased rent, they are not able to diminish profits, and, therefore, not to depress wages so far as they depend upon profits, except where a man's business depending greatly upon local connection, he is unwilling to forego his connection, and unwilling to leave his house and shop, and, therefore, is forced to take lower profits in his trade, in order to retain the advantages of staying there.

I have now shown that rent in agriculture and in great cities does not lower profits or wages, except under certain exceptional conditions, which I shall deal with later on. If I had time I could give you a great number of facts to show that Mr. George's assertion, that wages and interest always fall as rent rises, is constantly disproved by history.

I will only take one instance from our own recent experience. Between 1850 and 1878 there was a great rise of rent in this country. Even in the case of agricultural land there was an increase of 40 per

cent., while the rent of town land, of course, rose even more considerably. Did interest and wages fall? On the contrary. Interest remained stationary while wages rose, rose to nearly double in a few cases, but rose more or less in almost all. Now we come to the question: Since rent does not directly lower profits or lower wages, ought we to confiscate rent?

First of all, let us ask what we should gain—what the money gain would be? You will remember that Mr. George, in his book, states that he would not take the whole of what is commonly called rent but, only that part of rent which was due, not to individual exertions and enterprise, but to the natural growth of civilization—that is, he wishes that every man should keep that which he has earned himself; and he there follows the English economists. But he asserts that the community ought to obtain that which practically the community has produced. Now, can we divide the rent which is really the result of labour and capital from rent which is what Mr. George would call payment for the bare use of land? Take, first of all, the rent in agriculture. What is the rent of agricultural land in the United Kingdom? The rent, according to the latest available income-tax returns, is 69,000,000.⁵ Now, about 10,000,000 of that is Irish rent, and that is being reduced. Again, about 10,000,000 of it is the rent of corporate property—property which either is, or ought to be, as I understand it, directed to a public use. Of that figure I am not quite certain. Now, if we deduct, say, 10,000,000 of corporate rent, and deduct the sum which the Land Commissioners have taken from the landlords of Ireland and handed over to the peasants, we may fairly say that the rental still left to deal with does not exceed 60,000,000.

Now, what part of that are we to regard as due to the growth of the community, as "unearned increment"? It is a very difficult thing to say. I have done the best I could. I have talked with land-agents about it, especially with one land-agent whom I have the honour to know, who is not only a land-agent, but a good Liberal, and a man who, though he has dealt with land all his life, understands and sym-

⁵ The gross annual value of "Lands" as distinct from "Houses" under Schedule A was returned at something between 69 and 70 millions for each of the four years 1877-8 to 1884 but the total was reduced by about a million in each of the two latter years owing to repayments and allowances on account of agricultural depression.

pathises with the labourers. I asked him what he thought this so-called "unearned increment" would be, and he told me that it was impossible to form an exact estimate; but he pointed out one thing which he considered of great importance. He said: "Of course, Mr. George proposes to leave to the landlords the interest on the capital which they have put into the soil; but a certain portion at least of that capital is wasted; it does not add to the value of the land. For instance, a man may spend a great deal of money in adopting a bad system of drainage, which does not add to the value of the land; in fact, it may depreciate the value of the land; so that the question arises, are you to leave to the landlord the interest on all the capital he has put into the land, or are you to take what is the letting value of the land at the present time, and then see how much, as far as you can, the improvements introduced by the landlords have added to the letting value?" My own opinion is, that it would be fair, supposing we adopted this system, to take the letting value of the land, and deduct only that which the landlords had added to that value. Now, how much would that be? Well, it has been variously estimated. Some people have said it would be two-thirds of the whole; others have said only one-third. If I take an estimate halfway, which I think myself (of course, are all liable to correction on this point) is too high, it would be thirty millions; so that thirty millions would be paid to the English people.

Now we come to the ground rents. These present even greater difficulty. The value of houses, according to the returns I have just referred to, in 1880 or 1881⁶ was 115 millions in the United Kingdom. There, you see, you get land and houses together—we have no separate record of ground rents—the ground rents are hidden away under the rent of houses. The question, therefore, is, have we any data for forming a fair and just estimate? I do not know that we have; but one thing I will point out, and that is this—that the ground rents of London are infinitely greater in proportion to the area of land than those of any other place, owing to the reason I have spoken of.

Take a given piece of land in Bolton or Blackburn, and take an equal piece of land in London, and you will find the difference between the ground rents would be enormous. I believe that many peo-

⁶ 115 millions in 1879-80, 117 millions in 1880-81.

ple have been dazzled and misled by the immense sums which they know land would let for in the centre of this city; they have formed their estimate of the ground rents of the whole kingdom, that is, upon the ground rents of an exceptional place. Still, the ground rents of the whole kingdom would amount to a large sum. I put them myself on some rough calculations which I have made, but to which I do not attach much value, at about 20 or 25 millions, as a whole, out of the 115 millions. I know there is a great difference of opinion about this, and I do not want to rest my case upon it. I found that a friend of mine, an economist of reputation, had also estimated the ground rents at 25 millions. To be safe, then, let us put the ground rents at 30 millions. We now have 60 millions which would be paid over to the treasury of the State if Mr. George's plan were to be adopted. This sum of 60 millions is to be paid for the redemption of the English people! It seems to me simply incredible, that an old and powerful nation like the English, with a long history of free institutions, with men who have suffered for liberty, and who have built up her greatness by devotion and patience—I say, it seems to me incredible, that the members of that nation should think that they can redeem themselves by seizing upon 60 millions of gold and silver. Sixty millions is a large sum, I admit. It is not such a very large sum when you compare it with the national income, which is something about twelve hundred millions—still it is a large sum; but is it a sum for which you are going to risk your whole civilisation?

I do not deny that there may be cases in which it may be justifiable to confiscate property. Such cases have arisen in the history of a great nation. No compensation, as Mr. George tells us, was given to Southern slave-owners for their slaves after the great war; but I am told by the Americans that they would have had compensation if it had not been for the war. Again, I find instances of confiscation in England and our own Colonies, and, I think, justifiable confiscation. For example, the Colony of Victoria in Australia was, until the gold discoveries of 1850-1, not a rich colony at all, and was inhabited by a sparse population, largely composed of great graziers. These men held vast tracts of land from the Government by lease, with the right of pre-emption, that is, of buying at a nominal price. Then came the gold discoveries. The gold discoveries, which brought thousands of men from every country in the world, added enormously to the

wealth and population of the country, and gave an immense increase to the value of the land. The squatters proposed to exercise their right of pre-emption at a nominal price. If they had done so at that time they would immediately, being very few, have had the whole of the colony in their hands, and so the Colonial Government said "No," and it simply wiped out those rights without compensation, and the English Government at home ratified that action. Well, I think that that was justifiable; but do remember of what nation you are speaking in the case of England. It is not a nation that has been ground down for ages. It has had its wrongs and has suffered, I admit; you know that as well as I do; but you know also, that the way we have dealt with those wrongs and sufferings has not been by violent and spasmodic attempts at confiscation, producing a war between classes, but it has been by slow and patient endeavours to do right, by endeavouring to win one class to support another class, and to weld the nation into a compact whole. I admit that rent ought to be taxed; but you have no right—well, it is superfluous to talk about right—I say that it is highly inexpedient in the interests of this community that the proposal simply to confiscate rent should be entertained for a moment.

I have said that I would tell you how you should deal with the taxing of rent. I shall speak on the subject a little later on, when I come to discuss social reforms, and to show you where to get money to carry them out. Before dealing with that point, I wish to ask, having shown you that rent has not lowered profits and wages as a whole (always remember the exceptions), what has lowered wages in England? or rather, what has prevented wages from rising as much as we should have expected them to do, considering the enormous and admitted increase in our wealth? I have made, again, investigations about the rise in money wages, and the increase in the cost of living in this country, and I find that in certain trades (I speak here largely upon the evidence of workmen themselves: I have not gone by statistics much), in certain trades wages have risen. For instance, I believe they have risen very largely (I am now, of course, speaking of money wages) in the boot and hosiery trades in Leicester. They have risen, again, in the copper works of South Wales; they have risen, as you all know, in the building trades, but they have remained stationary in some of the leading trades in which we should have expected

them to rise most. They have risen not at all, or only a little, in the great engineering trades, for example, and many workmen in Lancashire not only have not gained a rise in wages, but have positively suffered—that is, workmen who were earning high wages in factories have been displaced by machinery, and have had to work for lower wages in those factories or in the mines.

The whole question of the rise of money wages is an extremely difficult one; but I may here point out, that about the year 1874, and he repeated the statements in his book. Professor Fawcett, after reading Mr. Brassey's book upon Work and Wages, expressed his astonishment that wages in England had risen so little since Free-trade. He said—"It had been my impression that the workman had largely gained; and I find that the workman has gained but little." He based that statement upon statistics supplied by Mr. Brassey. Now, the point which we have got to find out is this—Why wages did not rise more. You remember that the old political economists told us that there was a physical limit to the rise in wages, and I have shown you how that view arose. But we now know, first of all, that the only physical limit at the present time in a country like England is the whole of the net produce of industry; that is, the whole of the net produce which is the joint result of labour and enterprise. There is the physical limit; and as that net produce is very large, we need not consider that physical limit of much importance. Again, we admit that there is no limit in the amount of previously stored-up wealth. That was an idea that the economists had at one time, but it has been abandoned. No one supposes that labourers in the boot trade in London, or in the cotton trade in Lancashire, are prevented from getting higher wages, simply because, at any given moment, there is only a limited quantity of wealth stored up for ready use. We know very well, of course, that the great mass of things are not stored up ready for use. They are produced when there is a demand for them. If, for instance, the boot-makers of Leicester get higher wages, what happens is, that they begin to spend their money in all the shops in Leicester, and then the trades in Lancashire and Yorkshire become busy, and more coats and hats and other articles of use are made; so, there is no limit, we find again, to a rise of wages, in the previous accumulations of capital.

Where is the limit, then? The limit is in the will of the employer. The limit is not a physical one but one which you may call a moral one. Now remember, if you please, that at present the employers expect what they call a certain rate of profit—a certain rate of remuneration—for their enterprise. The question is, can you—I do not ask for the present, whether it is just that they should have so much, but whether you can, by contrivance, by Trades' Unions, by skilful watching of the turns of trade, get part of that wealth from them? We are not now going to discuss whether employers ought to give more wages; we are going to discuss whether the workman can, under the present conditions, obtain more wages from him by any means to which he may legitimately resort in the present state of society. Now, it is true that the employer is immensely more powerful than the workman. Even when the workman is combined in powerful Trades' Unions, he yet finds it very difficult to grapple with the employer on equal terms. If the workmen, by a combination, succeed in obtaining a rise in wages, the employer can, if he likes, dismiss a certain number of workmen; he can, if he likes, also introduce machinery. I have known instances where a strike for a rise of wages has taken place, and the only result has been that the machine has taken the place of the labourer. This is the employer's power. Mind, we are not condemning the employers; remember that workmen would probably do just the same if they were in their position; in fact, I don't find in my own experience that workmen are better employers than others. I am sorry to say that I find that co-operators—I]do not wish to throw any slur upon the co-operative cause—but co-operators who are workmen, and who are often in the position of employers, have sometimes forgotten the high ideal with which they have started, and have not treated their workmen any better than the capitalist employer whom they intend to displace. I say, therefore, that we are not now discussing whether an employer ought to do a certain thing, or whether he is wrong or right because he does a certain thing. We are simply asking whether you, by using legal means, can obtain a rise in wages from him; and my answer is this—that it is extremely difficult, simply because the employer, as I believe, can either, if he likes, introduce machinery, or, if he likes, reduce his expenditure on wages.

Now, one of the old doctrines of the economists was, that the employers had a fixed sum to spend on wages, and people have laughed

at it. Of course, it is untrue as a general principle, but recent investigations into the condition of the agricultural labourer have certainly led me to suppose that there are classes of employers, probably the most ignorant and stupid, who, having spent habitually a certain sum on labour, when wages rise, rather than employ the same number as before at the higher wage, will dismiss a certain number of the labourers, and spend only the same sum as before.

You see, therefore, the difficulties. Now, what have been the remedies which the workmen have relied upon? The workmen, in the first place, have relied upon Trades' Unions; and I believe myself—(and I think this, again, is a thing which London workmen do not realise as fully as workmen in the North, in the iron and coal trades)—that the great Trades' Unions, when properly organised, and supported as they will be more and more by public opinion, the public opinion of the whole of the people, will be able, not by coercion mainly, but by forcing the employer to respect them, and slowly to conceive of the idea of introducing equity into his dealings with workmen—I do think that the Trades' Unions may enforce a rise in wages in the future. As a matter of fact, the Trades' Unions have so far succeeded that in the North of England, and in other parts of the country, boards, which are not known in London, called Boards of Conciliation, have been formed, upon which employers and workmen sit, at the same table, to discuss the question of wages. These boards I think myself are of very great significance, because they could not have been formed unless the employer had recognised the political equality and independence of the workmen; and mark what that means. The workman, as Mr. Mundella told the Trades' Unions Commission in 1867, had in the past been treated by the employer as a serf and a dependent; when he obtained the franchise and got political rights, the employer was forced to respect him, and admit him to an equal footing. And—this is the point—directly you get the idea of citizenship extended from one class to the whole people, it is inevitable that in time the relations between classes must change.

I do not mean to say that they will change at once, but I do know that these considerations slowly begin to act upon the employers, and that if we, the English nation, are only true to ourselves, and to our ideals, we shall be able to coerce the employers, not by physical force, but by a far more powerful and subtle force—public opinion—

into yielding to the workmen the wages which they deserve. The employers, as I say, may be worked upon in that way; but there is also one other method of dealing with them, that is, by international co-operations of workmen. There was a society formed some years ago, of which Professor Beesly knows the history—for he was concerned in it—which was called the International, and was much misunderstood in England; but it had for its main object a thoroughly legitimate thing, viz.—the combination, the peaceful combination, peaceful and intelligent combination of workmen in different countries in Europe, to prevent employers reducing wages by importing foreign labour. Now that society broke down, and it is important to remember why. It broke down because workmen were not yet fit to co-operate; that is, they were not yet fit for international co-operation. I say that the workmen were not fit at that time to carry out this work, because it involved co-operation between men of different races, different languages, different ideas and prejudices. But the history of that society teaches us one great lesson, which is this; that the thing can be done, and probably will be done in time. But remember that the material change you want can only be got by the development of higher moral qualities. That is a thing which I am afraid a great many of you do not understand. You do not realise what a subtle and delicate and complicated thing civilisation is. Civilisation has not been built up by brute force, as I told you before; it has been built up by patience, by self-sacrifice, by care, by suffering; and you cannot, and you will not, obtain any great material change for the better unless you are also prepared to make an effort to advance in your moral ideas.

So far, then, I have dealt with the question of a rise in wages as between employers and workmen. Is there any remedy which can be offered besides? I think you will find, if you study the question, that there is one remedy which has been much spoken of and dealt with in Lancashire and Yorkshire, but, again, is little understood in London. That is the difficulty of dealing with you London workmen: you lead a peculiar life; you have a sort of civilisation of your own; you have a history of your own; and I, talking about the workman's life in Lancashire and Yorkshire, have sometimes been surprised to find that workmen in London are as ignorant of it as if—well, as if they belonged to the middle class. Now, what can co-operation,

which is a great name in Lancashire and Yorkshire, and of which Mr. Lloyd Jones has been the champion for so long a time—what can co-operation do for the workmen to obtain a rise in wages?

There has been a great difficulty in the way of co-operation, for that, again, has implied higher moral qualities; and not only that, but it has implied great energy and power of mind; for industry, as it is carried on in modern times, is, as we know, carried on upon a large scale, and a man requires to be, in a rough way, a kind of genius in order to grapple with trade, to watch markets, to know what shall be made, where to buy his materials, and when to close his factories. Now, workmen have never been able to succeed up to the present time on a large scale (I think I am right) in co-operative production; but I do believe that co-operative production can succeed, and I wish co-operators would turn their attention to one thing. I have said that most of the trades in England are carried on on a large scale, but there are some trades which are carried on on a small scale. There is the nail trade, for instance, in South Staffordshire. We have been horrified by the revelations of the state of things in the nail trade. Now, the nail trade is a trade, so far as I understand it, not requiring much capital, and which could be grappled with by co-operators. Might I suggest to the co-operators that they should turn their immediate attention to those trades in which small capital is required, and see whether they cannot redeem the workers in them—for the condition of the workers in the nail trade is infamous.

There are many other points with regard to co-operation which I might deal with, but I have no more time. I must turn now to agriculture. I have said that I would deal with the taxing of rent and deal with agricultural wages. What can be done to raise the wages and improve the condition of the agricultural labourer? We know that the historical policy of the Liberal party with regard to land has been what has been called free trade in land, but that we know in the last year or so has fallen slightly into contempt amongst them. Men thought great things of it at one time, but they now see this; that if you had free trade in land you would only get larger estates than before, and what we want to do is to prevent 2,238 men owning half of the United Kingdom. That is an appalling fact, and it has impressed not only people who propose the nationalisation of the land, but people who do not propose such a revolutionary measure, as they

would call it, but who propose other measures which, they think, would prevent a catastrophe. These people have proposed peasant proprietorship. They have said, and men on all hands begin to admit (even those who would alter things as little as possible), that there is a great danger to society in the existence of such a small number of landowners in the midst of a vast population like this. Now, let us consider first the old Liberal remedy. Is it of no use? I have taken immense pains to study this question. It is one of those questions in which historical investigations are of primary importance; until you know, that is, the reasons which have led to the accumulations of land in the past, you cannot faithfully say what the effect of free trade in land will be.

I cannot even summarise my conclusions to-night, but I will tell you my opinion, and you may take it for what it is worth. My own opinion is, that the land has in England been got together into a few hands mainly for political and social causes, for I find that the dispersion of small freeholders in England follows very closely the growing supremacy in politics of the great landowners. From 1688 to 1800 the small freeholders went, and during that time the great landowners were on the throne. Now, the question is: If we had free trade in land, would those political motives disappear? No. I think if you had free trade in land alone, and left free trade in land to do the work alone, you would not get a dispersion of land. But I think if you accompanied such measures by sweeping and vital and necessary political changes—if you reform the House of Lords, which you will have to do; if you establish County Boards—that is, if you place the government of the English counties in the hands of the labourers and inhabitants of the counties; if you abolish the Game Laws; if you remove all those other privileges which at present induce men to buy land, I think it is extremely probable, though we have men of enormous wealth in England whose passion now is to buy land, that in future those men might be content as, on the whole, men are content in America, to buy just enough land for residence, and not to accumulate estates in county after county for the sake of political influence.

I know that there are large estates in America; but I find that those, as a rule, are held for speculation—that is, the men who hold them are not rich men, wielding vast political power—they are men who

are called land-poor—they are poor men who are impoverishing themselves in order to enrich themselves by the sale of the land in the future. I cannot argue this out now—I may at some future time—but there is one point I want to insist upon. The question is this: If free trade in land gives you a greater distribution of land, will it improve the condition (and that is the real point) of the agricultural labourers? Now, in the first place, I would point out that, of course, free trade in land would be accompanied by improved agriculture. Men having absolute ownership of land (and that is included under the term free trade) would put capital into the land, would spend more money in wages; and in this manner the labourer's position would improve. It is indeed pointed out in answer to that, that where agriculture is at its best, the condition of the labourer is often at its worst.

That I admit is sometimes the case; and it is not merely necessary to get efficient production, you must look into the matter, and see whether there is not something wrong with the methods of distribution in agriculture. Now, the peasant-proprietorship scheme is meant really to meet this difficulty. You mean, those of you who propose it, to give to the labourer the land in order that he may have his own small plot of ground, may become prosperous, perhaps, and certainly a Conservative. Now, the agricultural labourer, I imagine, is not yet fit to become a peasant proprietor, and what is more, if he were, I should say, that it was a highly dangerous and foolish experiment to make at the present time. When you are proposing to introduce great economic changes, you do not sit down in your study and manufacture a scheme. You carefully watch the course of things, you carefully observe the movements of population and of wealth and the habits and ideas of the people, and you try and forecast the results of your measure. Now, I maintain, first of all, that economic conditions in England are far too uncertain to admit of this proposal being adopted at present in any but the most tentative way.

The most experienced observers say that, apart altogether from the seasons, the future of agriculture is an extremely uncertain one; and if it is so, it is quite clear that by putting the labourer on the land you may simply involve him in ruin. You have to wait, and this is what I especially want to impress upon you, you have to wait to deal with this thing until the economic conditions are more settled. There is a

great disturbing fact in the West of America—the great farms of the West of America; but these farms, I think from what I observe, are beginning to disappear. The soil in many cases is getting so exhausted, that it does not pay to cultivate in the present wasteful manner, and therefore the extraordinary low price of corn which has prevailed in the English markets may not prevail in future. Still, I say, that it is uncertain, and while it is uncertain, the transference of the land to the peasantry at the present time might prove a destructive gift to the peasants.

Next, I think I can point out that it is quite possible for you to effect a decided improvement in the condition of the agricultural labourer without trying any such measure. What I think the Liberal Party might try is this. They might say, first of all, that all the commons and all the waste lands in the kingdom, instead of, as at present, being under an Enclosure, or rather, it has now become a Land Commission, should be really placed in the hands of either the Village Commune, as in France, or of the County Boards, which are now to be established. These waste lands are, of course, very much smaller than they used to be, but they are still of vast importance, and if you can place them in the hands of the County Boards, you would then prevent, at any rate, the labourers suffering in the future from the enclosure of the remnants of their commons, and, in the next place, you would enable land to be let to labourers where experiments could be made as to the possibility of peasant proprietorship. That, I think, is a suggestion that might be considered. But further, I think there is this one thing necessary. It is necessary that labourers in the country, as well as in the towns, should be able to buy their houses, and, if they wish, to get a plot of land as well. I do think it is reasonable to demand that the labourer should have a right to buy a house if he wishes, and that he should have also the right either to rent or to buy, say, a half acre of land, the half acre which Mr. Joseph Arch demands. That seems to me a reasonable proposal, and if you do that, you will then, to a certain extent—to a large extent, secure the independence of the agricultural labourer, for it is no good conferring a vote upon him unless you do secure his independence.

Next, we come to the taxation of rent. What can be said for the taxation of rent? Mill's original proposal, which was made by him in 1870 in consultation with some of the London workmen (who were

as eager about the nationalisation of the land then as you are now), was that what he called the unearned increment should be taken, but that it should not be taken as Mr. George proposes, without compensation, but should be taken after a time, after the land had been valued. Now, I do not think that that is a very practicable thing. But what could be done is this. I think you could tax land more than you do by the present income tax if you increased the tax on the income of capitalists at the same time. You may say that is a very extraordinary proposal, but in thinking it over I think that it is just. All property in this kingdom is held subject to taxation. What really is unjust is, that you should suddenly put a great burden upon one class alone.

In 1842, Sir Robert Peel, in order to carry out some great financial changes—in order, in fact, to inaugurate the era of Free-trade—imposed the income tax, which was, practically, of course, a deduction from the income of the propertied classes; and as such it affected the selling value of shares. Now, no one disputed it to be his right to do that; in fact, it was admitted to be his right, and I think if you imposed a tax, not at first a heavy one, perhaps a graduated tax, according to the size of estates and the size of incomes, you would go some steps towards meeting the difficulty. These questions, as I said, are difficult—they are not simple—and you cannot decide upon them at once by a "cheer," or a "no," or a "yes." They have to be decided upon by careful working, and by devotion to the people. I say if this were done, I think you might succeed in getting a large revenue in time from the lands and from the capitalists, through the taking of which they would not suffer, and which would enable us to carry out those great reforms which we desire.

There is one thing to be remembered. I do not think the rich would object to taxation very much if they thought that the money which was taken would really be of vast use to the people. The rich in the past have not shown themselves unequal to great emergencies. An aristocracy like ours cannot be wholly base, because it has ruled so long. It is a far better aristocracy, for example, than the aristocracy of France, because it has been a ruling aristocracy; and although a man may be debased by ruling a people, he may also be elevated by it; the sense of responsibility may elevate him and strengthen his character, and he may be open to appeals to his sense of justice. Now, I do think that the rich in this country, both landowners and others, are

open to such appeals, and I think if we could make that appeal, and make it effectively, we might get such a measure of taxation carried out as would enable us to carry out also, and realise, the reforms that we want.

What are those reforms?⁷ We come now to the last part of all, and I shall indicate at once the practical reforms which I suggest, I am not going to dogmatise upon them. I am only going to indicate the principles upon which they can be carried out. Let me again tell you one thing. If you want to propose a scheme of practical reform, do not sit down and frame an artificial one, but patiently look into the history of the country. Look, for instance, into the administrative changes that have been going on during the last 50 or 60 years, and see whether you can get any hints for future guidance. I believe you can. I believe we might have learnt great lessons which we have neglected.

First of all, take the question of your dwellings; that is a primary one, and of vast importance. It has two aspects—first, as a question of rent, and secondly, as a question of health and decent comfort. It is notorious that the sanitary conditions of dwellings in great towns is a disgrace; and we find that we have boards who are nominally responsible for the inspection of these places, and yet nothing is done. If you turn to the history of factory legislation, you will find that, first of all, we passed Acts which we thought would be effective, but they were not effective, and why? Simply because we did not appoint anyone to enforce them. It was not till 1833 that we learnt, that in addition to passing an Act requiring certain things to be done, we had also to appoint inspectors, who should insist that those things should be done. Now, between 1833 and 1859, an immense change was wrought for the better in the condition of the factory people. Diseases which had been peculiar to them slowly disappeared, simply because the law was enforced, although I admit it was not enforced with sufficient vigilance. You may answer me: "But we have sanitary inspectors, we have medical officers." Well, you have; but then there are two points you must look to. First, these men are often dependent

⁷ When Mr. Toynbee had reached this point the lateness of the hour and his own extreme exhaustion compelled him greatly to curtail the remaining portions of his address.

upon the local bodies for their practice and position, and therefore they will not enforce the laws against members of those bodies whose enmity might injure them; and in the next place, unless some pressure is put upon them, you will get nothing done, because they are often apathetic or too busy with their own practice. Now, have we anything that can guide us in this matter? Yes we have.

Again turn to existing facts. The English people spend something like £16,000 a year in simply enforcing laws to protect animals from cruelty. What we do for animals cannot we do for human beings? Cannot we direct some of this eager, energetic, and restless philanthropy—much of it is good, I admit—but cannot some of it be directed to more profitable use? I do not mean that the protection of animals is not a profitable use, but I do say that philanthropy is wasted largely. Why cannot you form Vigilance Committees, which shall be composed of working men and the members of the middle class alike, who would watch the enforcement of these laws, and insist upon their being enforced; who would keep the sanitary inspectors and medical officers to their work, so that such abuses as we read of constantly in the London papers could not exist any longer? That is one of those practical reforms to which I would desire that you should turn your attention. Land nationalisation is a great thing, but after all, these little things are greater in reality, because they imply the high qualities of patience and combination, to which, more than to sweeping laws, we must look for improvement.

There are many other points I should wish to dwell upon and submit for the consideration of those who think about these things. I have not yet dealt with the question of rent of houses. I myself think it would be possible for the municipality of London, which has practically done it indirectly already, to buy up land, and let it to building companies under certain conditions, companies which should be limited, as the gas companies are and the water companies ought to be, to a certain rate of profit, so that rents could not be raised beyond a certain point, and the workmen could be decently housed in the centre of London at a moderate price; but there are immense difficulties in connection with the scheme. I do not want you to rush away with the impression that the scheme is feasible without the most careful study and thought. You must ask people like Miss Hill, who have worked all their lives amongst the poor, and considered the

question of rents—you must ask such people what they think about it, and you must remember that if you Londoners want to settle these questions, you can settle them, but only by co-operating with those who have time to think. This question of dwellings, as I know, is of primary importance, and can probably be settled in some such way as I indicate. But, mind, you may settle it in the wrong way. We have done a great many wrong and mischievous things in the past by carelessness, and it is of vast importance that you should act circumspectly.

And, finally, with regard to the class of measures I have been speaking of, I think you ought to take care that the great suburbs growing up round London at the present time are not mere blocks of brick and mortar, as they are at present, without a single open space in which you can breathe. You ought to take care that powers are given to local bodies—and you should combine and see that they use them—to prevent this being done, and to secure open spaces. Let the Government give compulsory powers to municipalities to buy up open tracts of land wherever they like. You ought not to have to go back to Parliament every time for power to buy up vacant land. When you want it, you ought to be able to command it yourselves.

Then there is the question of insurance, and the question of insurance is a very great one. There is one important consideration about it, namely, that the middle classes, who have talked to us mostly about this subject, have overlooked the tact that thrift may often brutalise a man as much as drink. I mean this, that a man may make huge efforts to save and to raise himself, and so become narrow and selfish and careless of his fellow-men. Now we want men to raise themselves, without brutalising themselves, and if (I throw this out as a suggestion) you can take into account the great Friendly Societies, which we are justly proud of, which have something like £12,000,000 capital, and to which large masses of the workpeople belong—if the Government could co-operate with them, and adopt some such principle as is adopted with regard to education, by making grants-in-aid under carefully-considered conditions of State audit, and the like, I think it might be possible for the great Friendly Societies in time slowly to reduce their rates of payment, slowly to enable more men to insure, and so in time to diminish pauperism—without, mind, invoking State aid on a large and monstrous scale,

without interfering with those great self-helping voluntary institutions which have built up this nation. But I only throw that out as a suggestion. I only want to show the principle upon which we should work.

And last of all, there is the question of recreation. I suppose what impresses us most in London is the dreariness of life. I do think that the question of recreation is a question for the great landlords in London to consider Will not one of these great men ransom his soul by building a great building, where people may come out of the dreary streets and rest, and listen, if they like, to music such as Milton listened to? Why should not they get, as we do, a sense of the infinite—for a great building is really the infinite made visible—why should not they get a sense of the infinite from great buildings? Why should not they, also, share in our pleasures? If these great men would do this thing, it would be worth their while in many ways. I do think that that is a thing which the rich, at any rate, might think of.

I have said a great deal about reforms, but the question is—How can you get them carried? I shall give you one final word about that. The way we have got reforms carried in England is not by, as a rule, class war, but by class alliance. It has been that the working classes have found friends amongst the best of the middle classes and the rich, and they together have brought such a pressure to bear upon the rest of the rich that the thing has been done. I know the rich are afraid, many of them. I am speaking to an audience of two classes, and I will speak to both. I know the rich are afraid, many of them, of democracy; but they need not fear democracy, for democracy has been able to do much for the rich without their knowing it. It has cleared them of much of the selfishness which necessarily attaches to irresponsible wealth. It has opened their minds to the wants and wishes of the people. It is violent, I know; it is stormy at times, but it is only violent and stormy like a sea—it cleanses the shores of human life.

Now I turn to the workmen. Some of you have been impatient here this evening; you have shouted for revolution; but I do not think that that is the feeling of the great mass of the people. What I do feel is, that they are justified, in a way, in looking with dislike and suspicion on those who are better to do. We—the middle classes, I mean, not merely the very rich—we have neglected you; instead of justice we

have offered you charity, and instead of sympathy, we have offered you hard and unreal advice; but I think we are changing. If you would only believe it and trust us, I think that many of us would spend our lives in your service. You have—I say it clearly and advisedly—you have to forgive us, for we have wronged you; we have sinned against you grievously—not knowingly always, but still we have sinned, and let us confess it; but if you will forgive us—nay, whether you will forgive us or not—we will serve you, we will devote our lives to your service, and we cannot do more. It is not that we care about public life, for what is public life but the miserable, arid waste of barren controversies and personal jealousies, and grievous loss of time? Who would live in public life if he could help it? But we students, we would help you if we could. We are willing to give up something much dearer than fame and social position. We are willing to give up the life we care for, the life with books and with those we love. We will do this, and only ask you to remember one thing in return. We will ask you to remember this—that we work for you in the hope and trust that if you get material civilisation, if you get a better life, if you have opened up to you the possibility of a better life, you will really lead a better life. If, that is, you get material civilisation, remember that it is not an end in itself. Remember that man, like trees and plants, has his roots in the earth; but like the trees and the plants, he must grow upwards towards the heavens. If you will only keep to the love of your fellow-men and to great ideals, then we shall find our happiness in helping you, but if you do not, then our reparation will be in vain.

And, last of all, you must remember that if you will join hands with us, we do intend that we shall as a nation accomplish great things, and seek to redeem what is evil in our past. We shall try to rule India justly. We shall try to obtain forgiveness from Ireland. We shall try to prevent subject races being oppressed by our commerce, and we shall try to spread to every clime the love of man.