



Fabian Tract No. 7.

CAPITAL AND LAND.

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“For the right moment you must wait, as FABIUS did most patiently when warring against HANNIBAL, though many censured his delays; but when the time comes you must strike hard, as FABIUS did, or your waiting will be in vain, and fruitless.”

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CAPITAL AND LAND.

THE practical aim of Socialists with regard to the materials of wealth is* "the emancipation of land and industrial capital from individual and class ownership, and the vesting of them in the community for the general benefit." Land and capital are instruments with which man works for the production of wealth, material for the maintenance of his existence and comfort. Now it is important to notice that, though in common talk we separate the two, and though political economists have given a scientific dignity to this rough classification of the instruments of production, distinguishing as "land" that which has been provided by "Nature," and as "capital" that which has been made by human industry, the distinction is not one which can be clearly traced in dealing with the actual things which are the instruments of production, because most of these are compounded of the gifts of Nature and the results of human activity.

"Land."

The only instruments given to us by Nature are climate, physical forces, and virgin soil. The use of these passes with legal "property" in the land to which they belong, and they are consequently classed with "land." Those virgin soils are called good or fertile which contain in abundance elements which the chemistry of animal or vegetable life can convert into the materials of human food, clothing, etc. Other mineral elements of particular patches of soil are convertible, by the arts of the mining, metallurgic, building, and engineering industries, into a thousand forms of wealth.

How "Land" gets Value.

But even these qualities of virgin soil are of no use or value unless they are found in accessible positions; and their advantage to the proprietor of the land increases rapidly as human society develops in their neighborhood; whilst in all advanced societies we find large areas of town lands whose usefulness and value have nothing to do with their soils, but are due entirely to the social existence and activity of man. Land in Cornhill, worth a million pounds an acre, owes its value to the world-wide industry and commerce whose threads are brought together there, not to its natural fertility or to the attractions of its climate. "Prairie value" is a fiction. Unpopulated land has only a value through the expectation that it will be peopled.

* See the "Basis" of the Fabian Society, page 19.

The "natural" capabilities of land are thus increased, and, indeed, even called into existence, by the mere development of society. But, further, every foot of agricultural and mining land in England has been improved as an instrument of production by the exercise of human labor.

First, of human labor *not on* that land itself; by the improvement of the general climate, through clearing of forest and draining of marsh; by the making of canals, roads, railways, rendering every part of the country accessible; by the growth of villages and towns, by the improvement of agricultural science; and still more by the development of manufactures and foreign commerce. Of all this human labor, no man can say which part has made the value of his land, and none can prove his title to monopolize the value it has made.

Secondly, all our land has been improved by labor bestowed especially upon it. Indeed, the land itself, *as an instrument of production*, may be quite as truly said to be the work of man as the gift of Nature. Every farm or garden, every mine or quarry, is saturated with the effects of human labor. Capital is everywhere infused into and intermixed with land. Who distinguishes from the mine the plant by which it exists? Who distinguishes from the farm the lanes, the hedges, the gates, the drains, the buildings, the farm-house? Certainly not the English man of business, be he landlord, farmer, auctioneer, or income tax commissioner. Only the bold bad economist attempts it, and, we must add, some few amongst our allies, the Land Nationalizers. It may be worth while to digress for a while in the company of these latter.

A Word to "Land Nationalizers."

The arguments revived in our generation by John Stuart Mill and Henry George, and the activity of the various societies that have taken in hand the work of diffusing them, have now converted an immense body of public opinion to the Socialist view of the justice of, and urgent necessity for, Nationalization of the Land; or, at least, the absorption, by the State or Municipality, of ground rents, mining royalties, and similar unearned profits from the soil. Land Nationalizers go, generally, so far with Socialists that (in the words of the Fabian "Basis") they "work for the extinction of private property in land, and of the consequent individual appropriation, in the form of rent, of the price paid for permission to use the earth, as well as for the advantages of superior soils and sites."

But some, who are thus far Land Nationalizers, still shrink from any interference with the legal powers enjoyed by the holders of capital. Hence a most unfortunate separation exists between them and the Socialists, whose design of nationalizing the industrial capital with the land appears to them unjustifiable and unessential.

Capitalist and Landlord in One Boat.

They use the argument that capital, unlike land, is created by labor, and is therefore a proper subject of private ownership, while land is not. Socialists do not overlook the facts on which this

argument rests, but they deny, on the grounds already partly stated, that any distinction can be founded on them sufficiently clear and important to justify the conclusion drawn. But, supposing we assume it true that land is not the product of labor, and that capital is; it is not by any means true that the rent of land is not the product of labor, and that the interest on capital is. Nor is it true, as Land Nationalizers frequently seem to assume, that capital necessarily becomes the property of those whose labor produces it; whereas land is undeniably in many cases owned by persons who have got it in exchange for capital, which may, according to our premisses, have been produced by their own labor. Now since private ownership, whether of land or capital, simply means the right to draw and dispose of a revenue from the property, why should the landowner be forbidden to do that which is allowed to the capitalist, in a society in which land and capital are commercially equivalent? Virgin soil, without labor upon or about it, can yield no revenue, and all capital has been produced by labor working on land. The landlord receives the revenue which labor produces on his land in the form of food, clothing, books, pictures, yachts, racehorses, *and command of industrial capital*, in whatever proportions he thinks best. The ownership of land enables the landlord to take capital for nothing from the laborers as fast as their labor creates it, exactly as it enables him to squander idly other portions of its product in the manner that so scandalizes the land nationalizers. When his tenants improve their holdings by their own labor, the landlord, on the expiration of the lease, remorselessly appropriates the capital so created, by raising the rent. In the case of poor tenants holding farms from year to year in Ireland, the incessant stealing of capital by this method so outraged the moral sense of the community, that the legislature interfered to prevent it long before land nationalization was commonly talked of in this country.* Yet land nationalizers seem to be prepared to treat as sacred the landlords' claim to private property in capital acquired by thefts of this kind, although they will not hear of their claim to property in land. Capital serves as an instrument for robbing in a precisely identical manner. In England industrial capital is mainly created by wage workers—who get nothing for it but permission to create in addition enough subsistence to keep each other alive in a poor way. Its immediate appropriation by idle proprietors and shareholders, whose economic relation to the workers is exactly the same in principle as that of the landlords, goes on every day under our eyes. The landlord compels the worker to convert his land into a railway, his fen into a drained level, his barren sea-side waste into a fashionable watering place, his mountain into a tunnel, his manor park into a suburb full of houses let on repairing leases; and lo! he has escaped the land nationalizers: his land is now become capital, and is sacred.

The position is so glaringly absurd, and the proposed attempt to discriminate between the capital value and the land value of estates

* See, for instance, the Irish Land Acts of 1870 and 1881.

is so futile, that it seems almost certain that the land nationalizers will go as far as the Socialists, as soon as they understand that the Socialists admit that labor has contributed to capital, and that labor gives some claim to ownership. The Socialists, however, must contend that only an insignificant part of our capital is now in the hands of those by whom the labor has been performed, or even of their descendants. How it was taken from them, none should know better than the land nationalizers.

It is scarcely necessary to enlarge on or illustrate the obvious truth that, whatever the origin of land and capital, the source of the revenues drawn from them is contemporary labor. The remainder of this Tract may still further impress the impossibility of maintaining any hard and fast lines between them, either as regards their characteristics and importance in developed societies, or the defensibility of their private ownership or the arguments for their nationalization.

“Capital.”

To return from our digression: When we consider what is usually called *capital*, we are as much at a loss to disentangle it from land as we are to find land which does not partake of the attributes of capital.

For though capital is commonly defined as wealth produced by human labor, and destined, not for the immediate satisfaction of human wants, but for transformation into, or production of, the means of such satisfaction in the future; yet railways, docks, canals, mines, etc., which are classed among the instruments of production as capital, are really only somewhat elaborate modifications of land. The buildings and the plant with which they are worked are further removed from the form of land, but we lump the lot as capital. All farming improvements, all industrial buildings, all shops, all machinery, raw material, live and dead stock of every kind, are called capital. And just as there is a purely social element in the value of land, so are there purely social elements in the value of capital; and its value, in all its forms, depends upon its accessibility and fitness here and now, and not on the labor it has cost. The New River Company's Water Shares have their present enormous value, not because Sir Hugh Middleton's venture was costly, but because London has become great. The usefulness of fixed and unchangeable forms of capital increases and decreases through external causes, just as does that of land. If instruments of production must be classified, the best division of them is into *immovables* and *movables*; the annual value of buildings, railways, mines, quarries, waterworks, gasworks, durable fixed machinery, and many other forms of so-called capital, manifestly agreeing with that of land in fluctuating according to causes of which the effects are generalized in the “Law of Rent” of abstract economics.

Besides industrial capital, there is a considerable amount of what has been conveniently called “consumers' capital.” Dwelling-houses, and all their domestic machinery and conveniences are as necessary for production as land and factories; for though the worker uses them in his character of consumer, they are necessary to maintain

him in efficiency for his work. All private stores of food and clothing, all forms of personal property, may likewise be classed as consumers' capital. It will, however, be evident that, in classing these as capital, the signification of that name is becoming very vague and indefinite.

Finally, we have such purely non-material and social kinds of capital as banking and credit organizations, inventions, and other devices for extending and intensifying our power over Nature; social forces of immense importance for the carrying on of wealth production, largely capable of social ownership, not entirely capable of private monopoly, but at present appropriated by some individuals more than by others.

What is the Estimated Value of our National Stock of the above-named form of Wealth.

In December, 1889, Sir Robert Giffen attempted to compute the capital value of realized property in the United Kingdom as it was in the year 1885.* The following table is reproduced from that furnished by him, the figures being corrected according to the official Returns of Income Tax Assessments for 1901-2.† The estimate of the value of the capital is arrived at by taking what Sir R. Giffen considered a suitable number of years' purchase of the income:—

Under :	Gross Income.	No. of Years' Purchase.	Capital Value.
	£		£
Schedule A—			
Profits from the ownership of—			
Land	52,463,477	26	1,364,050,302
Houses	184,572,687	15	2,768,590,305
Other property	1,195,773	30	35,873,190
Schedule B—			
Profits from the occupation of lands (farmers' profits mainly)	52,807,002	8	422,456,016§
Schedule C—			
Profits from British, Indian, Colonial and Foreign Govern- ment Securities	44,288,647	25	1,107,216,175
Schedule D—			
Quarries, mines and ironworks.	25,875,255	4	103,501,020§
Gasworks	5,899,013	25	147,475,325§
Waterworks	4,706,725	20	94,134,500§
Canals, etc.	3,235,943	20	64,718,860§
Fishings in the U.K. and Sport- ing Rights in Ireland	223,781	20	4,475,620§
Markets, tolls, etc.	757,058	20	15,141,160§
Salt springs or works and alum works... ..	85,199	20	1,703,980§
			<hr/>
			6,129,336,453

(For notes and explanations as to this table, see next page.)

* See *The Growth of Capital*, by Robert Giffen (London, Bell and Sons, 1889). Also *Essays in Finance*, 2 vols., by the same author.

† Forty-sixth Report of the Commissioners of Inland Revenue [Cd.—1717], price 1s. 10d. The amount stated as annual farmers' profits appears to be excessive, as Sir R. Giffen overlooked the fact that the Income Tax Acts assume the net profits of agriculture (in England) to be equal to one-half the rent, not the whole as here given. The number of years' purchase of rural land may also be regarded as too high. On

Gross Income.	£	No. of Years' Purchase.	Capital Value. £	
Schedule D—				
Cemeteries	205,598	20	4,111,960	\$
Railways in United Kingdom ...	38,710,808	28	1,083,902,624	\$
„ out of „ „	14,610,574	20	292,211,480	
Loans secured on public rates ...	6,595,259	25	164,881,475	
Indian, Colonial and Foreign Securities (other than Govern- ment)	9,367,766	20	187,355,320	
Other interest and profits... ..	15,907,637	20	318,152,740	
Other businesses, professions, etc., taking one-fifth of the gross in- comes as interest on capital ...	72,307,698	15	1,084,615,470	\$
Businesses, professions, etc., omitted from assessment, say 20 per cent. on amount assessed (£361,538,494), taking one-fifth of this income also as interest on capital	14,461,529	15	216,922,935	\$
Income from capital of non-tax- payers, say	70,000,000	5	350,000,000	\$
Foreign investments not included in Schedules C and D, say ...	50,000,000	10	500,000,000	
Movables, not yielding income, say Government and local public pro- perty, say			1,000,000,000	
			600,000,000	
			5,802,154,004	
			6,129,336,453	
			11,931,490,457	¶

“Land” and “Capital” Indistinguishable.

It may be noticed that there is no attempt in this table to distinguish between what Land Nationalizers might think should be classed as land, and what they would admit to be capital. The common sense of the ordinary business man and statistician recognizes that such distinction is impracticable and arbitrary. To the business

the other hand, that of urban properties is much understated. But these considerations do not materially affect the aggregate total, and Sir R. Giffen's basis has therefore been throughout maintained.

|| These amounts being conjectural only, are reproduced from Sir R. Giffen's estimate in 1885, with small additions, amounting in all to £155,000,000, on the capital value.

§ Of these totals which make up the “industrial capital” of the country, amounting to £3,593,159,470, at least £2,921,504,990 is under joint stock management, £1,725,940,512 being the paid-up capital of the 31,429 registered companies carrying on business in April, 1901, and £1,195,564,478 being the paid-up capital of the railways in the United Kingdom at the end of 1901. See the Annual Statistical Abstract, forty-ninth number, C—1239 (1902); price 1s. 2d. To this must be added the capital administered by chartered banks and trading companies, not registered under the Companies Acts.

¶ Owing to a re-arrangement of the Income Tax Returns, the total works out at less than on the method previously in use. It is now probably a considerable understatement. If we compare this total for 1902 with those of previous years, we find the total estimated by Sir R. Giffen in 1865 was £6,114,063,000; in 1875 £8,548,120,000; and in 1885 £10,079,579,000. In a paper read to the British Association in September, 1903, and published in the Journal of the Royal Statistical Society, Vol. LXVI.,

man they are both equally forms of property, merely different kinds of investments—that is, arrangements for obtaining a revenue from the labor of others. The practical statesman sees in them simply sources of income, and assesses them equally to income tax. Indeed, that famous tax of 20 per cent. on rent, of which the English Land Restoration League and many Radicals are demanding the revival, was not imposed as a land tax at all, but formed part of the incidence of a general tax of four shillings in the pound on the annual value of ALL REALIZED PROPERTY AND SALEABLE INTERESTS, excepting only farm stock and household furniture.* Will not the Land Nationalizers take this hint, and include *all* unearned incomes in their "Single Tax" Program?

Who own all this Land and Capital?

Who, then, are the Landlords and the Capitalists amongst us? They are those persons who own the instruments of wealth-production and enjoy the profits of them. In England, as in all developed industrial societies, almost the whole of the land and industrial capital, and most of the consumers' capital (chiefly consisting of dwelling-houses) is at present owned and controlled by one set of people, while it is another set of people who produce wealth by using them.

"Capitalists."

A glance at Sir R. Giffen's table will show how little of the material wealth of England is available for immediate enjoyment or consumption, and how large a proportion is in the form of machinery to aid labor in the supply of our wants from day to day. The value of movable personal property, not employed as instruments of production, must be less than one-tenth of the total. Dwelling-houses, and the land attached to them, may amount to about two-tenths more. But occupying ownership of these properties is the exception, and most of them are used by their owners as an investment yielding rent, paid out of the earnings of working occupiers. The whole of the remainder consists of land and capital employed for wealth-production in agriculture, mining, transport, and other in dustries, trades, and professions.

Part III., Sir R. Giffen estimated the total capital of the United Kingdom to be £15,000,000,000. (The number of years' purchase taken above is low, and a small increase would easily account for this larger figure.) The increase in realized wealth in thirty-seven years may, therefore, safely be estimated at six thousand millions sterling, or an average of more than 150 millions a year. The average annual increase has been at the rate of $2\frac{1}{2}$ per cent., or nearly two and a half times the rate of increase of the population.

* It was an "Aid" (or tax upon realized property) imposed primarily upon all persons "having any Estate in ready Monies, or in any Debts whatsoever owing to them, within this Realm or without, or having any Estate in Goods, Wares, Merchandizes, or other Chattels or personal Estate whatsoever" . . . except "the Stock upon Lands and such Goods as are and for Household Stuff" . . . at the rate of "four Shillings in the Pound according to the true Yearly Value thereof," computed at 6 per cent. of their capital value (see the Act of Parliament of 1692, 4 William and Mary, cap. I., sec. 2), including also the emoluments of public officers, at that time regarded as saleable property (sec. 3), and finally "to the end a further Aid and Supply for their Majesties' Occasions may be raised," a similar tax is imposed on Lands "according to the true Yearly Value thereof at a Rack Rent" (sec. 4).

Four-fifths of our national wealth, we may safely say, consists of such instruments. The wants of the community are supplied from year to year, and week to week, by the reciprocal services of the active workers who use and administer them. The worker, of whatever kind, is paid by a wage, a salary, a professional income, or profits due to his skill in organizing or directing industry, the amount of which is determined by competition between himself and other workers. The owners of the instruments of production receive as rent and interest such an amount of the value of the produce as equalizes the normal income of the workers in each calling; that is to say, they obtain from the workers who are using their land and capital a toll equal to the difference between the product of industry engaged in with any particular instrument of land or capital, and the product of the like industry engaged in with the least efficient instrument actually employed anywhere at the time.

Some of the workers are, it is true, themselves capitalists, that is to say, own larger or smaller amounts of land and capital; and many capitalists work. How many, and how much? Here are some facts gathered from the Report of the Commissioners of Inland Revenue for 1902-3, and other reliable sources.

“Landlords.”

The landlords (*i.e.*, persons owning more than ten acres) number only 176,520. Out of a population of 37,000,000 (1891), less than one two-hundredth part of the population owns ten-elevenths of the total area.*

Probate or administration was granted in 62,310 estates, of the net capital value of £270,473,307, in the year 1902-3; 32,295 of these were estates not exceeding £500 in capital value, their aggregate capital value being £9,719,638; 3,829 were estates of £10,000 and upwards, whose aggregate capital value was £190,715,094.† Two-thirds of the wealth of the kingdom is held by persons who leave at death at least £10,000.‡

“Workers.”

How much land and capital do the manual labor class own? Supposing that *they* were the owners of the *whole* of—

the deposits (1901) in the P.O. Savings Bank§	...	£140,392,916
" " Trustee "	§	51,966,386
the Consols purchased for small holders by the Post Office§		12,786,190
the Consols held for depositors in Trustee Savings Banks§		1,664,687
the nominal capital (1900) of the Building Societies§		46,775,143

* Mulhall's "Dictionary of Statistics" (1892), p. 341.

† Inland Revenue Reports, C—1717, 1903.

‡ See Mulhall's "Dictionary of Statistics" (1892), p. 501. Also "Facts for Socialists," published by the Fabian Society; price 1d.

§ See "Statistical Abstract," 1902 (Cd—1239).

The nominal capital of the—

100 principal Trade Unions (1900)*	...	£	3,766,625
Co-operative Societies (1900)*	28,965,747†
Friendly and Provident Societies (1899)*	39,487,619
Industrial Life Assurance Societies (1900)†	22,998,793

they would own land and capital valued at 348,804,106||

that is to say, a little less than one thirty-fifth part of the land and capital with which they work. The number of *persons* "employed at wages" in the industries of the kingdom was estimated at about fourteen millions, including over four million women in 1891, and must be at least fifteen and a half millions now. The share of the abled-bodied manual workers, in property, then, must average less than £23 per head of those in employment, producing not more than ten shillings a year interest.

What sort of a System is this?

Labor politicians, Land Nationalizers, Conservatives, Radicals, all who interest themselves in social science as the study of the well-being of man, will agree with us that

The Use of Land and Capital

should be to serve as instruments for the active, the energetic, the industrious, the intelligent of mankind to produce wealth for themselves and those who are necessarily dependent on them, and to maintain the conditions of healthy existence for the society which they compose. And will they not also agree with us that it is

The Abuse of Land and Capital

that they should be made by the laws of any people a "property" often owned by entirely idle and unprofitable persons, who may exact hire for them from those who are working for the maintenance of social existence, or may even refuse the would-be workers access to these indispensable instruments of industry? For what are the effects?

If the access be refused—land kept out of cultivation; tillage turned into sheepwalks, and sheepwalks into shootings; natural sources of wealth locked up from use; the pleasant places of the earth, the mountains, the moors, the woodlands, the sea shores,

* "Eighth Annual Report of the Labor Department of the Board of Trade," Cd—1124, 1902.

† "Annual Statistical Abstract," C—1239, 1902.

‡ This figure is considerably less than that given in the "Annual Statistical Abstract," which, however, includes some societies such as the Civil Service Stores, which are not strictly Workmen's Co-operative Societies, though registered as Industrial and Provident Societies under the Friendly Societies Acts.

|| This total is undoubtedly a great deal too large, and much of it is duplicate. Thus, for instance, many of the Building Societies, Trade Unions, Co-operative Societies, Friendly Societies, and Industrial Assurance Societies, bank their surplus funds in the Post Office and the Trustee Savings Banks, and those amounts therefore are in this total counted twice over. Much of it, moreover, is owned by children and others belonging to the middle class.

parked and preserved and placarded, that the few may have space for their pride, while the many must crowd into squalid cities and dismal agricultural towns, and take their holidays in herds on the few beaten tracks left free for them. In commerce—rings, corners, syndicates, pools, and monopolies, and all the fearful social loss and waste of under-production; lock-outs, short time, and other expedients of the reckless selfishness of capitalists who are nursing the market for private ends.

If access be granted—if the land and capital be devoted to their proper use, then it is on condition that rent and interest be paid to the proprietor, simply in virtue of his existence as such. He may or may not be doing some work of social utility, but the rent and interest are paid to him as an absolutely idle person, and it is this,

The Tribute of Industry to Idleness,

that Land Nationalizers denounce in its form of rent, and that Socialists, and all who have the Socialist spirit, denounce in all its forms.

With the Land Nationalizers we are at one entirely on this point: That so much of the annual value of land as they class as rent (which is caused by the physical qualities, advantages, or position of land), is a toll taken by an idle class from the industry of the rest of the nation, and should be resumed by the nation in the quickest and most effectual manner possible.

With the non-Socialists we agree entirely on this point: That so much of the income of any landlord as is caused, not by rent as defined by the political economists, but by the exercise of his own abilities as a superintendent and director of agriculture or industry, is of the nature of a salary, the competitive price of useful work done for society. And we further agree with the non-Socialists that so much of the income of any capitalist as is caused, not by interest as defined by the economists, but by the exercise of a similar ability in the administration of capital and the organization of industry, is equally of the nature of a salary obtained by useful work.

We must, however, point out that the monopoly of land and capital has led, and still leads, to a virtual class monopoly of the opportunities of doing this kind of work, and of the education and training required for it; and that not till these private monopolies are abolished will the remuneration of such activity reach its normal level of competition value. The same monopoly has given to the sons of the privileged classes an advantage which still keeps the wages of certain professions (the Bar, for instance), to which access is guarded by the useless convention of a long and extravagant sham-education, above the level at which they would stand were their opportunities equally open to all.

The Amount of Tribute and its Effects.

Of the tolls enumerated in Sir R. Giffen's table we cannot say what part should be classed as rent and what part as interest; we can only state that the total income derived from real property—lands and

buildings—must amount to about £290,000,000 a year; and that, according to the table, at least £360,000,000 may be classed as pure interest on other instruments of production (apart from all reward for personal services).*

The profits and salaries of the class who share in the advantages of the monopoly of the instruments of production, or are endowed by nature with any exceptional ability of high marketable value, amount, according to the best estimate that can be formed, to about £460,000,000 annually. While, out of a national income of some £1,800,000,000 a year, the workers in the manual labor class, four-fifths of the whole population, obtain in wages not more than £690,000,000.*

Rent and interest alone, the obvious tribute of the workers as such to the drones as such, amount demonstrably to almost as much as this sum annually, and it may be safely said that the workers, from top to bottom of society, pay a fine of

One-half the Wealth they Produce

to a parasitic class, before providing for the maintenance of themselves and their proper dependents.

Is a healthy existence secured for society by this arrangement?

The income of the manual labor class may be put at less than £50 per family,† and out of this they must pay heavy rents for the houses they live in. How much is left for healthy life? Even that little is not always vouchsafed to them. There are in London now at least 35,000 adult men who with their families (say 100,000) are slowly starving for want of *regular* employment. Over thirty per cent. of the whole four million inhabitants of the richest city in the world were found by Mr. Charles Booth to fall below his "Poverty Line" of bare subsistence earnings.‡

"At present the average age at death among the nobility, gentry and professional classes in England and Wales is 55 years; but among the artizan classes of Lambeth it only amounts to 29 years; and whilst the infantile death-rate among the well-to-do classes is such that only eight children die in the first year of life out of 100 born, as many as 30 per cent. succumb at that age among the children of the poor in some districts of our large cities. The only real cause of this enormous difference in the position of the rich and poor with respect to their chances of existence lies in the fact that at the bottom of society wages are so low that food and other requisites of health are obtained with too great difficulty." (Dr. C. R. Drysdale, "Report of Industrial Remuneration Conference," p. 130).

One in five of Londoners dies in the workhouse, hospital, or lunatic asylum; one in fourteen of the manual labor class is a pauper, or has been one.

Hear Professor Huxley (*Nineteenth Century* for February, 1888):

"Anyone who is acquainted with the state of the population of all great industrial centres, whether in this or other countries, is aware that amidst a large and increasing body of that population there reigns supreme . . . that condition

* See Fabian Tract No. 5, "Facts for Socialists."

† Annual Report of the Labor Department, 1893-4, C—7565.

‡ *Life and Labor of the People*. By Charles Booth. (Macmillan; 1894).

which the French call *la misère*, a word for which I do not think there is any exact English equivalent. It is a condition in which the food, warmth, and clothing, which are necessary for the mere maintenance of the functions of the body in their normal state, cannot be obtained; in which men, women, and children are forced to crowd into dens wherein decency is abolished, and the most ordinary conditions of healthful existence are impossible of attainment; in which the pleasures within reach are reduced to brutality and drunkenness; in which the pains accumulate at compound interest in the shape of starvation, disease, stunted development, and moral degradation; in which the prospect of even steady and honest industry is a life of unsuccessful battling with hunger, rounded by a pauper's grave. . . . When the organization of society, instead of mitigating this tendency, tends to continue and intensify it, when a given social order plainly makes for evil and not for good, men naturally enough begin to think it high time to try a fresh experiment. I take it to be a mere plain truth that throughout industrial Europe there is not a single large manufacturing city which is free from a vast mass of people whose condition is exactly that described, and from a still greater mass, who, living just on the edge of the social swamp, are liable to be precipitated into it."

Land Reform a Partial Remedy Only.

How far would land restoration alone remedy this? If it were possible to nationalize soil apart from capital, the ground rents recovered for the nation might possibly amount to the present sum of our imperial and local taxation, £240,000,000, or thereabouts.* The pecuniary relief certainly could not amount to more. Land nationalization might further immensely benefit society, where it now suffers from the curmudgeonism of private owners. But so long as capital continued to be used for the exploitation of the workers, so long would their economic slavery continue. Those who retain the capital, without which the earth and all its products cannot be worked, will step into the place of the landlord, and the tribute of "interest" will be augmented. Society will be relieved, but not freed.

Objections to Socialism.

But the "practical" objector may ask: Does not the capitalist now administer his capital and direct industry? Was not this admitted above? And is not capital, the product of labor, maintained and augmented by saving? How will Socialists provide for the administration and increase of capital?

"Management."

The question is being answered by the contemporary development of industrial organization. How much of the "management of land" is done now by the landlords, and how much by the farmer and the agent or the bailiff? The landlord's supposed function in this respect is almost entirely performed by salaried professional men. As to capital, who manages it? The shareholders in the joint stock companies, who own nearly five-sixths of the whole industrial capital? No! The shareholding capitalist is a sleeping partner. More and more every day is the capitalist pure and simple, the mere *owner* of the lien for interest, becoming separated from the

* "Statistical Abstract of the United Kingdom," Cd—1239, 1902.

administrator of capital, as he has long been separated from the wage worker employed therewith. The working partner, with sleeping partner drawing interest, is every day passing into the form of the director of a joint stock company. More and more is the management of industries falling into the hands of paid managers, and even the "directors" emphasize the fiction that they are not mere money-bags and decorative M.P.'s, by the humorous practice of taking fees for their labors at board meetings.

The administrator of capital can be obtained at present for a salary equivalent to his competition value, whether the concern to be managed be a bank, a railway, a brewery, a mine, a farm, a factory, a theatre, or a hotel. The transfer to the community (national or local) of the ownership of the main masses of industrial capital need make no more difference in this respect than does the sale of shares on the Stock Exchange at the present moment.

"Saving."

As for the *saving* of capital, what does that mean? The artificial instruments of production which form the bulk of property exist certainly only because human labor has been devoted to the production of forms of wealth other than those which are for immediate consumption. Every man in receipt of an income has the option of taking out his claim on the labor of society in the form of immediate enjoyments, passing and perishing in the use, and leaving the world no richer—as luxuries of all kinds, leisure for amusement or travel, service of menials, royal wedding illuminations, beer and skittles, or else in the form of more permanent products or of instruments which can be used for further wealth-production. All that he spends on the latter class of product is said to be saved—and at least one hundred and seventy-five million pounds annually, according to Sir R. Giffen, are "saved" in this way by the creation of new houses, docks, railways, roads, machinery, and other aids to future labor. If a man's income represents the competition value of work done by him, it is said that he has "produced" the amount of saving so made, and has some title to its ownership.

But just as the productive qualities of land are only maintained by the continuous application of human industry, so the most permanent forms of capital are perpetually wasting and being repaired, whilst, of the less durable forms, such as machinery, raw material, and farming stock, the whole is incessantly transformed, consumed, replaced and renewed. The capital saved by the original investor has long since disappeared.

There are, however, very few forms of consumable wealth which can be "saved" at all. Food, clothing, ordinary comforts and luxuries, amusements, and all that makes up our daily life, admit of little storage.

When we say that a man has saved so much wealth, we simply mean that he has abstained from taking out a claim which he had on society, and that its payment is by agreement deferred to the future. But the wealth which is to meet that claim does not at

present exist. It is to be produced by the workers, when, where, and in the form asked for.

If we admit the fairness and advantage of guaranteeing to every man the equivalent of the result of his own industry, we should deny that there is adequate social advantage in a system which permits him to convert this claim into a lien for a perpetual annuity, an enduring tribute from the workers for the use of that which only their using can keep from perishing, while he retains undiminished all the time his claim to the repayment of the original "saving."

The "saving" of capital, the increase of the instruments of production and of permanent commodities by the abstention from consumption of all wealth produced, is undoubtedly an advantage to society. If any individual, for the sake of rendering such advantages to society, abstains in any year from himself consuming all that he has earned, by all means let him be repaid in his old age, or whenever he wants the equivalent of his past activity. Why should we not, as a transitional expedient, treat such economizers as we treat inventors, and if they will not work without such a precise guarantee, if they are still purely individualist in their motive for activity, give them such a reward as we give individualist inventors* in their patent rights, so long as such encouragement is necessary for the creation and interest of our capital. But let that which society has maintained and fructified invariably pass to society within a limited period. So much may be necessary for the present to promote saving out of earned incomes; for saving out of the unearned incomes of rent and interest society can even now take its own measures by taxation for the increase of public capital. As soon as industrial capital is owned by those who use it, provision out of income for all necessary maintenance and increase of the instruments of production will be an ordinary and obvious element in its administration, as it is now in a joint stock company, and our present precarious dependence on the caprice or acquisitiveness of individuals will be superseded.

We appeal, therefore, to Land Nationalizers to consider their reason for hesitating to work with us for the

Nationalization of Capital,

on the ground that the evolution of industry has rendered land and capital indistinguishable and equally indispensable as instruments of production, and that, holding with J. S. Mill that the "deepest root of the evils and iniquities which fill the industrial world is . . . the subjection of labor to capital, and the enormous share which the possessors of the instruments of industry are able to take from the produce,"† we see clearly that if they would make any improvement in the condition of the agricultural laborer and his fellow

* Non-individualist inventors are those who, like the late Thomas Stevenson (lighthouse engineering), Michael Faraday (industrial chemistry and electricity), Sir William Simpson (anæsthetics), and a host of others, return gratuitously to society the fruits of their inventive genius, and take out no patents.

† Quotation from Feugueray, in *Principles of Political Economy*, p. 477, edn. of 1865.

wage-slave in the towns, they will be forced to abandon the illogical distinctions that are sometimes drawn between the instruments with which they work.

As instruments of production, the use and value of land and capital alike are due to human labor; alike they are used for the hindrance or exploitation of industry by their proprietor; alike they are limited in quantity, and consequently subject to monopoly; alike they enable a private monopolist to exact tribute from the workers for the use of that which the workers have produced.

The Political Situation.

We appeal to political reformers of all parties to work with us in the spirit which is more and more merging politics in Socialism. However much they may hold aloof from the Land Nationalization movement, and resent the imputation of Socialistic tendencies, they have yet been, and still are, and will be, forced to modify our social system in the Socialist direction. What were the Tory Factory Acts, the Truck Acts, the Mines Regulation Acts, the Workmen's Compensation Acts, but limitations of the power of capital? What are the Adulteration Acts, the Merchant Shipping Acts, the Employers' Liability Acts? What was the Abolition of the Corn Laws? The *Mark Lane Express* has told us—a confiscation of the "property" of the landlords. What are the Irish Land Acts and the action of the Land Commissioners? What are the proposals of official Liberals for a "just taxation of land values and ground rents," and "taxation" (apparently not necessarily "just") "of mining royalties,"* and of politicians of both parties for a sliding scale of income tax, and for differentiation between earned and unearned incomes, but projects for the partial recovery for the nation of the toll which property takes from industry? What are the Allotments and Small Holdings Acts, but the beginning of provision for the municipalization of land?

In what respect, then, do the supporters of these measures differ from us on grounds of principle?

Why are these Reformers not Socialists? Why do they hesitate to join the only party of social reform which has definite principles of action, and a clear vision of the course of economic evolution? Have they not paved the way by their progressive restrictions of the despotism of the private employer? And are they not constantly extending the sphere of social industry in the post office, the telegraphs, telephones, tramways, docks, harbors, markets, schools, the supply of gas, water and electricity, and many other public undertakings? Are they not steadily increasing the local taxation of realized property, and recovering rent for public use, by the rates on rent for education, parks, free libraries, public baths, and other social conveniences?

All these are Socialistic measures, that is, they tend either to the recovery of some portion of the tribute which landlord and

* National Liberal Federation Resolution, 1891.

capitalist now levy, or to the assumption by the community of the control of land and industrial capital. These measures we would extend by increased taxation, and by the extension of such communal administration, in the hope of leavening the Individualist society in which we have to work. Such advances serve as palliatives of existing evils, as educational examples to the slow of understanding, as encouragements to the cautious and conservative. But whether the advance be slow or rapid, this we hold indisputable, that until the workers of this and every other country collectively own and control the instruments they must work with, till then are liberty and manhood impossible for the majority; and that until we cease to pay to non-effectives the half of our annual sustenance, it will be impossible for the many to obtain that existence and education in youth, that security and leisure in old age, and those opportunities for human and appreciative life, which the resources of our country and our civilization are amply sufficient to yield them.

BASIS OF THE FABIAN SOCIETY.

THE FABIAN SOCIETY consists of Socialists.

It therefore aims at the re-organization of Society by the emancipation of Land and Industrial Capital from individual and class ownership, and the vesting of them in the community for the general benefit. In this way only can the natural and acquired advantages of the country be equitably shared by the whole people.

The Society accordingly works for the extinction of private property in Land and of the consequent individual appropriation, in the form of Rent, of the price paid for permission to use the earth, as well as for the advantages of superior soils and sites.

The Society, further, works for the transfer to the community of the administration of such industrial Capital as can conveniently be managed socially. For, owing to the monopoly of the means of production in the past, industrial inventions and the transformation of surplus income into Capital have mainly enriched the proprietary class, the worker being now dependent on that class for leave to earn a living.

If these measures be carried out, without compensation (though not without such relief to expropriated individuals as may seem fit to the community), Rent and Interest will be added to the reward of labor, the idle class now living on the labor of others will necessarily disappear, and practical equality of opportunity will be maintained by the spontaneous action of economic forces with much less interference with personal liberty than the present system entails.

For the attainment of these ends the Fabian Society looks to the spread of Socialist opinions, and the social and political changes consequent thereon. It seeks to promote these by the general dissemination of knowledge as to the relation between the individual and Society in its economic, ethical and political aspects.

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